ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)

Condensed Interim Financial Statements
And Review Report
For the three and six months period ended
30 September 2021

Crowe
Al Azem, Al Sudairy, Al Shaikh & Partners
CPA's & Consultants - Member Crowe Global

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)

Condensed Interim Financial Statements
And Review Report
For the three and six months period ended 30 September 2021

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REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

TO: THE SHAREHOLDERS OF
ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **ETIHAD ATHEEB TELECOMMUNICATION COMPANY** (the "Company") as at 30 September 2021, and the related condensed interim statement of profit or loss and other comprehensive income, changes in equity and cash flows for the three and six months period then ended, and a summary of significant accounting policies and other explanatory notes .Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard (34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of condensed 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 that are endorsed in the Kingdom of Saudi Arabia 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.

Basis for Qualified Conclusion

We have not received a related party confirmation as at 30 September 2021, accordingly we were unable to obtain sufficient appropriate audit evidences about the differences that existed on 31 March 2021 between the carrying amount of this related party and the confirmation received as at that date of SAR 8,5 million, and we were unable to verify the carrying amount of the related party as at 30 September 2021 by performing alternative audit procedures. Accordingly, we were unable to determine whether any adjustments to this amount were necessary.

Qualified Conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard (34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia.

Emphasis of Matter

We draw attention to Note (1) to the accompanying condensed interim financial statements, which indicates that the accumulated losses of the Company amounted to SR 138,58 million as of 30 September 2021, exceeding half of the Company's capital, and the Company's current liabilities exceeded its current assets by SR 203,83 million as at 30 September 2021 and it made a loss of SR 21,7 million for the period then ended. These conditions indicate the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern. As stated in Note (1), the management has made an assessment of the Company's ability to continue as a going concern, and as result, the accompanying condensed interim financial statements has been prepared on a going concern basis. Our conclusion is not modified in respect of this matter.

العظم والسديري وال الشيخ وشركاؤهم
محاسبون ومراجعون قانونيون
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Al Azem, Al Sudairy, Al Shaikh & Partners
Certified Public Accountants

Salman B. Al Sudairy
License No. 283

3 Rabi Al-thani 1443 H (November 08, 2021)
Riyadh, Kingdom of Saudi Arabia

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 September 2021
(Saudi Arabian Riyals)

	Note	30 September 2021 Unaudited	31 March 2021 Audited
ASSETS			
Non-current assets			
Property and equipment, net	4	112,706,409	117,623,737
Intangibles assets, net	5	353,519,294	365,023,588
Right of use assets, net	6	231,984,424	248,807,738
Total non-current assets		698,210,127	731,455,063
Current assets			
Inventories		8,377,624	9,556,609
Trade receivables, net	7	199,226,525	187,749,978
Prepayments and other current assets		40,677,272	35,270,978
Cash and cash equivalents	8	75,352,110	71,112,667
Total current assets		323,633,531	303,690,232
TOTAL ASSETS		1,021,843,658	1,035,145,295
EQUITY AND LIABILITIES			
Equity			
Share capital	1	228,529,000	228,529,000
Accumulated losses		(138,577,873)	(116,789,640)
Total equity		89,951,127	111,739,360
Liabilities			
Non-current liabilities			
Long term accounts payable	10	167,640,031	211,583,356
Lease Liabilities – non-current portion	11	225,113,191	250,254,221
Defined benefit obligation-employees' benefit		8,406,715	8,332,000
Decommissioning provisions		3,273,800	3,212,937
Total non-current liabilities		404,433,737	473,382,514
Current liabilities			
Short term accounts payable		180,720,727	156,167,714
Accrued expenses and other current liabilities		153,871,254	116,144,019
Lease Liabilities – current portion	11	128,725,470	113,417,377
Deferred income		38,816,592	36,895,353
Provision for zakat and tax	18	25,324,751	27,398,958
Total current liabilities		527,458,794	450,023,421
Total liabilities		931,892,531	923,405,935
TOTAL EQUITY AND LIABILITIES		1,021,843,658	1,035,145,295

The accompanying notes (1) through (21) form an integral part of these condensed interim financial statements.

Yahya Saleh Al Mansour
Chief Executive Officer

Mahmoud Al Abdullah
Acting Chief Financial Officer

Dr. Eisa Baeesa
Chairman

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the three and six months period ended 30 September 2021
(Saudi Arabian Riyals)

	Note	For the three months period ended		For the six months period ended	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
Revenue, net		80,846,078	67,767,212	155,814,829	140,795,231
Cost of services		(44,950,637)	(27,222,864)	(78,451,007)	(60,381,077)
Gross profit		35,895,441	40,544,348	77,363,822	80,414,154
Operating expenses					
Selling and marketing expenses		(11,761,077)	(7,808,490)	(22,509,993)	(15,434,812)
Depreciation and amortization	4,5,6	(18,875,825)	(25,711,991)	(37,735,080)	(51,388,318)
Allowance for impairment in trade receivables	7	(7,841,226)	(2,112,490)	(8,972,007)	(4,609,498)
General and administration expenses		(24,242,252)	(13,783,178)	(42,565,995)	(26,518,921)
Other income	12	22,424,803	50,651	23,101,730	50,651
Operating loss		(4,400,136)	(8,821,150)	(11,317,523)	(17,486,744)
Financial charges	13	(5,274,126)	(3,209,450)	(10,470,710)	(6,811,078)
Loss for the period		(9,674,262)	(12,030,600)	(21,788,233)	(24,297,822)
Other comprehensive income					
Items that will not be reclassified to profit or loss in subsequent periods					
Re-measurement of defined benefit obligation		-	-	-	-
Total comprehensive loss for the period		(9,674,262)	(12,030,600)	(21,788,233)	(24,297,822)
Loss per share – basic and diluted	14	(0.42)	(0.53)	(0.95)	(1.06)

The accompanying notes (1) through (21) form an integral part of these condensed interim financial statements.

Yahya Saleh Al Mansour
Chief Executive Officer

Mahmoud Al Abdullah
Acting Chief Financial Officer

Dr. Esa Badia
Chairman

شركة اتحاد عذيب للاتصالات
Ethihad Atheeb Telecom co.
No.(2)

ETIHAD ATHLEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
For the six months period ended 30 September 2021
(Saudi Arabian Riyals)

	Share capital	Accumulated losses	Total
Balance at 01 April 2020 (Audited)	228,529,000	(77,787,152)	150,741,848
Loss for the period	-	(24,297,822)	(24,297,822)
Other comprehensive income	-	-	-
Total comprehensive loss for the period	-	(24,297,822)	(24,297,822)
Balance at 30 September 2020 (Unaudited)	228,529,000	(102,084,974)	126,444,026
Balance at 01 April 2021 (Audited)	228,529,000	(116,789,640)	111,739,360
Loss for the period	-	(21,788,233)	(21,788,233)
Other comprehensive income	-	-	-
Total comprehensive loss for the period	-	(21,788,233)	(21,788,233)
Balance at 30 September 2021 (Unaudited)	228,529,000	(138,577,873)	89,951,127

The accompanying notes (1) through (21) form an integral part of these condensed interim financial statements

Yahya Saleh Al Mansour
Chief Executive Officer

Dr. Eisa Bacsia
Chairman

Mahmoud Al Abdullah
Acting Chief Financial Officer

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CASH FLOWS
For the six months period ended 30 September 2021
(Saudi Arabian Riyals)

	Note	For the six month period ended 30 September 2021 Unaudited	30 September 2020 Unaudited
Cash flows from operating activities			
Loss for the period		(21,788,233)	(24,297,822)
Adjustments for non-cash items.			
Depreciation and amortization	4,5,6	37,735,080	51,388,316
Impairment loss on trade receivables	7	8,972,007	4,609,498
Finance costs		10,470,710	6,811,078
Provision for employees' end of service benefits		590,502	508,500
Lease liability settlements		(1,853,798)	-
		34,126,268	39,019,570
Changes in working capital			
Inventories		1,178,985	(993,229)
Trade receivables		(20,448,554)	(8,877,867)
Prepayments and other current assets		(5,406,294)	(6,814,854)
Accounts payable		(19,390,312)	18,405,930
Accrued expenses and other current liabilities		37,727,235	(5,685,423)
Deferred income		1,921,239	(3,038,618)
		29,708,567	32,015,509
Finance costs paid		(5,554,209)	(326,554)
Employees' end of service benefits paid		(515,787)	(1,167,375)
Zakat paid		(2,074,207)	-
Net cash generated from operating activities		21,564,364	30,521,580
Cash flows from investing activities			
Addition to property and equipment		(4,490,144)	(1,285,169)
Net cash used in investing activities		(4,490,144)	(1,285,169)
Cash flows from financing activities			
Repayment of murabaha financing		-	(7,767,084)
Payment of leased liabilities		(12,834,777)	(12,067,634)
Net cash used in financing activities		(12,834,777)	(19,834,718)
Net increase in cash and cash equivalents		4,239,443	9,401,693
Cash and cash equivalents at the beginning of the period		71,112,667	122,530,311
Cash and cash equivalents at the end of the period		75,352,110	131,932,004
Supplementary information for non-cash transaction:			
Addition to right of use assets		-	13,306,064

The accompanying notes (1) through (21) form an integral part of these condensed interim financial statements.

Yahya Saleh Al Mansour
Chief Executive Officer

Mahmoud Al Abdullah
Acting Chief Financial Officer

Dr. Essa Bachia
Chairman

1. ORGANIZATION AND ACTIVITIES

General information

a) Etihad Atheeb Telecommunication Company (the "Company"), is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration (No. 1010263273) issued in Riyadh on 30 Safar 1430H (corresponding to 25 February 2009). The registered address of the Company is 3704 King Abdullah Branch Rd – AlMughrizat district P.O. Box 12482-6488 Riyadh, Kingdom of Saudi Arabia.

Pursuant to the Ministerial Resolution No.41 dated 18 Safar 1429H (25 February 2008) which was approved by the issuance of Royal Decree No. M/6 dated 19 Safar 1429H (26 February 2008), the Company was granted a fixed-line telecommunication license and the used-frequency spectrum to provide fixed telephone services in the Kingdom of Saudi Arabia for a period of 25 years (starting on 1 April 2009 and ending on 31 March 2034). On 30 Rabi'I 1438H (corresponding to 29 December 2016), the Communications and Information Technology Commission (CITC) has extended the life of the Company's license by 15 years (ending on 31 March 2049) (see note 5.1).

The activity of the Company is to provide various fixed line and wireless services such as voice, data services, broadband internet services, internet telephony services, international gateway, and fixed telephone lines to individuals, homes and businesses. The Company commenced commercial operations from 1 January 2010.

As at 30 September 2021, the authorized, issued and paid up share capital of the Company is SAR 228.529 million (31 March 2021: 228.529 million) divided into 22.8529 million shares of SAR 10 each.

b) In response to the spread of the Covid-19 resulting in disruptions to the social and economic activities in the markets around the world and kingdom of Saudi Arabia, the management has proactively assessed its impacts on its operations and has taken a series of preventive measures. The telecommunications industry has been designated as an essential service by the Government of the Kingdom of Saudi Arabia and as such the Company continues to operate while taking into account the health and safety of its workforce.
Management believes that the Covid-19 pandemic has had no fundamental effects on the company reported financial statement results for the six months ended 30 September 2021.
Management will continue to monitor the situation closely and will adjust any changes required in the future financial reporting periods.

Going concern:
These condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations.
As at 30 Sep 2021, the Company has accumulated losses amounting to SAR 138.58 million as of 30 Sep 2021, which exceed 50% of the Company's share capital (60.6 %), the Company's current liabilities exceeds its current assets by SAR 203.83 million (31 March 2021: SAR 146.3 million). Moreover, the Company incurred a net loss of SAR 21.7 million for the period than ended, In accordance with the requirements of Article (150) of the provisions of the Companies Law, the company must follow certain steps and procedures, if its accumulated losses exceed half of its capital. The Board of Directors assigned the Executive Management to study ways to restructure the capital, and a financial advisor to the Executive Management was appointed to present a future financial plan to the Board of Directors dealing with how to raise the company's financial solvencies, strategic expansion, and improve operational and financial performance.

The company has submitted the application file to reduce the capital by SR 138,530,000 (from SR 228,529,000 to SR 89,999,000) for approval to the CMA on Wednesday 21/03/1443 corresponding to 27/10/2021.

The management believes that the cash inflows, in normal course of business, will be sufficient to meet its liabilities for a period at least 12 months from the date of the financial statements based on the following:

1. ORGANIZATION AND ACTIVITIES (CONTINUED)

Going concern (continued):

- In February 2021, the Company signed an agreement, with an effective date of December 31, 2020, with one of its major vendors to settle all balances and dues between the two parties which resulted in a net reduction (gain) of SAR 101 million on net balances payable to a major vendor. As of the effective date, the new balance payable to the major vendor was SAR 370 million and its payment was re-scheduled as a down-payment of SAR 125 million upon signing the agreement with the remaining amount of SAR 245 million (as shown below) to be paid in five equal installments resulting in an additional gain of SAR 36 million on rescheduling (refer Note 10).

Installment No.	Amount (SAR)	Date of payment
First	49 million	July 1, 2022
Second	49 million	July 1, 2023
Third	49 million	July 1, 2024
Fourth	49 million	July 1, 2025
Fifth	49 million	January 1, 2026
Total	245 million	

- The Company's business will improve by sealing new sales agreements which will result in the growth in revenue for the future periods and in the generation of cash that will enable the Company to meet its obligations as and when they become due.

- The management is also considering certain other aspects to improve the Company's performance mainly including the enhancement of the Company's existing network infrastructure, deployment of new technologies, exploring alternative uses of the Company's frequency spectrum, and cost optimization plans.

As described above, the management has a reasonable expectation that the Company has adequate resources to meet its liabilities as they become due. If for any reason the Company is unable to continue as a going concern, then this could have an impact on the Company's ability to realize assets at their recognized values and to extinguish liabilities in the normal course of business at the amounts stated in the condensed interim financial statements.

2. BASIS OF PREPARATION

2-1) Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (SOCPA) and should be read in conjunction with the Company's last annual financial statements as at and for the year ended 31 March 2021 ("last annual financial statements"). They do not include all of the information required for a complete set of financial statements, however; accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

2. BASIS OF PREPARATION (CONTINUED)

2-2) *Preparation of the condensed interim Financial Statements*

These condensed interim financial statements have been prepared on the historical cost basis except for the defined benefit obligation is recognized at the present value of future obligations using Project Unit Credit Method.

2-3) *Use of estimates and judgments*

In preparing these condensed interim financial Statements, management has made judgments and estimates 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. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

2-4) *Functional and presentation currency*

These condensed interim financial statements are presented in Saudi Riyals ("SR"), which is the Company's functional and Company's presentation currency. All amounts have been rounded to the nearest SR, unless otherwise indicated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 March 2021, except new standards, amendment to standards and interpretations as described below:

New standards, amendments to standards and interpretations

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 April 2021 and has been explained in Company annual financial statements, but they do not have a material effect on the Company's condensed interim financial statements.

4. PROPERTY AND EQUIPMENT - NET

	Leasehold improvements	Network infrastructure	Facilities, vehicles, support & IT equipment	Capital work in progress	Total
Cost:					
Balance at 01 April 2020	3,670,619	1,066,160,802	32,752,811	4,629,519	**1,107,213,751**
Additions during the year	1,376,517	4,772,775	943,370	-	**7,092,662**
Balance at 31 March 2021	**5,047,136**	**1,070,933,577**	**33,696,181**	**4,629,519**	**1,114,306,413**
Additions during the period	584,952	629,217	1,782,507	1,493,468	**4,490,144**
Transfers from WIP to Cost	-	762,379	-	(762,379)	-
Balance at 30 September 2021	**5,632,088**	**1,072,325,173**	**35,478,688**	**5,360,608**	**1,118,796,557**
Accumulated depreciation and impairment:					
Balance at 01 April 2020	3,670,619	852,189,541	29,475,171	-	**885,335,331**
Charge for the year	22,669	17,573,087	382,567	-	**17,978,323**
Impairment on property and equipment during the year	-	93,369,022	-	-	**93,369,022**
Balance at 31 March 2021	**3,693,288**	**963,131,650**	**29,857,738**	-	**996,682,676**
Charge for the period	151,085	8,965,307	291,080	-	**9,407,472**
Balance at 30 September 2021	**3,844,373**	**972,096,957**	**30,148,818**	-	**1,006,090,148**
Net book value:					
At 30 September 2021	**1,787,715**	**100,228,216**	**5,329,870**	**5,360,608**	**112,706,409**
At 31 March 2021	1,353,848	107,801,927	3,838,443	4,629,519	**117,623,737**

During the period, the company capitalized the salaries of its internal technicians at SAR 0.495 million (for the year ended March 31, 2021: SAR 1.2 million).

5. INTANGIBLES - NET

	License	Network capacity (note 5.2)	Software	Total
Cost:				
Balance at 1 April 2020	527,904,000	580,929,926	52,164,807	1,160,998,733
Disposals during the year	-	(415,076,586)	-	(415,076,586)
Balance at 31 March 2021	**527,904,000**	**165,853,340**	**52,164,807**	**745,922,147**
Balance at 30 September 2021	**527,904,000**	**165,853,340**	**52,164,807**	**745,922,147**
Accumulated amortization:				
Balance at 1 April 2020	199,623,912	208,364,069	51,995,010	459,982,991
Charge for the year	11,320,003	32,378,626	97,031	43,795,660
Disposals during the year	-	(122,880,092)	-	(122,880,092)
Balance at 31 March 2021	**210,943,915**	**117,862,603**	**52,092,041**	**380,898,559**
Charge for the period	5,660,002	5,795,778	48,514	**11,504,294**
Balance at 30 September 2021	**216,603,917**	**123,658,381**	**52,140,555**	**392,402,853**
Net book value:				
At 30 September 2021	**311,300,083**	**42,194,959**	**24,252**	**353,519,294**
At 31 March 2021	316,960,085	47,990,737	72,766	365,023,588

5.1 As stated in Note 1, the CITC has extended the life of the Company's license by 15 years. Accordingly, from 1 December 2016, the remaining carrying value of the Company's license is now being amortized over the revised useful life of 32 years (ending 31 March 2049).

5.2 These represent various Indefeasible Rights of Use ("IRU") agreements signed with telecom operators in the Kingdom of Saudi Arabia. A new agreement has been reached with one of the telecom operators in respect of the indefeasible right to use FTTH in exchange for settlement agreement with this operator (note 1).

6. RIGHT OF USE ASSETS - NET

	Tower Sites	Telecommunication Towers	Warehouses	Total
Cost:				
Balance at 1 April 2020	308,901,400	848,222	997,977	310,747,599
Additions during the year	13,306,064	-	13,129,243	26,435,307
Balance at 31 March 2021	**322,207,464**	**848,222**	**14,127,220**	**337,182,906**
Balance at 30 September 2021	**322,207,464**	**848,222**	**14,127,220**	**337,182,906**
Accumulated depreciation:				
Balance at 1 April 2020	49,850,223	175,416	447,734	50,473,373
Charge for the year	35,651,678	175,416	2,074,701	37,901,795
Balance at 31 March 2021	**85,501,901**	**350,832**	**2,522,435**	**88,375,168**
Charge for the period	15,602,440	87,708	1,133,166	16,823,314
Balance at 30 September 2021	**101,104,341**	**438,540**	**3,655,601**	**105,198,482**
Net book value:				
At 30 September 2021	**221,103,123**	**409,682**	**10,471,619**	**231,984,424**
At 31 March 2021	236,705,563	497,390	11,604,785	248,807,738

7. TRADE RECEIVABLES

	Note	30 September 2021	31 March 2021
Trade receivables	7.1	**312,130,339**	291,681,785
Allowance for impairment	7.2	**(112,903,814)**	(103,931,807)
		199,226,525	187,749,978

7.1 Trade receivables include an amount of SAR 44,510,308 (31 March 2021: SAR 47,944,492) due from related parties. (Note 17)

7.2 Movement in Impairment loss is as follows:

	30 September 2021	31 March 2021
Balance at beginning of the period / year	**103,931,807**	85,723,673
Charge for the period / year	**8,972,007**	18,208,134
Balance at end of the period / year	**112,903,814**	103,931,807

8. CASH AND CASH EQUIVALENTS

This represents cash held in current accounts with banks operating in the Kingdom of Saudi Arabia.

9. STATUTORY RESERVE

In accordance with the Company's By-Laws, the Company is required set aside 10% of its net income each year as statutory reserve until such reserve equals to 30% of the share capital. No such transfer is made as the Company has accumulated losses.

10. ACCOUNTS PAYABLE

	Note	30 September 2021	31 March 2021
Due to a major vendor *		**229,123,628**	218,395,502
Due to related parties	17	**30,410,714**	30,681,046
Other vendors		**88,826,416**	118,674,522
Balance at the end of the period / year		**348,360,758**	367,751,070
Current-portion		**180,720,727**	156,167,714
Non-current portion	10-1	**167,640,031**	211,583,356
Balance at the end of the period / year		**348,360,758**	367,751,070

* The Company signed a new agreement with a major vendor to settle all balances and dues between the two parties, which resulted in a new agreed balance due to the major vendor related to all services (Note 1).

10.1 Movement in non-current portion of due to a major vendor is as follows:

	30 September 2021	31 March 2021
Balance at beginning of the period / year	**211,583,356**	-
Undiscounted balance at December 31, 2020 **	-	370,000,000
Discount from present value calculation	-	(35,860,133)
Discounted balance at December 31, 2020	**211,583,356**	334,139,867
Moved to Current Liability	**(49,000,000)**	-
Unwinding of discount during the period / year	**5,056,675**	2,443,489
Paid during the period / year	-	(125,000,000)
Balance at end of the period / year	**167,640,031**	211,583,356

** This balance represents the new balance payable to the major vendor at the effective date of the agreement, i.e. December 31, 2020.

11. LEASE LIABILITIES

	30 September	31 March 2021
Balance at the beginning of the period / year	**363,671,598**	363,195,887
Additions during the period / year	**-**	26,435,307
Finance cost	**4,855,640**	12,454,822
Paid during the period / year	**(14,688,577)**	(20,414,418)
Lease liability offset during the period / year	**-**	(18,000,000)
Lease liability at the end of the period / year	**353,838,661**	363,671,598
Current portion	**128,725,470**	113,417,377
Non-current portion	**225,113,191**	250,254,221
	353,838,661	363,671,598

12. OTHER INCOME

	For the six months period ended	
	30 September 2021	30 September 2020
Miscellaneous income *	**23,101,730**	50,651
	23,101,730	50,651

* Other income is amounts resulted from settlements with vendors and sites owners during the period.

13. FINANCE COSTS

	For the six months period ended	
	30 September 2021	30 September 2020
Unwinding of discount on long term liability	**5,056,676**	402,333
Interest cost on lease liabilities	**4,855,640**	5,832,462
Net interest on defined benefit liability	**125,502**	159,000
Unwinding of provision for dismantling cost	**60,863**	58,590
Others Finance charges	**372,029**	358,693
	10,470,710	6,811,078

14. LOSS PER SHARE – BASIC AND DILUTED

	For the six months period ended	
	30 September 2021	30 September 2020
Net loss for the period	**(21,788,233)**	(24,297,822)
Weighted average number of shares for the period	**22,852,900**	22,852,900
Loss per share - basic and diluted	**(0.95)**	(1.06)

14.1 Loss per share is computed by dividing the loss attributable to the ordinary shareholders of the Company for the period ended 30 September 2021 and 30 September 2020, by the weighted average number of shares outstanding during the period.

15. CONTINGENCIES AND COMMITMENTS

Letter of guarantees
The Company's banks have issued letters of guarantees amounting to SAR 50 million (31 March 2021: SAR 50 million) as at the reporting date.

Legal cases status
In the normal course of business, the Company became part of legal cases with some stakeholders. Management believes that the cases will be decreed in favor of the Company and accordingly no provision has been recognized.

CITC liability
The Ministry of Finance, in its letter dated 26 August 2017 instructed the Company to pay an amount of SAR 155.7 million to CITC as royalty. The Company finalized certain aspects of the mechanism for calculation of the royalty fee payable to CITC and the CITC issued revised invoices for royalty fees. However, the CITC has also issued royalty fee invoices on internet revenue of the Company. The management and the legal advisor are of the view that internet revenue is not subject to the royalty fees and accordingly has raised the matter with the CITC. The management believes that the actual amount payable to CITC against all of its claims will not exceed the amount already accrued in the books of accounts and accordingly no accrual has been recorded in respect of the disputed invoices. Subsequently from 31 January 2018, the CITC has revised the calculation of the royalty fee to include internet services.

16. SEGMENTAL INFORMATION

Information regarding the Company's operating segments is set out below in accordance with IFRS 8 Operating Segments. IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Company's Chief Operating Decision Maker (CODM) and used to allocate resources to the segments and to assess their performance.

The Company is engaged in a single line of business, being the supply of telecommunication services and related products. The majority of the Company's revenues, profits and assets relate to its operations in Saudi Arabia. The operating segments that are regularly reported to the CODM are explained below:

- **Voice** comprise of local and international calls including interconnection.
- **Data** comprise of internet broadband services provided to business-to-business (B2B) and business-to-consumer (B2C).
- **Unallocated** represents others which cannot be attributed to any of the reported operating segment.
- The CODM used to receive other operational financial aggregates on a group level. This is the measure reported to the Company's Board of Directors for the purpose of resource allocation and assessment of segment performance.

16. SEGMENTAL INFORMATION (CONTINUED)

	As at 30 September 2021			
	Voice	Data	Unallocated	Total
Segment assets				
Property and equipment	2,942,969	109,763,440	-	112,706,409
Intangible assets	9,231,031	344,288,263	-	353,519,294
Right of use assets	6,057,535	225,926,889	-	231,984,424
Total assets	126,471,636	895,372,022	-	1,021,843,658
Total liabilities	311,520,336	620,372,195	-	931,892,531

	For the three months ended 30 September 2021			
	Voice	Data	Unallocated	Total
Segment revenue and costs				
Revenue	11,825,598	69,020,480	-	80,846,078
Cost of services	(1,793,140)	(43,157,497)	-	(44,950,637)
Gross profit	**10,032,458**	**25,862,983**	-	**35,895,441**
Selling and marketing expenses	-	-	(11,761,077)	**(11,761,077)**
Depreciation and amortization	(179,322)	(18,696,503)	-	**(18,875,825)**
Impairment loss on trade receivables	-	-	(7,841,226)	**(7,841,226)**
General and administrative expenses	-	-	(24,242,252)	**(24,242,252)**
Other income	-	-	22,424,803	**22,424,803**
Finance costs	-	-	(5,274,126)	**(5,274,126)**
Net profit /(loss)	**9,853,136**	**7,166,480**	**(26,693,878)**	**(9,674,262)**

	For the six months ended 30 September 2021			
	Voice	Data	Unallocated	Total
Segment revenue and costs				
Revenue	20,605,082	135,209,747	-	155,814,829
Cost of services	(3,129,514)	(75,321,493)	-	(78,451,007)
Gross profit	**17,475,568**	**59,888,254**	-	**77,363,822**
Selling and marketing expenses	-	-	(22,509,993)	**(22,509,993)**
Depreciation and amortization	(358,488)	(37,376,592)	-	**(37,735,080)**
Impairment loss on trade receivables	-	-	(8,972,007)	**(8,972,007)**
General and administrative expenses	-	-	(42,565,995)	**(42,565,995)**
Other income	-	-	23,101,730	**23,101,730**
Finance costs	-	-	(10,470,710)	**(10,470,710)**
		-		
Net profit /(loss)	**17,117,080**	**22,511,662**	**(61,416,975)**	**(21,788,233)**

16. SEGMENTAL INFORMATION (continued)

	As at 31 March 2021			
	Voice	Data	Unallocated	Total
Segment assets				
Property and equipment	3,071,369	114,552,368	-	**117,623,737**
Intangible assets	9,531,428	355,492,160	-	**365,023,588**
Right of use assets	6,496,822	242,310,916	-	**248,807,738**
Total assets	121,057,832	914,087,463	-	**1,035,145,295**
Total liabilities	301,893,275	621,512,660	-	**923,405,935**

	For the three months ended 30 September 2020			
	Voice	Data	Unallocated	Total
Segment revenue and costs				
Revenue	8,647,655	59,119,557	-	67,767,212
Cost of services	(1,085,956)	(26,136,908)	-	(27,222,864)
	7,561,699	**32,982,649**	-	**40,544,348**
Selling and marketing expenses	-	-	(7,808,490)	**(7,808,490)**
Depreciation and amortization	(244,267)	(25,467,724)	-	**(25,711,991)**
Impairment loss on trade receivables	-	-	(2,112,490)	**(2,112,490)**
General and administrative expenses	-	-	(13,783,178)	**(13,783,178)**
Finance costs	-	-	50,651	**50,651**
Other income	-	-	(3,209,450)	**(3,209,450)**
Net profit /(loss)	**7,317,432**	**7,514,925**	**(26,862,957)**	**(12,030,600)**

	For the six months ended 30 September 2020			
	Voice	Data	Unallocated	Total
Segment revenue and costs				
Revenue	21,235,157	119,560,074	-	140,795,231
Cost of services	(19,572,317)	(40,808,760)	-	(60,381,077)
	1,662,840	**78,751,314**	-	**80,414,154**
Selling and marketing expenses	-	-	(15,434,812)	**(15,434,812)**
Depreciation and amortization	(914,723)	(50,473,595)	-	**(51,388,318)**
Impairment loss on trade receivables	-	-	(4,609,498)	**(4,609,498)**
General and administrative expenses	-	-	(26,518,921)	**(26,518,921)**
Other income	-	-	50,651	**50,651**
Finance costs	-	-	(6,811,078)	**(6,811,078)**
Net profit /(loss)	**748,117**	**28,277,719**	**(53,323,658)**	**(24,297,822)**

17. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Company comprise the shareholders having significant influence, their affiliated companies and key management personnel. In the ordinary course of business, the Company enters into transactions with related parties on terms approved by the Board of Directors of the Company.

Significant transactions entered into with related parties are as follows:

			For the three months period ended	
Related parties	***Relationship***	***Nature of transaction***	**30 September 2021**	30 September 2020
Bahrain Telecommunication Company	Shareholder	Data revenue	**578,310**	1,128,722
		Interconnection revenue	**4,940,976**	756,451
		Interconnection cost	**399,749**	299,802
Saudi Arabian Marketing and Agencies Limited	Affiliate	Data revenue	**18,123**	263,842
Bithar Trading Company Limited	Affiliate	Data revenue	**-**	75,162
Atheeb Saudi Intergraph Company Limited	Affiliate	Data revenue	**-**	66,079
Etihad Shams Company Limited	Affiliate	Data revenue	**-**	10,198
Key management personnel	-	Salaries and related benefits	**2,438,639**	432,750
Board of Directors	-	Expenses	**205,915**	66,000

			For the six months period ended	
Related parties	***Relationship***	***Nature of transaction***	**30 September 2021**	30 September 2020
Bahrain Telecommunication Company	Shareholder	Data revenue	**1,097,802**	2,254,073
		Interconnection revenue	**5,511,286**	1,512,779
		Interconnection cost	**699,978**	527,400
Saudi Arabian Marketing and Agencies Limited	Affiliate	Data revenue	**56,464**	436,652
Bithar Trading Company Limited	Affiliate	Data revenue	**66,051**	136,244
Atheeb Saudi Intergraph Company Limited	Affiliate	Data revenue	**58,296**	112,108
Atheeb Maintenance and Services	Affiliate	Data revenue	**-**	20,160
Etihad Shams Company Limited	Affiliate	Data revenue	**5,947**	17,913
Al Nahla Trading company	Affiliate	Management Fees	**-**	1,575
Saudi Internet Company	Affiliate	Management Fees	**-**	506
Founding shareholders	-	Guarantee fee	**-**	7,312
Key management personnel	-	Salaries and related benefits	**4,051,389**	865,500
Board of Directors	-	Expenses	**280,915**	99,000

17. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The above transaction resulted in the following balances with these companies:

Due from related parties	*Relationship*	30 September 2021	31 March 2021
Bahrain Telecommunications Company***	Shareholder	**44,510,308**	42,556,016
Saudi Arabian Marketing and Agencies Limited**	Affiliate	-	4,460,352
Bithar Trading Company Limited*	Affiliate	-	735,148
Atheeb Saudi Intergraph Company Limited*	Affiliate	-	94,930
Atheeb Maintenance and Services*	Affiliate	-	86,068
Etihad Shams Company Limited*	Affiliate	-	11,978
		44,510,308	47,944,492

Due to related parties	*Relationship*	30 September 2021	31 March 2021
Bahrain Telecommunications Company***	Shareholder	**30,410,714**	29,710,737
Bithar Communications & Information Technology Company Limited*	Affiliate	-	265,716
Atheeb Maintenance and Services Company Limited*	Affiliate	-	265,716
Saudi Internet Company Limited*	Affiliate	-	213,216
Al Nahla Trading and Contracting Company Limited**	Affiliate	-	172,280
Bithar Trading Company Limited*	Affiliate	-	53,381
		30,410,714	30,681,046

*Bithar Trading Company Limited has sold all its shares in the company on 30 June 2021, accordingly Bithar Trading Company Limited and its related affiliate companies become not related parties after that date.

**Al Nahla Trading and Contracting Company Limited has sold all its shares in the company on July 2021, accordingly Al Nahla Trading and Contracting Company Limited and its related affiliate companies became not related parties after that date.

*** In the ordinary course of business, the Company enters into transactions with Bahrain Telecommunication Company on terms approved by the Board of Directors of the Company. As a result of those transactions there is a difference in the balance with Bahrain Telecommunications Company SAR 8.5 million as of 31 march 2021 due to the difference in interconnection and data services, a settlement with Bahrain Telecommunications Company is ongoing to resolve the difference in the balances, and it is not practically possible to determine the financial impact of the process of settling the difference in the current period.

18. PROVISION FOR ZAKAT AND TAX

18.1 Movement in Zakat provision during the period / year

	30 September 2021	31 March 2021
Balance at beginning of the period / year	**27,398,958**	2,698,958
Zakat charge during the period / year	-	4,504,856
Income tax charge during the period / year	-	37,256
Provision for zakat assessment related to prior years	-	20,157,888
Paid During the Year	**(2,074,207)**	-
Balance at end of the period / year	**25,324,751**	27,398,958

18.2 Zakat and tax status

The Company has filed its Zakat and tax return with the Zakat, Tax and Customs Authority ("ZATCA") for the years up to 31 March 2021.

In July 2015, the ZATCA raised zakat and withholding tax (WHT) assessment for the years 2010 to 2012 amounting to SAR 17.43 million and SAR 0.83 million respectively. The Company filed an appeal with the ZATCA against the assessments in August 2015. In response to appeal filed by the Company, the Preliminary Appeal Committee (PAC) issued ruling in October 2016 based on which the Company's zakat liability was reduced to SAR 6.98 million while the WHT liability remained the same at SAR 0.83 million. The Company was also liable to pay fine of SAR 0.6 million as per the PAC ruling, on making delay in the payment of WHT.

In December 2016, the Company filed an appeal to the Higher Appeal Committee (HAC) against the PAC ruling in relation to zakat and imposition of delay fine on WHT. However, the Company has settled the WHT liability of SAR 0.83 million with the ZATCA.

The ZATCA has not issued any assessment up to date with relation to the year 2013.

In July 2020, the ZATCA raised zakat assessment for the year 2014 for an additional amount of SAR 5.53 million. In September 2020, the Company objected against the assessment raised by the ZATCA. In December 2020, the ZATCA revised the additional amount to become SAR 5.44 million. However, the Company filed an appeal with the General Secretariat of Tax Committees ("GSTC") against the ZATCA's response received on the objection. The GSTC is in hold since the company went for a settlement with the Settlement of Zakat and Tax Disputes Committee in August 2021 and the company attend for a hearing record with the settlement committee, and the settlement committee send the company a proposal for the years 2014, 2015, 2016, 2017, and 2018.

In 29 December 2020, the ZATCA raised zakat and tax assessment for the fiscal years 2015, 2016, 2017 and 2018 with an additional amount of SAR 4.09 million, SAR 4.57 million, SAR nil, and SAR 18 million respectively. In February 2021, the company objected against the assessment raised by the ZATCA, and in July 2021, the ZATCA revised the additional amount for the fiscal years 2015to become 4.09 million Saudi riyals, the additional amount for the fiscal years 2016 to become 4.44 million Saudi riyals and the additional amount related to the fiscal year 2018 to become 9.28 million Saudi riyals. However, the Company filed an appeal with the General Secretariat of Tax Committees ("GSTC") against the ZATCA's response received on the objection. The GSTC is in hold since the company went for a settlement with the Settlement of Zakat and Tax Disputes Committee in August 2021 and the company attend for a hearing record with the settlement committee, and the settlement committee send the company a proposal to pay SR 20.85million for the years 2014, 2015, 2016, 2017, and 2018, and the company accepted the proposal.

In October 2021 the ZATCA raised zakat assessment for the year 2019 with amount of zero SR which matching the filed form for the year.

The management and the zakat advisor are of the view that no additional provision is required other than what has already been provided for.

19. FINANCIAL INSTRUMENTS – FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the condensed interim financial statements are categorized within the fair value hierarchy. This is described as follows based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. For assets and liabilities that are recognized in the condensed interim financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement. At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

20. SUBSEQUENT EVENT

In the opinion of management there have been no significant subsequent events since the period-end that require disclosure of adjustment in these condensed interim financial statements.

21. APPROVAL OF THE CONDENSED INTEREIM FINANCIAL STATEMENTS

These condensed interim financial statements were authorized for issue by the Board of Directors on 3 Rabi Al-Thani 1443H (Corresponding to November 08, 2021).