ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)

Condensed Interim Financial Statements
For the nine months period ended 31 December 2021
And Report on Review of condensed Interim Financial Statements



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

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)

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For the nine months period ended 31 December 2021
And Report on Review of Condensed Interim Financial Statements.

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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 31 December 2021, the related condensed interim statement of profit or loss and other comprehensive income for the three and nine months periods ended 31 December 2021, and the condensed interim statements of changes in equity and cash flows for the nine 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.

Conclusion

Based on our review, 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 146 million as of 31 December 2021, exceeding half of the Company's share capital, and the Company's current liabilities exceeded its current assets by SR 178.3 million as at 31 December 2021 and it incurred a loss of SR 29.2 million for the nine months 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 a result, the accompanying condensed interim financial statements have been prepared on a going concern basis. Our conclusion is not modified in respect of this matter.

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License No. 283

5 Rajab 1443H (6 February 2022)
Riyadh, Kingdom of Saudi Arabia

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 December 2021
(Saudi Arabian Riyals)

	Note	31 December 2021 Unaudited	31 March 2021 Audited
ASSETS			
Non-current assets			
Property and equipment	4	111,186,793	117,623,737
Intangible assets	5	347,767,146	365,023,588
Right of use assets	6	122,708,201	248,807,738
Total non-current assets		581,662,140	731,455,063
Current assets			
Inventories		7,148,922	9,556,609
Trade receivables	7	173,661,827	187,749,978
Prepayments and other current assets		53,747,643	35,270,978
Cash and cash equivalents	8	70,858,639	71,112,667
Total current assets		305,417,031	303,690,232
TOTAL ASSETS		887,079,171	1,035,145,295
EQUITY AND LIABILITIES			
Equity			
Share capital	1	228,529,000	228,529,000
Accumulated losses		(145,949,373)	(116,789,640)
Total equity		82,579,627	111,739,360
Liabilities			
Non-current liabilities			
Long term accounts payable	10	170,227,628	211,583,356
Lease Liabilities – non-current portion	11	138,803,556	250,254,221
Defined benefit obligation–employees' benefit		8,491,494	8,332,000
Decommissioning provisions		3,304,662	3,212,937
Total non-current liabilities		320,827,340	473,382,514
Current liabilities			
Short term accounts payable	10	192,198,595	156,167,714
Accrued expenses and other current liabilities		175,949,579	116,144,019
Lease Liabilities – current portion	11	54,857,038	113,417,377
Deferred income		41,882,655	36,895,353
Provision for zakat and tax	18	18,784,337	27,398,958
Total current liabilities		483,672,204	450,023,421
Total liabilities		804,499,544	923,405,935
TOTAL EQUITY AND LIABILITIES		887,079,171	1,035,145,295

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

Ya[illegible]lieh Al Mansour
Chief [illegible]xecutive Officer

Dr. Elsa Bsesia
Chairman

Mahmoud Al Abdullah
Acting Chief Financial Officer

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the nine months period ended 31 December 2021
(Saudi Arabian Riyals)

	Note	For the three months period ended		For the nine months period ended	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
Revenues		102,511,169	67,182,279	258,325,996	207,977,511
Cost of revenues		(54,873,146)	(28,451,586)	(133,324,153)	(88,832,663)
Gross profit		47,638,023	38,730,693	125,001,843	119,144,848
Operating expenses					
Selling and marketing expenses		(10,264,007)	(7,356,799)	(32,774,080)	(22,791,612)
Depreciation and amortization	4,5,6	(18,244,140)	(26,711,463)	(55,979,220)	(78,099,778)
Allowance for impairment in trade receivables	7	(4,147,583)	(986,774)	(13,119,590)	(5,596,272)
General and administration expenses		(21,709,474)	(7,662,907)	(64,275,469)	(34,181,832)
Other income, net	12	4,514,642	101,263,707	27,616,374	101,314,358
Operating (loss) profit		(2,212,539)	97,276,457	(13,530,062)	79,789,712
Finance cost (income), net	13	(5,158,961)	32,269,428	(15,629,671)	25,458,351
(Loss) profit before zakat		(7,371,500)	129,545,885	(29,159,733)	105,248,063
Zakat		-	(2,700,000)	-	(2,700,000)
Net (loss) profit for the period		(7,371,500)	126,845,885	(29,159,733)	102,548,063
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) income for the period		(7,371,500)	126,845,885	(29,159,733)	102,548,063
(Loss) profit per share – basic and diluted	14	(0.32)	5.55	(1.28)	4.49

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 Bnesia
Chairman

Mahmoud Al Abdullah
Acting Chief Financial Officer

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
For the nine months period ended 31 December 2021
(Saudi Arabian Riyals)

	Share capital	Accumulated losses	Total
Balance at 01 April 2020 (Audited)	**228,529,000**	**(77,787,152)**	**150,741,848**
Net profit for the period	-	102,548,063	102,548,063
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	**102,548,063**	**102,548,063**
Balance at 31 December 2020 (Unaudited)	**228,529,000**	**24,760,911**	**253,289,911**
Balance at 01 April 2021 (Audited)	**228,529,000**	**(116,789,640)**	**111,739,360**
Net loss for the period	-	(29,159,733)	(29,159,733)
Other comprehensive income for the period	-	-	-
Total comprehensive loss for the period	-	**(29,159,733)**	**(29,159,733)**
Balance at 31 December 2021 (Unaudited)	**228,529,000**	**(145,949,373)**	**82,579,627**

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 Batsia
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 nine months period ended 31 December 2021
(Saudi Arabian Riyals)

	Note	For the nine month period ended 31 December 2021 Unaudited	31 December 2020 Unaudited
Cash flows from operating activities			
(Loss) profit before zakat		(29,159,733)	105,248,063
Adjustments for non-cash items:			
Depreciation and amortization	4,5,6	55,979,220	78,099,778
Settlement with a major vendor		-	(101,132,388)
Loss from disposal of right of use assets		352,672	-
Impairment loss on trade receivables	7	13,119,590	5,596,272
Finance cost (income)		15,629,671	(25,458,351)
Provision for employees' end of service benefits		885,753	762,750
Lease liability settlements against other income		(4,540,403)	-
		52,266,770	63,116,124
Changes in working capital:			
Inventories		2,407,687	(3,778,301)
Trade receivables		968,561	3,899,288
Prepayments and other current assets		(18,476,665)	1,837,679
Accounts payable		(61,896,319)	16,735,133
Accrued expenses and other current liabilities		59,805,560	(11,002,633)
Deferred income		4,987,302	(536,599)
		40,062,896	70,270,691
Finance costs paid		(596,190)	(1,041,454)
Employees' end of service benefits paid		(914,512)	(1,486,944)
Zakat paid		(8,614,621)	-
Net cash generated from operating activities		29,937,573	67,742,293
Cash flows from investing activities			
Additions to property and equipment	4	(7,656,647)	(2,213,228)
Net cash from (used in) investing activities		(7,656,647)	(2,213,228)
Cash flows from financing activities			
Repayment of murabaha financing		-	(7,767,084)
Payment of leased liabilities		(22,534,954)	(14,877,164)
Net cash used in financing activities		(22,534,954)	(22,644,248)
Net (decrease) increase in cash and cash equivalents		(254,028)	42,884,817
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		70,858,639	165,415,128
Supplementary information for non-cash transaction:			
Disposals of (additions to) right of use assets		101,117,678	(25,850,331)
Lease liability reclassified to short term accounts payable		48,927,200	-
Reduction in accounts payable		-	481,519,836
Reduction in accrued expenses and other current liabilities		-	22,565,429
Offset of current portion lease liability		-	18,000,000
Additions of inventory		-	4,903,750
Reduction in prepayments and other current assets		-	(97,800,080)
Disposal of intangible assets		-	(292,196,494)

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 Aaesia
Chairman

Mahmoud Al Abdullah
Acting Chief Financial Officer

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).

On 1 Ramadan 1440 H (corresponding to 12 May 2019), the CITC issued a frequency spectrum license, whereby bands totaling 50 MHz in the 3.5 GHz frequency band were allocated to the Company to be used to provide its services in the main cities in the Kingdom, as the company is committed to cover the populated areas in the main cities by at least 10% before the end of the year 2021 and on 27 Rabi' II 1443 H (December 2, 2021) the Company received a final extension of the Company commitment to deploy the network under the license granted to it by the authority for the 3.5 GHz band frequencies for an additional six months ended on 30 June 2022.

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 31 December 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 228,529 million shares of SAR 10 each.

On 10 October 2021, the board of directors made resolution to reduce the Company share capital from SAR 228,529,000 to SAR 89,999,000 through reducing the share capital amount by amount of SAR 138,530,000, by way of cancellation of 13,853,000 shares (refer to note 20.a).

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 nine months period ended 31 December 2021.
Management will continue to monitor the situation closely and will adjust any changes required in the future financial reporting periods.

1. ORGANIZATION AND ACTIVITIES (CONTINUED)

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 31 December 2021, the Company has accumulated losses amounting to SAR 146 million, which exceeded 50% of the Company's share capital (63.86 %), and the Company's current liabilities exceeded its current assets by SAR 178.3 million (31 March 2021: SAR 146.3 million). Moreover, the Company incurred a net loss of SAR 29.2 million for the nine months period then 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 share 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 share capital by SR 138,530,000 (from SR 228,529,000 to SR 89,999,000) for approval to the CMA on Wednesday 21/03/1443H corresponding to 27/10/2021, During December 2021 the Company received the approval from the CMA for the capital reduction and announced for the deadline for convening the 13th Extraordinary General Assembly Meeting to address the accumulated losses (refer to note 20.a).

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:

- 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.

2-2) 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

	Leasehold Improvement	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	2,462,511	1,531,892	2,168,776	1,493,468	**7,656,647**
Transfers during the period	-	762,379	-	(762,379)	-
Balance at 31 December 2021	**7,509,647**	**1,073,227,848**	**35,864,957**	**5,360,608**	**1,121,963,060**
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	253,474	13,385,100	455,017	-	**14,093,591**
Balance at 31 December 2021	**3,946,762**	**976,516,750**	**30,312,755**	**-**	**1,010,776,267**
Net book value:					
At 31 December 2021	**3,562,885**	**96,711,098**	**5,552,202**	**5,360,608**	**111,186,793**
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 0.73 million (For the year ended March 31, 2021: SAR 1.2 million).

5. INTANGIBLE ASSETS

	License (note 5.1)	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 31 December 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**	**52,092,41**	**380,898,559**
Charge for the period	8,490,009	8,693,667	72,766	**17,256,442**
Balance at 31 December 2021	**219,433,924**	**126,556,270**	**52,164,807**	**398,155,001**
Net book value:				
At 31 December 2021	**308,470,076**	**39,297,070**	-	**347,767,146**
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

	Tower Sites (note 6.1)	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**
Additions during the period	-	-	-	-
Disposals during the period	(139,807,996)	-	-	**(139,807,996)**
Balance at 31 December 2021	**182,399,468**	**848,222**	**14,127,220**	**197,374,910**
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	22,797,876	131,562	1,699,749	24,629,187
Disposal during the period	(38,337,646)	-	-	(38,337,646)
Balance at 31 December 2021	**69,962,131**	**482,394**	**4,222,184**	**74,666,709**
Net book value:				
At 31 December 2021	**112,437,337**	**365,828**	**9,905,036**	**122,708,201**
At 31 March 2021	236,705,563	497,390	11,604,785	248,807,738

6.1 These represent rights of use assets agreements signed with sites landlords. The Company has terminated 543 lease contracts with sites landlords during the nine months period.

7. TRADE RECEIVABLES

	Note	31 December 2021	31 March 2021
Trade receivables	7.1	**290,713,224**	291,681,785
Expected credit loss provision	7.2	**(117,051,397)**	(103,931,807)
		173,661,827	187,749,978

7.1 Trade receivables include an amount of SAR 8,614,726 (31 March 2021: SAR 47,944,492) due from related parties. (Note 17)

7.2 Movement for Expected credit loss provision is as follows:

	31 December 2021	31 March 2021
Balance at beginning of the period / year	**103,931,807**	85,723,673
Charge for the period / year	**13,119,590**	18,208,134
Balance at end of the period / year	**117,051,397**	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	31 December 2021	31 March 2021
Due to a major vendor *		**221,304,763**	218,395,502
Due to related parties	17	**-**	30,681,046
Other vendors		**141,121,460**	118,674,522
Balance at the end of the period / year		**362,426,223**	367,751,070
Current-portion		**192,198,595**	156,167,714
Non-current portion	10-1	**170,227,628**	211,583,356
Balance at the end of the period / year		**362,426,223**	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:

	31 December 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	**7,644,272**	2,443,489
Paid during the period / year	**-**	(125,000,000)
Balance at end of the period / year	**170,227,628**	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

	31 December 2021	31 March 2021
Balance at the beginning of the period/year	**363,671,598**	363,195,887
Additions during the year	**-**	26,435,307
Disposal during the period	**(101,117,678)**	-
Finance cost during the period/year	**7,109,231**	12,454,822
Settlement during the period	**(4,540,403)**	-
Reclassified to short term accounts payable during the period	**(48,927,200)**	-
Paid during the period/year	**(22,534,954)**	(20,414,418)
Lease liability offset during the year	**-**	(18,000,000)
Lease liability at the end of the period/year	**193,660,594**	363,671,598
Current portion	**54,857,038**	113,417,377
Non-current portion	**138,803,556**	250,254,221
	193,660,594	363,671,598

12. OTHER INCOME, NET

Other income & expenses is amounts resulted from settlements with vendors and sites owners during the period/year.

13. FINANCE (COSTS) INCOME, NET

	For the nine months period ended	
	31 December 2021	31 December 2020
Unwinding of discount on long term liability	**7,644,273**	(35,860,133)
Interest cost on lease liabilities	**7,109,231**	9,033,511
Net interest on defined benefit liability	**188,253**	238,500
Unwinding of provision for dismantling cost	**91,725**	88,317
Others Finance charges	**596,189**	1,041,454
	15,629,671	(25,458,351)

14. LOSS (PROFIT) PER SHARE – BASIC AND DILUTED

	For the nine months period ended	
	31 December 2021	31 December 2020
Net (loss) profit for the period	**(29,159,734)**	102,548,063
Weighted average number of shares for the period	**22,852,900**	22,852,900
(Loss) profit per share - basic and diluted	**(1.28)**	4.49

14.1 Loss/profit per share is computed by dividing the loss/profit attributable to the ordinary shareholders of the Company for the nine months periods ended 31 December 2021 and 31 December 2020, by the weighted average number of shares outstanding during the periods.

15. CONTINGENCIES AND COMMITMENTS

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

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 (refer to note 20.b).

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).
- **E-Commerce** transactions are not material during the interim financial statements period. The Company will continuously assess e-commerce transactions materiality.
- **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 31 December 2021			
	Voice	Data	Unallocated	Total
Segment assets				
Property and equipment	2,903,289	108,283,504	-	111,186,793
Intangible assets	9,080,832	338,686,314	-	347,767,146
Right of use assets	3,204,134	119,504,067	-	122,708,201
Total assets	117,162,415	769,916,756	-	887,079,171
Total liabilities	279,594,883	524,904,660	-	804,499,544

	For the three months ended 31 December 2021			
	Voice	Data	Unallocated	Total
Segment revenue and costs				
Revenue	25,291,522	77,219,647	-	102,511,169
Cost of revenues	(2,188,962)	(52,684,184)	-	(54,873,146)
Gross profit	**23,102,560**	**24,535,463**	**-**	**47,638,023**
Selling and marketing expenses	-	-	(10,264,007)	**(10,264,007)**
Depreciation and amortization	(173,321)	(18,070,819)	-	**(18,244,140)**
Impairment loss on trade receivables	-	-	(4,147,583)	**(4,147,583)**
General and administrative expenses	-	-	(21,709,474)	**(21,709,474)**
Other income, net	-	-	4,514,642	**4,514,642**
Finance cost	-	-	(5,158,961)	**(5,158,961)**
Net profit /(loss)	**22,929,239**	**6,464,644**	**(36,765,383)**	**(7,371,500)**

	For the nine months ended 31 December 2021			
	Voice	Data	Unallocated	Total
Segment revenue and costs				
Revenue	45,896,604	212,429,392	-	258,325,996
Cost of revenues	(5,138,476)	(128,005,677)	-	(133,324,153)
Gross profit	**40,578,128**	**84,423,715**	**-**	**125,001,843**
Selling and marketing expenses	-	-	(32,774,000)	**(32,774,000)**
Depreciation and amortization	(531,809)	(55,447,411)	-	**(55,979,220)**
Impairment loss on trade receivables	-	-	(13,119,590)	**(13,119,590)**
General and administrative expenses	-	-	(64,275,469)	**(64,275,469)**
Other income, net	-	-	27,616,374	**27,616,374**
Finance costs	-	-	(15,629,671)	**(15,629,671)**
			-	
Net profit /(loss)	**40,046,319**	**28,976,304**	**(98,182,356)**	**(29,159,733)**

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 31 December 2020			
	Voice	Data	Unallocated	Total
Segment revenue and costs				
Revenue	8,059,224	59,123,055	-	**67,182,279**
Cost of revenues	(1,134,971)	(27,316,615)	-	**(28,451,586)**
	6,924,253	**31,806,440**	-	**38,730,693**
Selling and marketing expenses	-	-	(7,356,799)	**(7,356,799)**
Depreciation and amortization	(253,762)	(26,457,701)	-	
Impairment loss on trade receivables	-	-	(986,774)	**(986,774)**
General and administrative expenses	-	-	(7,662,907)	**(7,662,907)**
Finance cost, net	-	-	32,269,428	**32,269,428**
Other income	-	-	101,263,707	**101,263,707**
Net profit /(loss)	**6,670,491**	**5,348,739**	**117,526,655**	**129,545,885**

	For the nine months ended 31 December 2020			
	Voice	Data	Unallocated	Total
Segment revenue and costs				
Revenue	29,294,380	178,683,131	-	**207,977,511**
Cost of revenues	(20,707,288)	(68,125,375)	-	**(88,832,663)**
	8,587,092	**110,557,756**	-	**119,144,848**
Selling and marketing expenses	-	-	(22,791,612)	**(22,791,612)**
Depreciation and amortization	(1,168,484)	(76,931,294)	-	
Impairment loss on trade receivables	-	-	(5,596,272)	**(5,596,272)**
General and administrative expenses	-	-	(34,181,832)	**(34,181,832)**
Other income	-	-	101,314,358	**101,314,358**
Finance cost, net	-	-	25,458,351	**25,458,351**
Net profit /(loss)	**7,418,608**	**33,626,462**	**64,202,993**	**105,248,063**

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***	**31 December 2021**	31 December 2020
Bahrain Telecommunication Company	Shareholder	Data revenue	**544,922**	961,119
		Interconnection revenue	**90,450**	49
		Interconnection cost	**1,760,975**	299,221
Saudi Arabian Marketing and Agencies Limited	Affiliate	Data revenue	**-**	251,170
Bithar Trading Company Limited	Affiliate	Data revenue	**-**	72,080
Atheeb Saudi Intergraph Company Limited	Affiliate	Data revenue	**-**	24,908
Etihad Shams Company Limited	Affiliate	Data revenue	**-**	6,181
Key management personnel	-	Salaries and related benefits	**1,870,500**	1,177,686
Board of Directors	-	Expenses	**133,010**	111,000

			For the nine months period ended	
Related parties	***Relationship***	***Nature of transaction***	**31 December 2021**	31 December 2020
Bahrain Telecommunication Company	Shareholder	Data revenue	**1,642,725**	3,215,192
		Interconnection revenue	**706,040**	670
		Interconnection cost	**2,460,952**	826,621
Saudi Arabian Marketing and Agencies Limited	Affiliate	Data revenue	**56,464**	687,822
Bithar Trading Company Limited	Affiliate	Data revenue	**66,051**	208,324
Atheeb Saudi Intergraph Company Limited	Affiliate	Data revenue	**58,296**	137,016
Atheeb Maintenance and Services	Affiliate	Data revenue	**-**	20,160
Etihad Shams Company Limited	Affiliate	Data revenue	**5,947**	24,094
Founding shareholders	-	Guarantee fee	**-**	8,539
Key management personnel	-	Salaries and related benefits	**6,021,889**	2,043,186
Board of Directors	-	Expenses	**413,925**	210,000

17. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

Due from related parties	***Relationship***	**31 December 2021**	31 March 2021
Bahrain Telecommunications Company***	Shareholder	**8,614,726**	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
		8,614,726	47,944,492

Due to related parties	***Relationship***	**31 December 2021**	31 March 2021
Bahrain Telecommunications Company***	Shareholder	-	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
		-	30,681,046

*Bithar Trading Company Limited has sold all of its shares in the Company on 30 June 2021; accordingly, Bithar Trading Company Limited and its related affiliate companies became non-related parties after that date.

**Al Nahla Trading and Contracting Company Limited has sold all of its shares in the Company on July 2021, accordingly Al Nahla Trading and Contracting Company Limited and its related affiliate companies became non-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 the previous years' transactions there is a difference in the balance with Bahrain Telecommunications Company by SAR 8.5 million as of 31 March 2021 due to the difference in interconnection and data services. In December 2021, the Company reached a settlement with Bahrain Telecommunication Company to close all differences and offset the receivable balances with payable balances. Furthermore, Bahrain Telecommunication Company paid an amount of SR 7.5 million of the amount due to the Company in the subsequent period.

18. PROVISION FOR ZAKAT AND TAX

18.1 Movement in Zakat provision during the period / year

	31 December 2021	31 March 2021
Balance at beginning of the period/year	**27,398,958**	2,698,958
Zakat charge during the year	-	4,504,856
Income tax charge during the year	-	37,256
Provision for zakat assessment related to prior years	-	20,157,888
Paid during the period	**(8,614,621)**	-
Balance at end of the period/year	**18,784,337**	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 and the related fine SR 0.6 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 4.089 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 2015 to become 4.087 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 attended for a hearing record with the Settlement Committee, and the Settlement Committee sent the Company a proposal to pay SR 20.85 million for the years 2014, 2015, 2016, 2017, and 2018, and the Company accepted the proposal. The Company paid 20% amount of SR 4.17 million on of the accepted proposal and the remaining SR 16.68 million will be paid on four equal quarterly installment starting from March 2022.

In October 2021 the ZATCA raised zakat assessment for the year 2019 with amount of zero SR, which matched the filed form for the year, and as of date of this interim financial statements, no zakat assessment for the year 2020 has been received from ZATCA yet.

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

a. On 20 Jumada II 1443H (corresponding to 23 January 2022), the General Assembly in its Extraordinary meeting approved to reduce the Company's share capital by SR 138,530,000 (from SR 228,529,000 to SR 89,999,000) by way of cancellation of 13,853,000 shares to extinguish the accumulated losses as the end of September 2021 amounting to SR 138,577,873 at a rate of (99.97%).

b. On 22 Jumada II 1443H (corresponding to 25 January 2022), the Company received an approval from the Ministry of Finance on the installment of government charges amounting to SR 22.23 million over 36 months starting from 20 February 2022.

21. APPROVAL OF THE CONDENSED INTEREIM FINANCIAL STATEMENTS

These condensed interim financial statements were authorized for issue by the Board of Directors on 5 Rajab 1443H (Corresponding to 6 February 2022).