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ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)

Condensed Interim Financial Statements
For the Three Months Period Ended June 30, 2022
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 30 June 2022, the condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three 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 of Qualified Conclusion

On 26 May 2022, the Company received a letter from the Communications and Information Technology Commission ("the Commission") notifying the Company with its decision to revoke the frequency spectrum license of 3.5 GHz bandwidth if the Company did not meet the network deployment deadline in accordance with the requirements of the Commission no later than 30 June 2022. On 29 June 2022, the Company finalized deploying the network in accordance with the requirements of the Commission with regards to the frequency spectrum license and the Company submitted all related documentation to the Commission and is waiting for feedback from the Commission to date. And in the management's view, the revocation of the frequency spectrum license by the Commission is not probable as the Company finalized deploying 100% of its network phase (1) in accordance with the requirements of the Commission as stated in note (1-a). As the event is related to future matters, we were unable to obtain sufficient appropriate review evidence as to whether there was an impairment in the value of the frequency spectrum license included in the intangible assets item as at 30 June 2022; consequently, we were unable to determine whether any adjustments to these amounts 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.

Material Uncertainty Related to Going Concern

We draw attention to Note (1- b) to the accompanying condensed interim financial statements, which indicates that, as of 30 June 2022, the accumulated losses of the Company amounted to SR 17.6 million, which represents 19.6% of its share capital, and the Company's current liabilities exceeded its current assets by SR 181.36 million and it incurred a total comprehensive loss by SR 1.67 million for the three months' period then ended. As stated in Note (1- b), these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



Al Azem, Al Sudairy, Al Shaikh & Partners
For Professional Consulting

Abdullah A. Al Azem
License No. 335

24 Muharram 1444H (22 August 2022)
Riyadh, Kingdom of Saudi Arabia

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As of June 30, 2022
(Saudi Riyal)

	Note	As of June 30, 2022 (Unaudited)	As of March 31, 2022 (Audited)
ASSETS			
Non-current assets			
Property and equipment	4	122,044,111	124,448,792
Intangible assets	5	338,766,303	344,538,031
Right of use assets	6.1	111,816,425	117,278,702
Total non-current assets		**572,626,839**	**586,265,525**
Current assets			
Inventories		12,033,833	8,150,838
Trade receivables	7	141,369,537	117,680,829
Other current assets	8	58,549,717	50,094,283
Cash and cash equivalents	9	26,188,628	83,256,552
Total current assets		**238,141,715**	**259,182,502**
TOTAL ASSETS		**810,768,554**	**845,448,027**
EQUITY AND LIABILITIES			
Equity			
Share capital	1	89,999,000	89,999,000
Accumulated losses		(17,671,007)	(16,003,184)
Total equity		**72,327,993**	**73,995,816**
Liabilities			
Non-current liabilities			
Long term accounts payable	11	186,002,769	185,012,918
Non-current portion of lease liabilities	6.2	120,462,971	132,503,001
Employees' defined benefit obligation		9,104,953	8,844,000
Decommissioning provision		3,367,262	3,335,815
Total non-current liabilities		**318,937,955**	**329,695,734**
Current liabilities			
Accounts payable	11	175,740,632	188,043,443
Other current liabilities	12	127,709,795	136,694,072
Current portion of lease Liabilities	6.2	60,646,695	55,644,169
Deferred income		42,176,030	43,975,550
Provision for zakat and income tax	15	13,229,454	17,399,243
Total current liabilities		**419,502,606**	**441,756,477**
Total liabilities		**738,440,561**	**771,452,211**
TOTAL EQUITY AND LIABILITIES		**810,768,554**	**845,448,027**

The accompanying notes from (1) to (24) form an integral part of these Condensed Interim Financial Statements.

Yahya Saleh Al Mansour
Chief Executive Officer

Jafar Al Hasan
Acting Chief Financial Officer

Dr. Eisa Baeisa
Chairman

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the three months period ended June 30, 2022
(Saudi Riyal)

	Note	For The Three Months Period Ended June 30, 2022 (Unaudited)	2021 (Unaudited) Reclassified (Note 22)
Revenue		140,481,587	74,968,751
Cost of revenue	13	(102,941,632)	(54,779,301)
Gross profit		**37,539,955**	**20,189,450**
Operating expenses			
Selling and marketing expenses	14	(17,024,663)	(10,748,916)
General and administrative expenses		(15,391,826)	(15,904,067)
Impairment loss on trade receivables	7	(3,365,417)	(1,130,781)
Other income, net		1,446,248	676,927
Operating Income (loss)		**3,204,297**	**(6,917,387)**
Finance (cost) income, net		(4,872,120)	(5,196,584)
Loss before zakat and income tax		**(1,667,823)**	**(12,113,971)**
Zakat and income tax	15	-	-
Net loss for the period		**(1,667,823)**	**(12,113,971)**
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		**(1,667,823)**	**(12,113,971)**
Loss per share – basic and diluted	16	(0.08)	(0.60)

The accompanying notes from (1) to (24) form an integral part of these Condensed Interim Financial Statements.

Yahya Saleh Al Mansour
Chief Executive Officer

Jafar Al Hasan
Acting Chief Financial Officer

Dr. Eisa Baeisa
Chairman

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
For the three months period ended June 30, 2022
(Saudi Riyal)

	Share capital	Accumulated losses	Total
Balance as of April 1, 2021 (Audited)	228,529,000	(116,789,640)	111,739,360
Net loss for the period	-	(12,113,971)	(12,113,971)
Other comprehensive loss for the period	-	-	-
Total comprehensive loss for the period	-	**(12,113,971)**	**(12,113,971)**
Balance as of June 30, 2021 (Unaudited)	**228,529,000**	**(128,903,611)**	**99,625,389**

	Share capital	Accumulated losses	Total
Balance as of April 1, 2022 (Audited)	89,999,000	(16,003,184)	73,995,816
Net loss for the period	-	(1,667,823)	(1,667,823)
Other comprehensive loss for the period	-	-	-
Total comprehensive loss for the period	-	**(1,667,823)**	**(1,667,823)**
Balance as of June 30, 2022 (Unaudited)	**89,999,000**	**(17,671,007)**	**72,327,993**

The accompanying notes from (1) to (24) form an integral part of these Condensed Interim Financial Statements

Yahya Saleh Al Mansour
Chief Executive Officer

Jafar Al Hasan
Acting Chief Financial Officer

Dr. Eisa Baeisa
Chairman

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CASH FLOWS
For the three months period ended June 30, 2022
(Saudi Riyal)

	Note	For The Three Months Period Ended June 30,	
		2022	2021
Cash flows from operating activities			
Loss for the period		(1,667,823)	(12,113,971)
Adjustments for non-cash items:			
Depreciation and amortization	4,5,6	15,038,765	18,859,255
Impairment loss on trade receivables	7.3	3,365,417	1,130,781
Finance costs		4,872,120	5,196,584
Provision for employees' end of service benefits		313,749	1,017,000
Leased liabilities settlement against other income	6.2	(326,397)	(676,927)
		21,595,831	**13,412,722**
Changes in working capital			
Inventories		(3,882,995)	2,375,628
Trade receivables		(27,054,125)	(3,790,665)
Other current assets		(8,455,434)	(252,922)
Accounts payable		(14,155,350)	(12,260,418)
Other current liabilities		(8,984,277)	18,838,352
Deferred income		(1,799,520)	(1,557,528)
		(42,735,870)	**16,765,169**
Finance costs paid		(282,254)	(173,241)
ZAKAT Paid	15.1	(4,169,789)	-
Employees' end of service benefits paid		(136,547)	(1,183,931)
Net cash (used in) generated from operating activities		**(47,324,460)**	**15,407,997**
Cash flows from investing activities			
Addition to property and equipment	4	(1,400,079)	(3,186,590)
Net cash used in investing activities		**(1,400,079)**	**(3,186,590)**
Cash flows from financing activities			
Payment of leased liabilities	6.2	(8,343,384)	(6,254,969)
Net cash used in financing activities		**(8,343,384)**	**(6,254,969)**
Net increase / (Decrease) in cash and cash equivalents		**(57,067,923)**	**5,966,438**
Cash and cash equivalents at the beginning of the period		**83,256,551**	**71,112,667**
Cash and cash equivalents at the end of the period		**26,188,628**	**77,079,105**
Supplementary information for non-cash transactions:			
Lease liability offset during the period	6.2	(326,397)	(676,927)
Unwinding of discount during the period		2,842,390	-

The accompanying notes (1) to (24) form an integral part of these Condensed Interim Financial Statements.

Yahya Saleh Al Mansour
Chief Executive Officer

Jafar Al Hasan
Acting Chief Financial Officer

Dr. Eisa Baeisa
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).

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 1443H (Corresponding to 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 to be ended on June 30, 2022.

On Shawwal 25, 1443H (corresponding to May 26, 2022), the Company received a letter from the CITC notifying the Company with the CITC decision to revoke the 3.5 GHz band frequencies license if the Company did not meet the deployment of network deadline on June 30, 2022.

On June 30, 2022, the Company finalized deploying 100% of its network phase (1) of the obligation set forth by the CITC with regards to the spectrum license, which represents deploying network over 10% of the KSA. The Company submitted all related documentation to the CITC and waiting for feedback from the CITC as of the date of these condensed interim financial statements. In case the frequency spectrum license is revoked by the CITC which; in the management's view is unlikely to occur, due to the Company deploying 100% of its network phase (1) of the obligation set forth by the CITC with regards to the frequency spectrum license; the maximum financial impact is around 300 million Saudi riyals on intangible assets item in the condensed interim financial position.

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 March 2021, the authorized, issued and paid up share capital of the Company is SAR 228.529 million divided into 22.853 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.

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 SAR 138,530,000 (from SAR 228,529,000 to SAR 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 SAR 138,577,873 at a rate of (99.97%).

As at June 30, 2022, the authorized, issued and paid up share capital of the Company is SAR 89.999 million divided into 8.9999 million shares of SAR 10 each.

On December 19, 2021 the board of directors recommended to the Extraordinary General Assembly to increase the company's capital by issuing shares with a value of three hundred and fifty million (350,000,000) Saudi Riyals divided into thirty-five million (35,000,000) new ordinary shares of ten 10 Saudi Riyals per share. The Company has submitted the file to the competent authorities and still waiting for the final approval as of the date of these condensed interim financial statement. Its main objective is to increase the capital to pay the company's obligations and to develop and update its business systems and networks.

1. ORGANIZATION AND ACTIVITIES (Continued)

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. The Company ensured that all of its employees have received full vaccinations according to the instructions of Ministry of Health and the Ministry of Human Resources and Social Development. Management believes that the Covid-19 pandemic has had no fundamental effects on the Company reported financial statement results for the period ended June 30, 2022.

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 discharge its liabilities under both normal and surrounding conditions.

The statement of financial position as at June 30, 2022 shows that the accumulated losses of the Company amounting to SAR 17.67 million represents (19.6%) of its share capital, Also the Company's current liabilities exceeded its current assets by SAR 181.36 million (March 31, 2022: SAR 182.57 million). And the company incurred a total comprehensive loss of SAR 1.67 million for the three months ended June 30, 2022.

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 Condensed Interim 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 11).

Installment No.	Amount (SAR)	Due date of payment	Status
First	49 million	July 1, 2022	Paid
Second	49 million	July 1, 2023	Not due
Third	49 million	July 1, 2024	Not due
Fourth	49 million	July 1, 2025	Not due
Fifth	49 million	January 1, 2026	Not due
Total	245 million		

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

- The Company's business is improving 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 studying 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, and the management has already considered some initiatives from this study.

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 2022 ("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 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 2022, 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 2022 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 Infrastructures	Facilities, vehicles, support & IT equipment	Capital work in progress	Total
Cost:					
Balance as of April 1, 2021 (Audited)	5,047,136	1,070,933,577	33,696,181	4,629,519	1,114,306,413
Additions during the year	2,462,511	15,805,030	2,485,825	-	20,753,366
Transfer during the year	-	762,379	-	(762,379)	-
Balance as of March 31, 2022 (Audited)	**7,509,647**	**1,087,500,986**	**36,182,006**	**3,867,140**	**1,135,059,779**
Additions during the period	-	1,261,732	138,347	-	1,400,079
Balance as of June 30, 2022 (Unaudited)	**7,509,647**	**1,088,762,718**	**36,320,353**	**3,867,140**	**1,136,459,858**
Accumulated depreciation and impairment loss:					
Balance as of April 1, 2021 (Audited)	3,693,288	963,131,650	29,857,738	-	996,682,676
Depreciation for the year	375,096	12,934,377	618,838	-	13,928,311
Balance as of March 31, 2022 (Audited)	**4,068,384**	**976,066,027**	**30,476,576**	-	**1,010,610,987**
Depreciation for the period	121,623	3,521,345	161,792	-	3,804,760
Balance as of June 30, 2022 (Unaudited)	**4,190,007**	**979,587,372**	**30,638,368**	-	**1,014,415,747**
Net book value as of March 31, 2022 (Audited)	**3,441,263**	**111,434,959**	**5,705,430**	**3,867,140**	**124,448,792**
Net book value as of June 30, 2022 (Unaudited)	**3,319,640**	**109,175,346**	**5,681,985**	**3,867,140**	**122,044,111**

- During the period, the Company capitalized the salaries of its internal technicians at SAR 0.31 million (For the year ended March 31, 2022: SAR 1.43 million).

5. INTANGIBLE ASSETS

	License Note (5.1)	Network capacity Note (5.2)	Software	Total
Cost:				
Balance as of April 1, 2021 (Audited)	527,904,000	165,853,340	52,164,807	745,922,147
Additions during the year	-	2,528,000	-	2,528,000
Balance as of March 31, 2022 (Audited)	**527,904,000**	**168,381,340**	**52,164,807**	**748,450,147**
Balance as of June 30, 2022 (Unaudited)	**527,904,000**	**168,381,340**	**52,164,807**	**748,450,147**
Accumulated Amortization				
Balance as of April 1, 2021 **(Audited)**	210,943,915	117,862,603	52,092,041	380,898,559
Amortization for the year	11,320,023	11,620,768	72,766	23,013,557
Balance as of March 31, 2022 (Audited)	**222,263,938**	**129,483,371**	**52,164,807**	**403,912,116**
Amortization for the period	2,830,001	2,941,727	-	5,771,728
Balance as of June 30, 2022 (Unaudited)	**225,093,939**	**132,425,098**	**52,164,807**	**409,683,844**
Net book value as of March 31, 2022 (Audited)	**305,640,062**	**38,897,969**	**-**	**344,538,031**
Net book value as of June 30, 2022 (Unaudited)	**302,810,061**	**35,956,242**	**-**	**338,766,303**

5.1 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 on 31 March 2049 (Note 1).

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 LEASES

6.1 RIGHT OF USE ASSETS

	Tower Sites*	Telecommunication Towers	Building & Warehouses	Total
Cost:				
Balance as of April 1, 2021 (Audited)	322,207,464	848,222	14,127,220	337,182,906
Disposals during the year*	(139,807,996)	-	-	(139,807,996)
Balance as of March 31, 2022 (Audited)	**182,399,468**	**848,222**	**14,127,220**	**197,374,910**
Balance as of June 30, 2022 (Unaudited)	**182,399,468**	**848,222**	**14,127,220**	**197,374,910**
Accumulated depreciation:				
Balance as of April 1, 2021 (Audited)	85,501,901	350,832	2,522,435	88,375,168
Amortization for the year	27,551,379	175,416	2,331,891	30,058,686
Disposals during the year*	(38,337,646)	-	-	(38,337,646)
Balance as of March 31, 2022 (Audited)	**74,715,634**	**526,248**	**4,854,326**	**80,096,208**
Amortization for the period	4,753,502	43,854	664,921	5,462,277
Balance as of June 30, 2022 (Unaudited)	**79,469,136**	**570,102**	**5,519,247**	**85,558,485**
Net book value as of March 31, 2022 (Audited)	**107,683,834**	**321,974**	**9,272,894**	**117,278,702**
Net book value as of June 30, 2022 (Unaudited)	**102,930,332**	**278,120**	**8,607,973**	**111,816,425**

* This amount reflects the right of use contract signed with sites landlords, the Company canceled some tower contracts (unutilized 543 tower contracts) during the year ended 31 March 2022, the Company did not cancel any tower contracts during the three months period ended June 30, 2022.

6 LEASES (Continued)

6.2 Lease Liability

This pertains to the amount of leases recognized as lease liabilities under IFRS 16. The details and movement of these are as follows:

	As of June 30, 2022 (Unaudited)	As of March 31, 2022 (Audited)
Balance at the beginning of the period/year	188,147,170	363,671,598
Disposals during the period/year	-	(101,117,678)
Finance cost	1,632,277	8,606,944
Paid during the period/year	(8,343,384)	(29,763,511)
Settlement during the period/year	(326,397)	(5,231,418)
Lease liability transferred to payables	-	(48,018,765)
Lease liability at the end of the period/year	**181,109,666**	**188,147,170**
Current portion	60,646,695	55,644,169
Non-current portion	120,462,971	132,503,001
	181,109,666	**188,147,170**

6.3 Amounts recognized in profit or loss

	For The Three Months Period Ended June 30,	
	2022 (Unaudited)	2021 (Unaudited)
Amortization for the period	5,462,277	8,411,663
Interest on lease liability	1,632,277	2,430,682
	7,094,554	**10,842,345**

6.4 Amounts recognized in statement of cash flows

	For The Three Months Period Ended June 30,	
	2022 (Unaudited)	2021 (Unaudited)
Total cash outflow for leases	(8,343,384)	(6,254,969)

7 TRADE RECEIVABLES

	Note	As of June 30, 2022 (Unaudited)	As of March 31, 2022 (Audited)
Trade receivable	.72	256,252,621	229,198,496
Less: provision for doubtful debts	7.2	(114,883,084)	(111,517,667)
		141,369,537	**117,680,829**

7.1 Trade receivables include an amount of SAR 625,545 (31 March 2022: SAR 841,492) due from related parties. (Note 16).

7.2 Ageing analysis of trade receivables as follows:

	As of June 30, 2022 (Unaudited)			As of Mach 31, 2022 (Audited)		
Aging Bracket	**Gross Amount**	**Expected Credit Loss**	**ECL Percentage**	**Gross Amount**	**Expected Credit Loss**	**ECL Percentage**
Not Due	60,252,875	1,574,627	2.61%	39,608,683	1,870,035	4.72%
1 to 180 days	61,906,648	7,073,806	11.43%	67,983,382	8,290,835	12.20%
181 to 270 days	16,714,846	4,333,391	25.93%	7,193,385	2,914,619	40.52%
271 to 360 days	6,533,465	2,830,910	43.33%	7,074,453	2,267,308	32.05%
More than 360 days	110,844,787	99,070,350	89.38%	107,338,593	96,174,870	89.60%
Total	**256,252,621**	**114,883,084**		**229,198,496**	**111,517,667**	

7 TRADE RECEIVABLES (Continued)

7.3 Movement in Impairment loss is as follows:

	As of June 30, 2022 (Unaudited)	As of March 31, 2022 (Audited)
Opening Balance	111,517,667	103,931,807
Additions	3,365,417	7,585,860
Ending Balance	**114,883,084**	**111,517,667**

8 OTHER CURRENT ASSETS

	As of June 30, 2022 (Unaudited)	As of March 31, 2022 (Audited)
Advances to suppliers	26,035,511	20,695,049
Letter of guarantees margins	23,302,000	20,522,281
Advances to employees	747,955	646,867
Prepaid expenses	189,411	731,505
Others	8,274,840	7,498,581
	58,549,717	**50,094,283**

9 CASH AND CASH EQUIVALENTS

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

10 STATUTORY RESERVE

In accordance with the Company's Bylaws, 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.

11 ACCOUNTS PAYABLE

	As of June, 30 2022 (Unaudited)	As of March, 31 2022 (Audited)
A major vendor	233,899,351	257,563,497
Other vendors	127,844,050	115,492,864
Balance at the end of the period/year	**361,743,401**	**373,056,361**
Current portion	175,740,632	188,043,443
Non-current portion	186,002,769	185,012,918
Balance at the end of the period/year	**361,743,401**	**373,056,361**

- Movement in non-current portion is as follows:

	Opening Balance	Major Vendor*	CITC**	Total
Balance at beginning of the year / period	211,583,356	172,788,978	12,223,940	**185,012,918**
Undiscounted balance at January 31, 2022	22,230,483	-	-	-
Discount from present value calculation	(1,602,644)	-	-	-
Moved to Current Liability	(56,410,156)	-	-	-
Unwinding of discount during the year / period	10,446,921	2,620,190	222,200	**2,842,390**
Paid during the year / period	(1,235,042)	-	(1,852,539)	**(1,852,539)**
Balance at end of the year / period	**185,012,918**	**175,409,168**	**10,593,601**	**186,002,769**

11 ACCOUNTS PAYABLE (Continued)

- In February 2021, the Company signed an 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).
- On January 25, 2022, the Company entered into a contract with the CITC to reschedule its liability which resulted into a new agreement. As per the new agreement, the balance is payable into 36 equal instalments ending in January 2025. The payable is recognized at amortized cost as per the requirements of IFRS 9 (Note 1).

12 OTHER CURRENT LIABILITIES

	As of June, 30 2022 (Unaudited)	As of March, 31 2022 (Audited)
Government fees	82,021,485	73,819,740
Employee related expense	11,390,400	22,295,785
Voice Interconnection	4,955,538	1,145,465
Capacity lease	1,806,158	-
Electricity	305,000	528,530
Other accruals	27,231,214	38,904,552
	127,709,795	**136,694,072**

13 COST OF REVENUE

	Note	For The Three Months Ended June 30,	
		2022 (Unaudited)	2021 (Audited) Reclassified (Note 22)
Capacity lease charges		38,609,954	20,630,379
Voice interconnection charges		26,794,853	1,530,748
Depreciation and amortization	4,5,6	11,260,429	15,237,353
Government fees		9,443,262	6,987,203
Inventory consumption and installation		8,704,553	3,843,858
Employees' costs		5,504,696	4,491,141
Network maintenance and support		1,318,754	572,260
Site rentals and utilities		736,090	795,447
Other		569,041	690,912
		102,941,632	**54,779,301**

14 SELLING AND MARKETING EXPENSES

	For The Three Months Ended June 30,	
	2022 (Unaudited)	2021 (Audited)
Dealers' commission	8,994,203	3,770,422
Employees' costs	5,850,950	5,624,694
Marketing and advertisement	1,526,659	671,174
Customer care	627,229	668,676
Other	25,622	13,950
	17,024,663	**10,748,916**

15 PROVISION FOR ZAKAT AND INCOME TAX

15.1 Movement in provision for zakat and income tax is as follows:

	For The Three Months Period Ended June 30, 2022 (Unaudited)	As of March, 31 2022 (Audited)
Balance at the beginning of the period / year	17,399,243	27,398,958
Charge during the period/year	-	2,784,695
Paid During the period/year	(4,169,789)	(12,784,410)
Balance at the end of the period/year	**13,229,454**	**17,399,243**

15.2 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 March 31, 2022.

- 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 an appeal filed by the Company, the Preliminary Appeal Committee (PAC) issued a 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 a 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 a delay fine on WHT. However, the Company has settled the WHT liability of SAR 0.83 million and the related fine of SAR 0.6 million with the ZATCA. In March 2022 the company received a decision on the appeal from The First Appeals Chamber for Income Tax Interventions and Disputes mentioned that some points were accepted and others were rejected, and the Company raised an appeal to the General Secretariat of Tax Committees and no feedback was received yet.
- The ZATCA has not issued any assessment up to date with relation to the year 2013.
- In July 2020, the ZATCA raised the zakat assessment for the year 2014 by 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 on hold since the Company went for a settlement with the Settlement of Zakat and Tax Disputes Committee in August 2021 and the Company attended a hearing record with the settlement committee, and the settlement committee sent the Company a proposal for the years 2014, 2015, 2016, 2017, and 2018.
- In 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 year 2015 to become 4.087 million Saudi riyals, the additional amount for the fiscal year 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.

15 PROVISION FOR ZAKAT AND INCOME TAX (Continued)

15.2 Zakat and tax status (Continued)

The GSTC is on hold since the Company went for a settlement with the Settlement of Zakat and Tax Disputes Committee in August 2021 and the Company attended a hearing record with the Settlement Committee, and the Settlement Committee sent the Company a proposal to pay SAR 20.85 million for the years 2014, 2015, 2016, 2017, and 2018, and the Company accepted the proposal. The Company paid a 20% amount of SAR 4.17 million on the accepted proposal and the remaining SAR 16.68 million to be paid in four equal quarterly installments starting from March 2022. The first and second installments with total amount of SAR 8.4 million (SAR 4.2 million each) were paid in March and June 2022.

- In October 2021 the ZATCA raised the zakat assessment for the year 2019 with an amount of zero SAR, which matched the filed form for the year, and as of the date of this condensed interim financial statement, no zakat assessment for the year 2020 and the year 2021 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.

16 LOSS PER SHARE

	For The Three Months Period Ended June 30,	
	2022 (Unaudited)	2021 (Unaudited)
Net loss for the period	(1,667,824)	(12,113,971)
Weighted average number of shares for the period	20,272,067	20,272,067
Basic and diluted loss per share	(0.08)	(0.60)

Earnings / (loss) per share is computed by dividing net profit (loss) attributable to the ordinary shareholders of the Company for the three months' periods ended 30 June 2022 and 30 June 2021, by the weighted average number of shares outstanding during the three months' periods then ended.

17 CONTINGENCIES

Letter of guarantees

The Company's has letters of guarantees amounting to SAR 50 million (March 31, 2021: SAR 50 million) outstanding as at the reporting date.

Legal cases status

In the normal course of business, the Company became part of legal cases with a few suppliers and employees. 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 August 26, 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 January 31, 2018, the CITC has revised the calculation of the royalty fee to include internet services

18 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.
- **E-Commerce** transactions are not material during the period of this condensed interim financial statements. The Company will continuously assess e-commerce transactions materiality.

As of June 30, 2022	Voice	Data	Unallocated	Total
Segment assets				
Property and equipment	3,186,793	118,857,318	-	**122,044,111**
Intangible assets	8,845,803	329,920,500	-	**338,766,303**
Right of use assets	2,919,730	108,896,695	-	**111,816,425**
Total assets	95,943,492	714,825,062	-	**810,768,554**
Total liabilities	257,328,302	481,112,259	-	**738,440,561**

For The Three Months Period Ended June 30, 2022	Voice	Data	Unallocated	Total
Segment revenue and costs				
Revenue	35,399,732	105,081,855	-	**140,481,587**
Cost of services	(4,106,477)	(98,835,155)	-	**(102,941,632)**
Gross profit	**31,293,255**	**6,246,700**	-	**37,539,955**
Selling and marketing expenses	-	-	(17,024,663)	**(17,024,663)**
Impairment loss on trade receivables	-	-	(3,365,417)	**(3,365,417)**
General and administrative expenses	-	-	(15,391,826)	**(15,391,826)**
Other income, net	-	-	1,446,248	**1,446,247**
Finance cost, net	-	-	(4,872,120)	**(4,872,120)**
Net profit (loss)	**31,293,255**	**6,246,700**	**(39,207,778)**	**(1,667,824)**

As of March 31, 2022	Voice	Data	Unallocated	Total
Segment assets				
Property and equipment	3,249,584	121,199,208	-	**124,448,792**
Intangible assets	8,996,514	335,541,517	-	**344,538,031**
Right of use assets	3,062,360	114,216,342	-	**117,278,702**
Total assets	84,781,905	760,666,122	-	**845,448,027**
Total liabilities	403,741,781	367,710,430	-	**771,452,211**

For The Three Months Period Ended June 30, 2021	Voice	Data	Unallocated	Total
Segment revenue and costs				
Revenue	8,779,484	66,189,267	-	**74,968,751**
Cost of services	(2,185,218)	(52,594,083)	-	**(54,779,301)**
Gross profit	**6,594,266**	**13,595,184**	-	**20,189,450**
Selling and marketing expenses	-	-	(10,748,916)	**(10,748,916)**
Impairment loss on trade receivables	-	-	(1,130,781)	**(1,130,781)**
General and administrative expenses	-	-	(15,904,067)	**(15,904,067)**
Other income, net	-	-	676,927	**676,927**
Finance cost, net	-	-	(5,196,584)	**(5,196,584)**
Net profit (loss)	**6,594,266**	**13,595,184**	**(32,303,421)**	**(12,113,971)**

18 SEGMENTAL INFORMATION (Continued)

Information about geographical segmentation:
Geographical segmentation of revenues

	For The Three Months Period Ended June 30,	
	2022 (Unaudited)	2021 (Unaudited)
Kingdom of Saudi Arabia	116,522,401	72,396,398
Outside Kingdom of Saudi Arabia	23,959,186	2,572,353
	140,481,587	**74,968,751**

19 RELATED PARTY TRANSACTIONS AND BALANCE

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.

A. Related party transactions:
Significant transactions entered into with related parties are as follows:

			For The Three Months Period Ended June 30,	
Related parties name	*Relationship*	*Nature of transaction*	2022 (Unaudited)	2021 (Unaudited)
Bahrain Telecommunication Company	Major Shareholder	Data revenue	458,503	519,493
		Interconnection revenue	67,632	570,310
		Interconnection cost	742,083	300,229
Bithar Trading Company Limited*	Affiliate	Data revenue	-	66,051
Atheeb Saudi Intergraph Company Limited*	Affiliate	Data revenue	-	58,296
Saudi Arabian Marketing and Agencies Limited*	Affiliate	Data revenue	-	38,341
Etihad Shams Company Limited*	Affiliate	Data revenue	-	5,947

B. Related party balances:
The above transaction resulted in the following balances with these companies:

		As of	
Due from related parties	*Relationship*	June 30, 2022	March 31, 2022
Bahrain Telecommunications Company	Major Shareholder	625,545	841,493
		625,545	841,493

*The affiliates sold all of their shares in the Company during first and second quarters of year 2021; accordingly, these companies are no longer related parties after these periods.

C. Transactions with key management personnel:
Key management personnel compensation comprised of the following:

	For The Three Months Period Ended June 30,	
	2022 (Unaudited)	2021 (Unaudited)
Short-term employee benefits	1,497,000	1,687,750
End of service	1,406,662	1,261,368
	2,903,662	**2,949,118**

20 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

i. Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Commission rate risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk Management framework

The Board of Directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee ensures and reviews management's compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Credit risk

The Company manages exposure to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit exposures arise principally from the Company's receivables, certain current assets and balances with banks.
The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter-parties, and continually assessing the creditworthiness of counter-parties.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position.

	As of June 30, 2022 (Unaudited)	As of March 31, 2022 (Audited)
Trade receivables *(note 7)*	141,369,537	117,680,829
Other current assets *(note 8)*	58,549,717	50,094,283
Cash and cash equivalents *(note 9)*	26,188,628	83,256,552
	226,107,882	**251,031,664**

Trade receivables:

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.
The Company has established a credit policy under which each new customer is analysed individually for its creditworthiness. Credit limits are established for each customer, which represent the maximum open amount without requiring the approval from the management; these limits are reviewed annually. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a cash basis.

20. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)

The aging analysis of net trade receivables at the reporting date is as follows:

June 30, 2022	Government	Non-government	Total
Not past due	2,894,777	55,783,471	58,678,248
Past due:			
1-180 days	10,916,559	43,916,283	54,832,842
Over 180 days	8,687,895	19,170,552	27,858,447
Total net trade receivables	**22,499,231**	**118,870,306**	**141,369,537**

March 31, 2022	Government	Non-government	Total
Not past due	2,812,112	34,926,536	37,738,648
Past due:			
1-180 days	9,177,804	50,514,743	59,692,547
Over 180 days	5,874,046	14,375,588	20,249,634
Total net trade receivables	**17,863,962**	**99,816,867**	**117,680,829**

Cash and cash equivalents:
The Company's bank balances are placed with reputable local banks having sound credit ratings. The Company believes that it would be able to realise its balances from these banks without any loss to the Company.

Geographical concentration of risks of financial assets with credit risk exposure
The Company's operations are principally in the Kingdom of Saudi Arabia and hence significant exposures are within the Kingdom with the exception of its voice interconnect receivables which are geographically spread in various countries.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments, contingencies and commitments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value.

The Company limits its liquidity risk by monitoring its funding requirements and by deferral of payments to its key suppliers. As at June 30, 2022, the Company's current liabilities exceed its current assets by SAR 181.36 million (March 31, 2022: SAR 182.57 million).

Analysis of financial liabilities by remaining contractual maturities
The Company has a major payable representing 65% of total accounts payable as at June 30, 2022. The rest of the balances do not have significant concentration risk, with exposure spread over large number of counterparties.

The table below summarises the maturity profile of the Company's financial liabilities at June 30, 2022 based on contractual cash flows. The contractual maturities of liabilities have been determined based on the remaining period at the statement of financial position date to the contractual maturity date.

June 30, 2022 (Unaudited)	*Within 1 Year*	*1 to 5 Years*	*More than 5 Years*	*Total*
Accounts payable	175,740,632	-	-	**175,740,632**
Long term accounts payable	-	207,732,747	-	**207,732,747**
Other current liabilities	127,709,795	-	-	**127,709,795**
Lease liability	60,646,695	119,102,498	18,769,213	**198,518,406**
	364,097,122	**326,835,245**	**18,769,213**	**709,701,580**

March 31, 2022 (Audited)	*Within 1 Year*	*1 to 5 Years*	*More than 5 Years*	*Total*
Accounts payable	188,043,443	-	-	**188,043,443**
Long term accounts payable	-	209,585,286	-	**209,585,286**
Other current liabilities	136,694,072	-	-	**136,694,072**
Lease liability	55,644,169	126,286,681	25,257,336	**207,188,186**
	380,381,684	**335,871,967**	**25,257,336**	**741,510,987**

20. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)

Market risk
Market risk is the changes in market prices, such as foreign exchange rates and commission rates which will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. The Company did not undertake significant transactions in currencies other than Saudi Arabian Riyals and US Dollars. The foreign currency risk with respect to the US Dollars is limited as the Saudi Arabian Riyal is pegged to the US Dollar.

Commission rate risk
Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Company is subject to commission rate risk on its commission bearing liability, including loans and borrowings. The Company manages its commission rate risk by maintaining floating rate term loans at an acceptable level.

ii. Fair Value levels

- **Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- **Level 2** - Valuation techniques for which the lowest level 1 input that is significant to the fair value measurement is directly or indirectly observable;
- **Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Assets and liabilities that are not measured at fair value on a recurring basis:

	As of June 30, 2022 (Unaudited)			
	Book value	Fair value		
SAR		Level 1	Level 2	Level 3
Financial Assets				
Trade receivables	141,369,537	-	-	-
Other current assets	58,549,717	-	-	-
Cash and cash equivalents	26,188,628	-	-	-
Financial Liabilities				
Accounts payable	175,740,632	-	-	-
Other current liabilities	127,709,795	-	-	-
Long term accounts payable	186,002,769			

	As of March 31, 2022 (Audited)			
	Book value	Fair value		
SAR		Level 1	Level 2	Level 3
Financial Assets				
Trade receivables	117,680,829	-	-	-
Other current assets	50,094,283	-	-	-
Cash and cash equivalents	83,256,551	-	-	-
Financial Liabilities				
Accounts payable	188,043,443	-	-	-
Other current liabilities	136,694,072	-	-	-
Long term accounts payable	185,012,918	-	-	-

The book value of the financial assets and financial liabilities stated in the Company's Condensed Interim Financial Statements approximates their fair values.

21. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base to maintain creditor and market confidence and to sustain future development of the business. Management periodically monitors the growth of business, asset quality risks and return on capital as well as the level of dividends to shareholders.

The Board of Directors seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company monitors capital using a ratio of adjusted net debt to adjusted equity. For this purpose, adjusted net debt is defined as total liabilities less cash and cash equivalents.

The Company's net debt to equity ratio at the end of the year are as follows:

	As of June 30, 2022 (Unaudited)	As of March 31, 2022 (Audited)
Total Liabilities	738,440,561	771,452,211
Less: Cash and cash equivalents	(26,188,628)	(83,256,552)
Net Liabilities	**712,251,933**	**688,195,659**
Total equity	**72,327,993**	**73,995,816**
Net debt to equity	**9.85**	**9.30**

22. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation in the current year, to enhance the comparability of information and to be more appropriate for users of Condensed Interim Financial Statements, as follows:

For The Three Months Period Ended June 30, 2021	Impact of reclassification		
Statement of Profit or Loss and Other Comprehensive Income	**As previously reported**	**Reclassification**	**Reclassified**
Depreciation and Amortization	(18,859,255)	18,859,255	-
Cost of Revenue	(33,500,370)	(21,278,931)	(54,779,301)
General and Administrative Expenses	(18,323,743)	2,419,676	(15,904,067)

23. SUBSEQUENT EVENTS

In the opinion of the management, there have been no significant subsequent events since the year-end that require disclosure or adjustment in these condensed interim financial statements other than the matter mentioned above.

24. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

These Condensed Interim Financial Statements were authorized for issue by the Board of Directors on 24 Muharram 1444H (Corresponding to August 22, 2022).