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ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)

Condensed Interim Financial Statements
For the Three and Six Month Periods Ended September 30, 2022
And Report on Review of Condensed Interim Financial Statements

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(A Saudi Joint Stock Company)

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REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **ETIHAD ATHEEB TELECOMMUNICATION COMPANY** (the "Company") as at 30 September 2022, the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months' period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard (34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia.
Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

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

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.

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 September 2022, the accumulated losses of the Company amounted to SR 11.04 million, which represents 12.26% of its share capital, and the Company's current liabilities exceeded its current assets by SR 226.79 million as of that date. 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.

Emphasis of Matter

We draw attention to note (1-a) to the accompanying condensed interim financial statements, which mentions that the Communications and Information Technology Commission accepted, on September 5, 2022, the Company's fulfillment of phase (1) of the network deployment in accordance with the frequency spectrum license to provide fixed telecommunication services with infrastructure of 3.5 GHz band frequency with some observations from the Commission, which the Company committed to resolve along with fulfilling the obligations of the license for phase (2) to cover at least 30% of the populated cities subject to the obligation within a maximum period at the end of the current year 2022. Our conclusion is not modified in respect of this matter.



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

Abdullah M. Al Azem
License No. 335

1 Rabi Al-Thani 1444H (26 October 2022)
Riyadh, Kingdom of Saudi Arabia

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

	Note	As of September 30, 2022 (Unaudited)	As of March 31, 2022 (Audited)
ASSETS			
Non-current assets			
Property and equipment	4	125,507,457	124,448,792
Intangible assets	5	332,994,581	344,538,031
Right of use assets	6.1	107,186,802	117,278,702
Total non-current assets		**565,688,840**	**586,265,525**
Current assets			
Inventories		13,431,739	8,150,838
Trade receivables	7	169,535,961	117,680,829
Other current assets	8	50,416,497	50,094,283
Cash and cash equivalents	9	35,275,380	83,256,552
Total current assets		**268,659,577**	**259,182,502**
TOTAL ASSETS		**834,348,417**	**845,448,027**
EQUITY AND LIABILITIES			
Equity			
Share capital	1	89,999,000	89,999,000
Accumulated losses		(11,036,938)	(16,003,184)
Total equity		**78,962,062**	**73,995,816**
Liabilities			
Non-current liabilities			
Long term accounts payable	11	137,448,508	185,012,918
Non-current portion of lease liabilities	6.2	110,602,405	132,503,001
Employees' defined benefit obligation		8,482,381	8,844,000
Decommissioning provision		3,399,005	3,335,815
Total non-current liabilities		**259,932,299**	**329,695,734**
Current liabilities			
Accounts payable	11	235,241,916	188,043,443
Other current liabilities	12	148,070,250	136,694,072
Current portion of lease Liabilities	6.2	64,682,653	55,644,169
Deferred income		41,184,267	43,975,550
Provision for zakat and tax	15	6,274,970	17,399,243
Total current liabilities		**495,454,056**	**441,756,477**
Total liabilities		**755,386,355**	**771,452,211**
TOTAL EQUITY AND LIABILITIES		**834,348,417**	**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

Dr. Eisa Baeisa
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 three and six month periods ended September 30, 2022
(Saudi Riyal)

	Note	For The Three Months Period Ended September 30,		For The Six Months Period Ended September 30,	
		2022 (Unaudited)	2021 (Unaudited) Reclassified (Note22)	2022 (Unaudited)	2021 (Unaudited) Reclassified (Note22)
Revenue		148,022,587	80,846,078	288,504,174	155,814,829
Cost of revenue	13	(104,898,397)	(66,677,936)	(207,840,029)	(121,457,237)
Gross profit		**43,124,190**	**14,168,142**	**80,664,145**	**34,357,592**
Selling and marketing expenses	14	(16,664,532)	(11,761,077)	(33,689,195)	(22,509,993)
General and administrative expenses		(15,934,463)	(21,390,778)	(31,326,289)	(37,294,845)
Impairment losses on trade receivables	7	(3,307,057)	(7,841,226)	(6,672,474)	(8,972,007)
Other income		3,759,735	22,424,803	5,205,983	23,101,730
Operating profit (loss)		**10,977,873**	**(4,400,136)**	**14,182,170**	**(11,317,523)**
Finance cost		(4,343,805)	(5,274,126)	(9,215,925)	(10,470,710)
Profit (loss) before zakat and income tax		**6,634,068**	**(9,674,262)**	**4,966,245**	**(21,788,233)**
Zakat and income tax	15	-	-	-	-
Net profit (loss) for the period		**6,634,068**	**(9,674,262)**	**4,966,245**	**(21,788,233)**
Other comprehensive income					
Items that will not be reclassified to profit or loss in subsequent periods					
Re-measurement of defined benefit obligation		-	-	-	-
Other comprehensive income for the period		-	-	-	-
Total comprehensive income (loss) for the period		**6,634,068**	**(9,674,262)**	**4,966,245**	**(21,788,233)**
Earnings (loss) per share – basic and diluted	16	**0.74**	**(1.07)**	**0.55**	**(2.42)**

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

Yahya [illegible] Al Mansour
Chief Executive Officer

Mahmoud Al Abdullah
Acting Chief Financial Officer

Dr. Eissa Baeisa
Chairman

شركة اتحاد عذيب للاتصالات (رقم (١)) Etihad Atheeb Telecom Co. No.(1)

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

	Share capital	Accumulated losses	Total
Balance at April 1, 2021 (Audited)	**228,529,000**	**(116,789,640)**	**111,739,360**
Net loss for the period	-	(21,788,233)	(21,788,233)
Other comprehensive income for the period	-	-	-
Total comprehensive loss for the period	-	**(21,788,233)**	**(21,788,233)**
Balance at September 30, 2021 (Unaudited)	**228,529,000**	**(138,577,873)**	**89,951,127**
Balance at 1 April 2022 (Audited)	**89,999,000**	**(16,003,184)**	**73,995,816**
Net profit for the period	-	4,966.245	4,966,245
Other comprehensive income for the year	-	-	-
Total comprehensive income for the period	-	**4,966,245**	**4,966,245**
Balance at 31 September 2022 (Unaudited)	**89,999,000**	**(11,036,939)**	**78,962,061**

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

Yahya Saleh Al Mansour
Chief Executive Officer

Mahmoud Al Abdullah
Acting Chief Financial Officer

Dr. Eisa Bacis
Chairman

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

	Note	For The Six Months Period Ended September 30, 2022 (Unaudited)	2021 (Unaudited)
Cash flows from operating activities			
Net profit (loss) for the period		4,966,245	(21,788,233)
Adjustments:			
Depreciation and amortization	4,5,6	30,153,635	37,735,080
Impairment loss on trade receivables	7-3	6,672,474	8,972,007
Finance costs		9,215,925	10,470,710
Provision for employees' end of service benefits		627,498	590,502
Gain from disposal of lease contracts		(393,501)	-
Leased liabilities settlement against other income	6-2	(183,357)	(1,853,798)
		51,058,919	**34,126,268**
Changes in working capital:			
Inventories		(5,280,901)	1,178,985
Trade receivables		(58,527,606)	(20,448,554)
Prepayments and other current assets		(322,214)	(5,406,294)
Accounts payable		(6,783,286)	(19,390,312)
Accrued expenses and other current liabilities		11,376,178	37,727,235
Deferred income		(2,791,283)	1,921,239
		(11,270,193)	**29,708,567**
Finance costs paid		(587,013)	(5,554,209)
Zakat paid	15-1	(11,124,273)	(2,074,207)
Employees' end of service benefits paid		(1,156,619)	(515,787)
Net cash (used in) from operating activities		**(24,138,098)**	**21,564,364**
Cash flows from investing activities			
Addition to property and equipment	4	(8,739,033)	(4,490,144)
Net cash used in investing activities		**(8,739,033)**	**(4,490,144)**
Cash flows from financing activities			
Payment of leased liabilities	6-2	(15,104,041)	(12,834,777)
Net cash used in financing activities		**(15,104,041)**	**(12,834,777)**
Net decrease / (increase) in cash and cash equivalents		(47,981,172)	4,239,443
Cash and cash equivalents at the beginning of the period		83,256,552	71,112,667
Cash and cash equivalents at the end of the period		**35,275,380**	**75,352,110**
Supplementary information for non-cash transactions:			
Transfer of current portion of long-term accounts to short-term		52,705,078	49,000,000
Non-current portion of lease liabilities transferred to current portion		1,276,681	-

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

Yahya Saleh Al Mansour
Chief Executive Officer

Mahmoud Al Abdullah
Acting Chief Financial Officer

Dr. Eisa Baeisa
Chairman

1. ORGANIZATION AND ACTIVITIES

a) General information

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 1 Dhul Hijjah 1443H (corresponding to 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 which prove the Company's fulfillment of its obligation in accordance with the requirements of the CITC. On 9 Safar 1444H (corresponding to September 5, 2022), the Company received a letter from the CITC informing the Company that it accepted its fulfilment of phase (1) of the network deployment in accordance with the frequency spectrum license to provide fixed telecommunication services with infrastructure of 3.5GHz band frequency granted to it with some observations, which the Company committed to resolve within a maximum period at the end of the current year 2022 (which is the deadline for fulfilling the obligations of the license for phase (2) to cover at least 30% of the populated cities subject to the obligation). The CITC will follow up on the Company regarding its future obligations to ensure the optimal use of the frequency spectrum and its proper, effective and efficient use in accordance with the license granted to the Company and the relevant regulations by the CITC.

The Company, through its efforts to resolve the CITC's observations and fulfillment of phase (2) of the network deployment, signed an agreement on September 21, 2022 ("the effective start date") with a contractor to provide the Company with materials, equipment, services, and technologies which will enable it to fulfill its commitment to the CITC. The initial term of the agreement is five years from the effective date or until the fulfillment of the Contractor of the agreement obligations. The management believes that it will be able to fulfill the CITC obligations for phase (2) within the specified deadline.

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 recommendation to the general assembly to reduce the Company's share capital from SAR 228,529,000 to SAR 89,999,000 through reducing the share capital amount by an amount of SAR 138,530,000, by way of cancellation of 13,853,000 shares.

On 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 September 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.

1. ORGANIZATION AND ACTIVITIES (Continued)

a) General information (Continued):

On December 19, 2021 the board of directors recommended to the Extraordinary General Assembly to increase the Company's share 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. Its main objective after receiving the requested approval from the competent authorities is to increase the capital to pay the company's obligations and to develop and update its business systems and networks. 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 statements. On October 13, 2022 the Board of Directors issued a resolution by circulation in which it amended its recommendation to the Extraordinary General Assembly related to the share capital increment through a rights issue from SR 350,000,000 to SR 250,000,000 (note 23).

b) 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 September 30, 2022 shows that the accumulated losses of the Company amounting to SAR 11.04 million represents (12.26%) of its share capital, Also the Company's current liabilities exceeded its current assets by SAR 226.79 million (March 31, 2022: SAR 182.57 million).

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 improved by sealing new sales agreements which resulted in the growth in revenue and generating net profit for the nine-month period ended 30 September 2022, and accordingly generate the cash that will enable the Company to meet its obligations as and when they become due.
- The management is also devising future plans in some 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 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 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	-	8,299,713	439,320	-	8,739,033
Balance as of September 30, 2022 (Unaudited)	**7,509,647**	**1,095,800,699**	**36,621,326**	**3,867,140**	**1,143,798,812**
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	243,246	7,105,767	331,355	-	7,680,368
Balance as of September 30, 2022 (Unaudited)	**4,311,630**	**983,171,794**	**30,807,931**	-	**1,018,291,355**
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 September 30, 2022 (Unaudited)	**3,198,017**	**112,628,905**	**5,813,395**	**3,867,140**	**125,507,457**

- During the period, the Company capitalized the salaries of its internal technicians at SAR 0.70 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 September 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	5,660,001	5,883,449	-	11,543,450
Balance as of September 30, 2022 (Unaudited)	**227,923,939**	**135,366,820**	**52,164,807**	**415,455,566**
Net book value as of March 31, 2022 (Audited)	**305,640,062**	**38,897,969**	**-**	**344,538,031**
Net book value as of September 30, 2022 (Unaudited)	**299,980,061**	**33,014,520**	**-**	**332,994,581**

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**
Additions during the period	-	-	5,137,774	5,137,774
Disposals during the period*	-	-	(6,291,534)	(6,291,534)
Balance as of September 30, 2022 (Unaudited)	**182,399,468**	**848,222**	**12,973,460**	**196,221,150**
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	9,507,006	87,708	1,335,103	10,929,817
Disposals during the period*	-	-	(1,991,677)	(1,991,677)
Balance as of September 30, 2022 (Unaudited)	**84,222,640**	**613,956**	**4,197,752**	**89,034,348**
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 March 31, 2023 (Unaudited)	**98,176,828**	**234,266**	**8,775,708**	**107,186,802**

* 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 six months period ended September 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	
	September 30, 2022 (Unaudited)	**March 31, 2022 (Audited)**
Balance at the beginning of the period/year	188,147,170	363,671,598
Additions during the period/year	5,137,774	-
Disposals during the period/year	(4,693,358)	(101,117,678)
Finance cost during the period/year	3,257,551	8,606,944
Paid during the period/year	(15,104,041)	(29,763,511)
Settlement during the period/year	(183,357)	(5,231,418)
Lease liability transferred to payables	(1,276,681)	(48,018,765)
Lease liability at the end of the period/year	**175,285,058**	**188,147,170**
Current portion	64,682,653	55,644,169
Non-current portion	110,602,405	132,503,001
	175,285,058	**188,147,170**

6-3 Amounts recognized in profit or loss

	For the six months period ended September 30,	
	2022 (Unaudited)	**2021 (Unaudited)**
Amortization for the period	10,929,817	8,411,663
Interest on lease liability	3,257,551	2,430,682
	14,187,368	**10,842,345**

6-4 Amounts recognized in statement of cash flows

	For the six months period ended September 30,	
	2022 (Unaudited)	**2021 (Unaudited)**
Total cash outflow for leases	(15,104,041)	(14,688,577)

7 TRADE RECEIVABLES

		As of	
	Note	**September 30, 2022 (Unaudited)**	**March 31, 2022 (Audited)**
Trade receivable	7.2	287,726,102	229,198,496
Less: provision for doubtful debts	7.2	(118,190,141)	(111,517,667)
		169,535,961	**117,680,829**

7-1 Trade receivables include an amount of SAR 600,947 (31 March 2022: SAR 841,492) due from related parties. (Note 19).

7 TRADE RECEIVABLES (Continued)

7-2 Ageing analysis of trade receivables as follows:

	As of September 30, 2022 (Unaudited)			As of March 31, 2022 (Audited)		
	Gross Amount	Expected Credit Loss	ECL Percentage	Gross Amount	Expected Credit Loss	ECL Percentage
Aging Bracket						
Not Due	103,678,247	2,842,153	2.74%	39,608,683	1,870,035	4.72%
1 to 180 days	50,686,227	6,635,583	13.09%	67,983,382	8,290,835	12.20%
181 to 270 days	12,336,124	4,233,128	34.31%	7,193,385	2,914,619	40.52%
271 to 360 days	6,157,398	2,642,035	42.91%	7,074,453	2,267,308	32.05%
More than 360 days	114,868,106	101,837,242	88.66%	107,338,593	96,174,870	89.60%
Total	**287,726,102**	**118,190,141**		**229,198,496**	**111,517,667**	

7-3 Movement in Impairment loss is as follows:

	As of Sep 30, 2022 (Unaudited)	As of March 31, 2022 (Audited)
Opening Balance	111,517,667	103,931,807
Additions	6,672,474	7,585,860
Ending Balance	**118,190,141**	**111,517,667**

8 OTHER CURRENT ASSETS

	As of Sep 30, 2022 (Unaudited)	As of March 31, 2022 (Audited)
Advances to suppliers	23,427,250	20,695,049
Letter of guarantees margins	20,783,133	20,522,281
Advances to employees	699,555	646,867
Prepaid expenses	173,147	731,505
Others	5,333,412	7,498,581
	50,416,497	**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 Sep, 30 2022 (Unaudited)	As of March, 31 2022 (Audited)
A major vendor	263,287,271	257,563,497
Other vendors	109,403,153	115,492,864
Balance at the end of the period/year	**372,690,424**	**373,056,361**
Current portion	235,241,916	188,043,443
Non-current portion	137,448,508	185,012,918
Balance at the end of the period/year	**372,690,424**	**373,056,361**

11 ACCOUNTS PAYABLE (Continued)

- 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)	-	-	-
Transferred to short term payables	(56,410,156)	(49,000,000)	(3,705,078)	**(52,705,078)**
Unwinding of discount during the year/period	10,446,921	4,715,316	425,352	**5,140,668**
Paid during the year/period	(1,235,042)	-	-	-
Balance at end of the year/period	**185,012,918**	**128,504,294**	**8,944,214**	**137,448,508**

* 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 Sep, 30 2022 (Unaudited)	As of March, 31 2022 (Audited)
Government fees	89,018,278	73,819,740
Employee related expense	11,920,847	22,295,785
Voice Interconnection	9,713,596	1,145,465
Capacity lease	356,436	-
Electricity	668,318	528,530
Other accrued expenses	36,392,775	38,904,552
	148,070,250	**136,694,072**

13 COST OF REVENUE

	Note	For the six months period ended September 30, 2022 (Unaudited)	2021 (Unaudited) Reclassified (Note 22)
Capacity lease charges		74,073,229	45,353,975
Voice interconnection charges		52,928,213	5,353,135
Depreciation and amortization	4&5&6	22,583,935	30,451,233
Government fees		20,273,531	14,493,372
Inventory consumption and installation		19,946,089	12,245,826
Employees' costs		11,243,063	9,413,552
Network maintenance and support		2,384,940	1,542,460
Site rentals and utilities		1,626,957	1,391,152
Other		2,780,072	1,212,532
		207,840,029	**121,457,237**

14 SELLING AND MARKETING EXPENSES

	For the six months period ended September 30,	
	2022 (Unaudited)	2021 (Unaudited)
Dealers' commission	16,828,599	8,672,801
Employees' costs	12,154,396	11,414,396
Marketing and advertisement	3,144,940	1,423,635
Customer care	1,373,952	968,676
Other	187,308	30,485
	33,689,195	**22,509,993**

15 PROVISION FOR ZAKAT AND INCOME TAX

15-1 Movement in provision for zakat and income tax is as follows:

	As of Sep, 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	(11,124,273)	(12,784,410)
Balance at the end of the period/year	**6,274,970**	**17,399,243**
The details of payments are as follows:		
Zakat settlement payments during the period/year	8,339,578	8,339,787
Zakat paid during the period/year related to zakat charge for the years 2020 and 2021	2,784,695	4,444,623
Total payments during the period/year	**11,124,273**	**12,784,410**

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.

15 PROVISION FOR ZAKAT AND INCOME TAX (Continued)

15-2 Zakat and tax status - Continued

- 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.

- 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 as per the below schedule:

Amount (SAR)	Due date of payment	Status
4.17	November 21, 2021	Paid
4.17	March 30, 2022	Paid
4.17	June 28, 2022	Paid
4.17	September 26, 2022	Paid
4.17	December 25, 2022	Not due
20.85		

- 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 EARNINGS (LOSS) PER SHARE

	For the six months period ended	
	September 30, 2022 (Unaudited)	**September 30, 2021 (Unaudited)**
Net profit (loss) for the period	4,966,245	(21,788,233)
Outstanding weighted average number of shares for the period**	**8,999,900**	**8,999,900**
Basic and diluted earnings (loss) per share ***	**0.55**	**(2.42)**

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

** The outstanding weighted average number of ordinary shares has been adjusted when calculating the ordinary and diluted loss per share for the six-month period ending on September 30, 2021 as a result of reducing the number of the Company's shares as the Company's share capital was reduced during the fourth quarter of the year ending March 31, 2022 (Note 1-a).

*** The company does not have any financial instruments are to be diluted.

17 COMMITMENTS AND CONTINGENT LIABILITY

Contingent liability

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 September 30, 2022 (Unaudited)	Voice	Data	Unallocated	Total
Segment assets				
Property and equipment	3,277,228	122,230,229	-	**125,507,457**
Intangible assets	8,695,093	324,299,488	-	**332,994,581**
Right of use assets	2,798,842	104,387,960	-	**107,186,802**
Total assets	106,108,318	728,240,099	-	**834,348,417**
Total liabilities	279,993,906	475,392,449	-	**755,386,355**

For The Three Months Period Ended Sep 30, 2022 (Unaudited)	Voice	Data	Unallocated	Total
Segment revenue and costs				
Revenue	35,628,620	112,393,967	-	148,022,587
Cost of services	(4,184,535)	(100,713,862)	-	(104,898,397)
Gross profit	**31,444,085**	**11,680,105**	-	**43,124,190**
Selling and marketing expenses	-	-	(16,664,532)	(16,664,532)
Impairment loss on trade receivables	-	-	(3,307,057)	(3,307,057)
General and administrative expenses	-	-	(15,934,463)	(15,934,463)
Other income, net	-	-	3,759,735	3,759,735
Finance cost, net	-	-	(4,343,805)	(4,343,805)
Net profit (loss)	**31,444,085**	**11,680,105**	**(36,490,122)**	**6,634,068**

18 SEGMENTAL INFORMATION (Continued)

For the six months period ended Sep 30, 2022 (Unaudited)

	Voice	Data	Unallocated	Total
Segment revenue and costs				
Revenue	71,028,352	217,475,822	-	288,504,174
Cost of services	(8,291,012)	(199,549,017)	-	(207,840,029)
Gross profit	**62,737,340**	**17,926,805**	-	**80,664,145**
Selling and marketing expenses	-	-	(33,689,195)	(33,689,195)
Impairment loss on trade receivables	-	-	(6,672,474)	(6,672,474)
General and administrative expenses	-	-	(31,326,289)	(31,326,289)
Other income, net	-	-	5,205,983	5,205,983
Finance cost, net	-	-	(9,215,925)	(9,215,925)
Net profit (loss)	**62,737,340**	**17,926,805**	**(75,697,900)**	**4,966,245**

As of March 31, 2022 (Audited)

	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

	Voice	Data	Unallocated	Total
Segment revenue and costs				
Revenue	11,825,598	69,020,480	-	80,846,078
Cost of services	(2,659,871)	(64,018,065)	-	(66,677,936)
Gross profit	**9,165,727**	**5,002,415**	-	**14,168,142**
Selling and marketing expenses	-	-	(11,761,077)	(11,761,077)
Impairment loss on trade receivables	-	-	(7,841,226)	(7,841,226)
General and administrative expenses	-	-	(21,390,778)	(21,390,778)
Other income, net	-	-	22,424,803	22,424,803
Finance cost, net	-	-	(5,274,126)	(5,274,126)
Net profit (loss)	**9,165,727**	**5,002,415**	**(23,842,404)**	**(9,674,262)**

For the six months period ended Sep 30, 2021 (Unaudited)

	Voice	Data	Unallocated	Total
Segment revenue and costs				
Revenue	20,605,082	135,209,747	-	155,814,829
Cost of services	(4,845,089)	(116,612,148)	-	(121,457,237)
Gross profit	**15,759,993**	**18,597,599**	-	**34,357,592**
Selling and marketing expenses	-	-	(22,509,993)	(22,509,993)
Impairment loss on trade receivables	-	-	(8,972,007)	(8,972,007)
General and administrative expenses	-	-	(37,294,845)	(37,294,845)
Other income, net	-	-	23,101,730	23,101,730
Finance cost, net	-	-	(10,470,710)	(10,470,710)
Net profit (loss)	**15,759,993**	**18,597,599**	**(56,145,825)**	**(21,788,233)**

Information about geographical segmentation revenues:

	For the six months period ended	
	September 30, 2022 (Unaudited)	**September 30, 2021 (Unaudited)**
Kingdom of Saudi Arabia	240,106,147	149,563,046
Outside Kingdom of Saudi Arabia	48,398,027	6,251,783
	288,504,174	**155,814,829**

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	
Related parties name	*Relationship*	*Nature of transaction*	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
Bahrain Telecommunication Company	Major Shareholder	Data revenue	440,464	578,310
		Interconnection revenue	67,568	4,940,976
		Interconnection cost	532,628	399,749
Saudi Arabian Marketing and Agencies Limited*	Affiliate	Data revenue	-	18,123
Etihad Shams Limited Company*	Affiliate	Data revenue	-	2,438,639

			For The six Months Period Ended	
Related parties name	*Relationship*	*Nature of transaction*	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
Bahrain Telecommunication Company	Major Shareholder	Data revenue	898,967	1,097,802
		Interconnection revenue	135,200	5,511,286
		Interconnection cost	1,274,711	699,978
Saudi Arabian Marketing and Agencies Limited*	Affiliate	Data revenue	-	56,464
Bithar Trading Company Limited*	Affiliate	Data revenue	-	66,051
Atheeb Saudi Intergraph Company Limited*	Affiliate	Data revenue	-	58,296
Etihad Shams Company Limited*	Affiliate	Data revenue	-	5,947

B. Related party balances:

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

Due from related parties	*Relationship*	As of Sep, 30 2022 (Unaudited)	As of March, 31 2022 (Audited)
Bahrain Telecommunications Company	Major Shareholder	600,947	841,493
		600,947	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 six Months Period Ended Sep 30,	
	2022 (Unaudited)	2021 (Unaudited)
Short-term employee benefits	3,790,088	2,860,915
End of service	79,529	1,261,368
	3,869,617	**4,122,283**

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	
	September 30, 2022 (Unaudited)	**March 30, 2021 (Audited)**
Trade receivables *(note 7)*	169,535,961	117,680,829
Other current assets *(note 8)*	50,416,497	50,094,283
Cash and cash equivalents *(note 9)*	35,275,380	83,256,552
	255,227,838	**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)

Credit risk - Continued

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

Sep 30, 2022 (Unaudited)	Government	Non-government	Total
Not past due	32,267,886	68,568,206	100,836,092
Past due:			
1-180 days	-	44,050,644	44,050,644
Over 180 days	3,587,674	21,061,551	24,649,225
Total net trade receivables	**35,855,560**	**133,680,401**	**169,535,961**

March 31, 2022 (Audited)	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 re-scheduling of payments to its suppliers. As at Sep 30, 2022, the Company's current liabilities exceed its current assets by SAR 226.79 million (March 31, 2022: SAR 182.57 million).

Analysis of financial liabilities by remaining contractual maturities
The Company has a major payable representing 71% of total accounts payable as at Sep 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 Sep 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.

September 30, 2022 (Unaudited)	*Within 1 Year*	*1 to 5 Years*	*More than 5 Years*	*Total*
Accounts payable	235,241,916	-	-	**235,241,916**
Long term accounts payable	-	156,880,208	-	**156,880,208**
Other current liabilities	148,070,250	-	-	**148,070,250**
Lease liability	64,682,653	110,277,898	13,561,493	**188,522,044**
	447,994,819	**267,158,106**	**13,561,493**	**728,714,418**

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 September 30, 2022 (Unaudited)			
	Book value	Fair value		
SAR		Level 1	Level 2	Level 3
Financial Assets				
Trade receivables	169,535,961	-	-	-
Other current assets	50,416,497	-	-	-
Cash and cash equivalents	35,275,380	-	-	-
Financial Liabilities				
Accounts payable	235,241,916	-	-	-
Other current liabilities	148,070,250	-	-	-
Long term accounts payable	137,448,508			

	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	83,256,552	-	-	-
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 Sep 30, 2022 (Unaudited)	As of March 31, 2022 (Audited)
Total Liabilities	755,386,355	771,452,211
Less: Cash and cash equivalents	(35,275,380)	(83,256,552)
Net Liabilities	**720,110,975**	**688,195,659**
Total equity	**78,962,062**	**73,995,816**
Net debt to equity	**9.12**	**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 Six Months Period Ended September 30, 2021 (Unaudited)	**Impact of reclassification**		
Statement of Profit or Loss and Other Comprehensive Income	**As previously reported**	**Reclassification**	**Reclassified**
Depreciation and Amortization	(37,735,080)	37,735,080	-
Cost of Revenue	(78,451,007)	(43,006,230)	(121,457,237)
General and Administrative Expenses	(42,565,995)	5,271,150	(37,294,845)

23 SUBSEQUENT EVENTS

On October 13, 2022, the Board of Directors issued a resolution by passing to amend the recommendation to increase the capital of the Extraordinary General Assembly by offering rights shares from 350,000,000 Saudi Riyals to 250,000,000 Saudi Riyals. (Note 1).

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 1 Rabi Al-thani 1444H (Corresponding to 26 October 2022).