

**Bahrain Telecommunications  
Company BSC**

**CONDENSED CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS**

**30 June 2021**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**for the six months ended 30 June 2021**

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**FINANCIAL HIGHLIGHTS (presented for information purposes only)**  
**for the six months ended 30 June 2021**

Six months ended 30 June	Unit	2021	2020	Variation %
Gross revenue	BD million	198.2	189.8	4%
Expenses	BD million	148.9	142.4	(4.6%)
Profit attributable to Batelco shareholders	BD million	37.5	35.9	4.6%
Return on net worth (Annualized)	%	15.0	12.0*	25%
Weighted average number of shares outstanding during the period	million	1,655	1,656	(0.1%)
Basic and diluted earnings per share for the period	Fils	22.7	21.7	4.6%

\*Based on actual profit for the year ended 31 December 2020



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## Independent auditors' report on review of the condensed consolidated interim financial statements

The Board of Directors  
Bahrain Telecommunications Company BSC  
Manama, Kingdom of Bahrain

29 July 2021

### Introduction

We have reviewed the accompanying 30 June 2021 condensed consolidated interim financial statements of Bahrain Telecommunications Company BSC (the "Company") and its subsidiaries (together the "Group"), which comprise:

- the condensed consolidated statement of financial position as at 30 June 2021;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2021;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2021;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2021; and
- notes to the condensed consolidated interim financial statements.

The Board of Directors of the Company is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

### Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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 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 30 June 2021 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

### Other matter

Due to the outbreak of the novel coronavirus (COVID-19) in early 2020, the Central Bank of Bahrain vide its circular OG/124/2020 dated 30 March 2020 had exempted all public shareholding companies and locally incorporated banks from preparation and publication of condensed consolidated interim financial information for the three-month period ended 31 March 2020. We have not reviewed the comparative information for the three-month period ended 30 June 2020 in the condensed consolidated statement of comprehensive income, which has been extracted from management accounts of the Group and, we do not express any review conclusion on them.



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2021

BD'000

	Note	30 June 2021 (reviewed)	31 December 2020 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		280,696	282,651
Right-of-use assets		50,530	50,970
Goodwill		137,716	137,504
Other intangible assets		131,824	137,821
Equity accounted investees		7,393	4,709
Deferred tax assets		8,971	8,642
Investments		27,749	20,071
Other non-current assets		5,361	1,850
<b>Total non-current assets</b>		<b>650,240</b>	<b>644,218</b>
<b>Current assets</b>			
Inventories		9,692	8,255
Trade and other receivables		150,855	143,887
Investments		150	497
Cash and bank balances	3	196,418	195,299
<b>Total current assets</b>		<b>357,115</b>	<b>347,938</b>
<b>Total assets</b>		<b>1,007,355</b>	<b>992,156</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other payables		23,130	19,832
Lease liabilities		42,376	43,852
Loans and borrowings	4	223,737	201,290
Deferred tax liabilities		8,428	8,896
<b>Total non-current liabilities</b>		<b>297,671</b>	<b>273,870</b>
<b>Current liabilities</b>			
Trade and other payables		170,155	176,680
Lease liabilities		7,429	7,185
Loans and borrowings	4	5,574	22,339
<b>Total current liabilities</b>		<b>183,158</b>	<b>206,204</b>
<b>Total liabilities</b>		<b>480,829</b>	<b>480,074</b>
<b>Net assets</b>		<b>526,526</b>	<b>512,082</b>
<b>EQUITY</b>			
Share capital		166,320	166,320
Statutory reserve		83,285	83,285
General reserve		44,001	44,000
Other reserves		(32,000)	(42,035)
Treasury shares		(3,885)	(2,792)
Retained earnings		230,216	224,390
<b>Total equity attributable to equity holders of the Company</b>		<b>487,937</b>	<b>473,168</b>
Non-controlling interest		38,589	38,914
<b>Total equity (Pages 6 - 7)</b>		<b>526,526</b>	<b>512,082</b>

The condensed consolidated interim financial statements were approved by the Board of Directors on 29 July 2021 and signed on its behalf by:

Abdulla bin Khalifa Al Khalifa  
Chairman

Raed Abdulla Fakhri  
Deputy Chairman

Mikkel Vinter  
Chief Executive Officer

The accompanying notes 1 to 14 are integral part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
for the six months ended 30 June 2021

BD'000

	Note	Six months ended 30 June		Three months ended 30 June	
		2021 (reviewed)	2020 (reviewed)	2021 (reviewed)	2020 (unreviewed)
<b>REVENUE</b>	5	<b>198,163</b>	189,796	<b>98,435</b>	92,199
<b>EXPENSES</b>					
Network operating expenses		(64,031)	(64,394)	(31,360)	(31,415)
Staff costs		(26,154)	(22,800)	(13,350)	(9,656)
Depreciation, amortisation and tangible assets impairment		(36,150)	(34,391)	(17,831)	(17,317)
Impairment loss on trade receivables and contract assets		(1,674)	(2,832)	(1,054)	(1,698)
Other operating expenses		(20,880)	(17,941)	(11,010)	(9,178)
<b>Total expenses</b>		<b>(148,889)</b>	<b>(142,358)</b>	<b>(74,605)</b>	<b>(69,264)</b>
<b>Results from operating activities</b>		<b>49,274</b>	47,438	<b>23,830</b>	22,935
Finance and related income		2,127	3,212	1,052	1,341
Finance and related expense		(5,769)	(8,574)	(2,877)	(4,244)
Other income/ (expenses) (net)		625	546	317	(246)
Share of loss from equity accounted investees (net)		(321)	(398)	(157)	(227)
<b>Profit before taxation</b>		<b>45,936</b>	42,224	<b>22,165</b>	19,559
Income tax expense		(4,133)	(2,246)	(2,514)	(910)
<b>Profit for the period</b>		<b>41,803</b>	39,978	<b>19,651</b>	18,649
<b>Total other comprehensive income:</b>					
<b>Items that are or may be reclassified to profit or loss:</b>					
Foreign currency translation differences – foreign operations		709	(6,010)	211	(392)
Investment fair value changes (debt securities)		57	(261)	15	722
		<b>766</b>	<b>(6,271)</b>	<b>226</b>	<b>330</b>
<b>Items that will never be reclassified to profit or loss:</b>					
Remeasurement of defined benefit asset including related tax		-	(4,414)	-	(4,414)
Investment fair value changes (equity securities)		8,884	-	(724)	-
		<b>8,884</b>	<b>(4,414)</b>	<b>(724)</b>	<b>(4,414)</b>
Other comprehensive income, net of tax		<b>9,650</b>	<b>(10,685)</b>	<b>(498)</b>	<b>(4,084)</b>
<b>Total comprehensive income for the period</b>		<b>51,453</b>	29,293	<b>19,153</b>	14,565
<b>Profit for the period attributable to:</b>					
Equity holders of the Company		37,526	35,868	17,805	17,340
Non-controlling interest		4,277	4,110	1,846	1,309
		<b>41,803</b>	<b>39,978</b>	<b>19,651</b>	<b>18,649</b>
<b>Total comprehensive income for the period attributable to:</b>					
Equity holders of the Company		47,176	25,182	17,307	13,271
Non-controlling interest		4,277	4,111	1,846	1,294
		<b>51,453</b>	<b>29,293</b>	<b>19,153</b>	<b>14,565</b>
<b>Basic and diluted earnings per share (Fils)</b>	6	<b>22.7</b>	21.7	<b>10.8</b>	10.5

The condensed consolidated interim financial statements were approved by the Board of Directors on 29 July 2021 and signed on its behalf by:

Abdulla bin Khalifa Al Khalifa  
Chairman

Raed Abdulla Fakhri  
Deputy Chairman

Mikkel Vinter  
Chief Executive Officer

The accompanying notes 1 to 14 are integral part of the condensed consolidated interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the six months ended 30 June 2021**

BD'000

	Note	Six months ended 30 June	
		2021 (reviewed)	2020 (reviewed)
<b>OPERATING ACTIVITIES</b>			
Profit for the period		41,803	39,978
<b>Adjustment for:</b>			
Non-operating items, including tax		7,150	7,062
Share of loss from equity accounted investees		321	398
Depreciation, amortisation and tangible assets impairment		36,150	34,391
Impairment loss on trade receivables and contract assets		1,674	2,832
		87,098	84,661
<b>Working capital changes:</b>			
Increase in trade and other receivables		(9,200)	(14,758)
Increase in inventories		(1,434)	(1,056)
Decrease in trade and other payables		2,096	109
<b>Cash generated from operating activities</b>		<b>78,560</b>	<b>68,956</b>
Taxes paid		(3,798)	(3,484)
Payment to charities		(528)	(4,117)
<b>Net cash from operating activities</b>		<b>74,234</b>	<b>61,355</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of property, equipment and intangibles, net of disposal		(32,144)	(33,037)
Net cash from (purchase) / sale of investments		(32,969)	36,815
Interest and investment income received		2,900	5,629
<b>Net cash (used in) / from investing activities</b>		<b>(62,213)</b>	<b>9,407</b>
<b>FINANCING ACTIVITIES</b>			
Dividend paid		(31,912)	(31,929)
Payment of lease liabilities		(6,652)	(4,596)
Interest paid		(3,384)	(7,877)
Borrowings drawn / (repaid), net		5,561	(4,824)
Acquisition of share-based payment treasury shares		(164)	-
Purchase of market making shares		(929)	(455)
<b>Net cash used in financing activities</b>		<b>(37,480)</b>	<b>(49,681)</b>
<b>(Decrease) / increase in cash and cash equivalents during the period</b>		<b>(25,459)</b>	<b>21,081</b>
Cash and cash equivalents at 1 January		143,457	86,410
<b>Cash and cash equivalents at 30 June</b>	3	<b>117,998</b>	<b>107,491</b>

The accompanying notes 1 to 14 are integral part of the condensed consolidated interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the six months ended 30 June 2021

BD'000

2021	Equity attributable to equity holders of the Company										Non - controlling Interest	Total equity		
	Share capital	Statutory reserve	General reserve	Foreign currency translation reserve	Other Reserves			Treasury shares					Retained earnings	Total
					Investment fair value reserve	Share based payment reserve	Share based payment treasury shares	Market making shares	Share based payment treasury shares					
At 1 January 2021	166,320	83,285	44,000	(13,228)	(28,807)	-	(2,076)	(716)	224,390	473,168	38,914	512,082		
<b>Profit for the period</b>														
<b>Other comprehensive income</b>														
Foreign currency translation differences	-	-	-	707	-	-	-	-	2	709	-	709		
Investment fair value changes	-	-	-	-	8,942	-	-	-	(1)	8,941	-	8,941		
<b>Total other comprehensive income</b>				<b>707</b>	<b>8,942</b>				<b>1</b>	<b>9,650</b>		<b>9,650</b>		
<b>Total comprehensive income for the period</b>				<b>707</b>	<b>8,942</b>				<b>37,527</b>	<b>47,176</b>	<b>4,277</b>	<b>51,453</b>		
<b>Contributions and distributions</b>														
Final dividends declared for 2020	-	-	-	-	-	-	-	-	(27,308)	(27,308)	-	(27,308)		
Donations approved for 2020	-	-	-	-	-	-	-	-	(4,392)	(4,392)	-	(4,392)		
Purchase of market making shares	-	-	-	-	-	-	(929)	-	-	(929)	-	(929)		
Acquisition of treasury shares	-	-	-	-	-	-	-	(164)	-	(164)	-	(164)		
Equity-settled share-based payment	-	-	-	-	-	386	-	-	-	386	-	386		
Transfer to general reserve	-	-	1	-	-	-	-	-	(1)	-	-	-		
Dividends to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(4,602)	(4,602)		
<b>Total contributions and distributions</b>			<b>1</b>			<b>386</b>	<b>(929)</b>	<b>(164)</b>	<b>(31,701)</b>	<b>(32,407)</b>	<b>(4,602)</b>	<b>(37,009)</b>		
<b>At 30 June 2021 (reviewed)</b>	<b>166,320</b>	<b>83,285</b>	<b>44,001</b>	<b>(12,521)</b>	<b>(19,865)</b>	<b>386</b>	<b>(3,005)</b>	<b>(880)</b>	<b>230,216</b>	<b>487,937</b>	<b>38,589</b>	<b>526,526</b>		

The accompanying notes 1 to 14 are integral part of the condensed consolidated interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the six months ended 30 June 2021

BD'000

2020	Equity attributable to equity holders of the Company										
	Share capital	Statutory reserve	General reserve	Foreign currency translation reserve	Other Reserves			Treasury shares		Non - controlling interest	Total equity
					Investment fair value reserve	Post-employment benefit actuarial reserve	Market making shares	Retained earnings	Total		
At 1 January 2020	166,320	83,160	44,000	(14,490)	(28,684)	(4,177)	(2,059)	229,040	473,110	40,265	513,375
Profit for the period	-	-	-	-	-	-	-	35,868	35,868	4,110	39,978
Other comprehensive income											
Foreign currency translation differences	-	-	-	(6,011)	-	-	-	-	(6,011)	1	(6,010)
Investment fair value changes	-	-	-	-	(261)	-	-	-	(261)	-	(261)
Remeasurement of defined benefit asset including related tax	-	-	-	-	-	4,177	-	(8,591)	(4,414)	-	(4,414)
Total other comprehensive income	-	-	-	(6,011)	(261)	4,177	-	(8,591)	(10,686)	1	(10,685)
Total comprehensive income for the period	-	-	-	(6,011)	(261)	4,177	-	27,277	25,182	4,111	29,293
Contributions and distributions											
Final dividends declared for 2019	-	-	-	-	-	-	-	(28,994)	(28,994)	-	(28,994)
Donations approved for 2019	-	-	-	-	-	-	-	(1,291)	(1,291)	-	(1,291)
Treasury shares acquired	-	-	-	-	-	-	(455)	-	(455)	-	(455)
Transfer to Statutory Reserve	-	125	-	-	-	-	-	(125)	-	-	-
Non-controlling interest recognised on acquisition	-	-	-	-	-	-	-	-	-	397	397
Dividends to non-controlling interest	-	-	-	-	-	-	-	-	-	(7,010)	(7,010)
Total contributions and distributions	-	125	-	-	-	-	(455)	(30,410)	(30,740)	(6,613)	(37,353)
At 30 June 2020 (reviewed)	166,320	83,285	44,000	(20,501)	(28,945)	-	(2,514)	225,907	467,552	37,763	505,315

The accompanying notes 1 to 14 are integral part of the condensed consolidated interim financial statements.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
for the six months ended 30 June 2021**

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**1 REPORTING ENTITY**

Bahrain Telecommunications Company BSC (the "Company") is a Bahraini incorporated company listed on the Bahrain Bourse. The condensed consolidated interim financial statements as at and for the six months period ended 30 June 2021 comprise the condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the "Group") and the Group's interests in equity accounted investees. The Group is principally engaged in the provision of public telecommunications and associated products and services.

**2 BASIS OF PREPARATION****a) Statement of compliance**

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 - 'Interim Financial Reporting'. These do not include all the information required for a complete set of IFRS financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2020. The condensed consolidated interim financial statements are reviewed, not audited.

*Comparative information*

Due to the outbreak of the novel coronavirus (COVID-19) in early 2020, the Central Bank of Bahrain had exempted all public shareholding companies and locally incorporated banks from preparation and publication of their interim financial information for the three-month period ended 31 March 2020. Accordingly, the comparatives for the condensed consolidated statement of financial position have been extracted from the audited consolidated financial statements for the year ended 31 December 2020 and comparatives for the condensed consolidated statement of comprehensive income (three months ended 30 June 2020) have been extracted from the management accounts of the Group and hence not reviewed.

**b) Significant accounting policies**

The accounting policies and risk management framework applied by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the preparation of the last audited consolidated financial statements as at and for the year ended 31 December 2020, except for the adoption of relevant new IFRSs, amendments and interpretations issued by IASB that are effective for annual periods beginning on or after 1 January 2021. The impact of adoption of these new standards / amendments did not have a significant impact on the condensed consolidated interim financial statements.

**c) Seasonality**

Due to the effect of seasonal variations, the results reported in the condensed consolidated interim financial statements may not represent a proportionate share of the overall annual result.

**d) Judgements and estimates**

In preparing these condensed consolidated interim financial statements, management make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2020 except for the effects of those identified in Note 12.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**for the six months ended 30 June 2021**

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**3 CASH AND BANK BALANCES**

Cash and bank balances of BD 196,418 include BD 78,420 (Dec 2020: BD 51,842) of short-term bank deposits with maturities exceeding three months, restricted cash and unclaimed dividends. These have been excluded from cash and cash equivalent in the condensed consolidated statement of cash flows.

**4 LOANS AND BORROWINGS**

Terms financing and overdraft facilities from banks include:

(i) Long term loan facility with a total available amount of BD 58.5 million (2020: BD 58.5 million) (of which BD 24.4 million (2020: BD 24.4 million) outstanding as of 30 June 2021) which has been utilised by a Group company to fund the company's working capital and license fees. The facility bears an interest rate of PLR – 3.35% per annum and was due to be settled by 2024. During February, the terms of this loan were renegotiated and accordingly it was extended for 10 years with a three-year grace period and therefore no balance is classified as current at 30 June 2021. As at 31 December 2020, BD 9.7 million of the outstanding amount was classified under current liabilities being due within the next 12 months based on previous loan terms;

(ii) Long term loan facility with a total available amount of BD 8.0 million (2020: BD 8.0 million) (of which BD 6.8 million (2020: BD 7.2 million) outstanding as of 30 June 2021) was obtained by a Group company to fund the company's infrastructure and network requirements. The facility bears an interest rate of PLR - 2.2% per annum and was due to be settled by 2025. During February, the terms of this loan were renegotiated and accordingly it was extended for 10 years with a three-year grace period and therefore no balance is classified as current at 30 June 2021. As at 31 December 2020, BD 1.6 million of the outstanding amount was classified under current liabilities being due within the next 12 months based on previous loan terms;

(iii) Long term loan facility with a total available amount of BD 12.8 million (2020: BD 12.8 million) (of which BD 12.7 million (2020: BD 12.7 million) outstanding as of 30 June 2021) was obtained by a Group company to fund the company's license fees. The facility bears an interest rate of PLR - 2.125% per annum and was due to be settled by 2024. During February, the terms of this loan were renegotiated and accordingly it was extended for 10 years with a three-year grace period and therefore no balance is classified as current at 30 June 2021. As at 31 December 2020, BD 2.1 million of the outstanding amount was classified under current liabilities being due within the next 12 months based on previous loan terms;

(iv) Long term loan facility with a total available amount of BD 8.0 million (2020: 8.0 million) (of which BD 8.0 million (2020: BD 1.1 million) is outstanding as of 30 June 2021) was obtained by a Group company to fund the company's share in a joint venture. The facility bears an interest rate of PLR - 1.75% per annum and was due to be settled by 2024. During February, the terms of this loan were renegotiated and accordingly it was extended for 10 years with a three-year grace period and therefore no balance is classified as current at 30 June 2021. As at 31 December 2020, BD 0.2 million of the outstanding amount was classified under current liabilities being due within the next 12 months based on previous loan terms;

(v) Long term loan facility with a total available amount of BD 169.7 million (2020: 169.7 million) (of which BD 169.7 (2020: 169.7 million) is outstanding as of 30 June 2021) was obtained by the Company to fund its bond repayment in May 2020. The facility bears an interest rate of Libor + 1.80% per annum and is due to be settled by one bullet payment in 2025; and

(vi) Long term loan facility with a total available amount of BD 3 million (2020: Nil) (of which BD 2.7 million is outstanding as of 30 June 2021) was obtained by a Group company to finance the deferred capital payments. The facility bears an interest rate of 3 months Libor + 4.75% per annum and is due to be settled by May 2024. As at 30 June 2021, BD 0.6 Mn of the amount was classified under current liabilities being due within the next 12 months.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
for the six months ended 30 June 2021

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**4 LOANS AND BORROWINGS (continued)**

(vii) The overdraft facilities obtained by a Group company to support its working capital needs. The interest rates on these facilities range from 5.00% to 5.35% p.a. and the amount drawn at the balance sheet date amounted to BD 5 million (2020: BD 8.7 million) that is classified under current liabilities. The undrawn overdraft limits as at 30 June 2021 amounted to BD 10.2 million (2020: BD 6.4 million).

**5 REVENUE**

**a) Disaggregation of revenue**

**Revenue by major products**

	Six months ended 30 June		Three months ended 30 June	
	2021 (reviewed)	2020 (reviewed)	2021 (reviewed)	2020 (unreviewed)
Mobile telecommunication services	91,005	91,053	44,813	42,999
Data communication circuits	36,376	35,769	18,401	17,569
Fixed broadband	38,739	32,850	19,416	16,638
Fixed line telecommunication services	10,984	11,108	5,379	5,389
Wholesale services	10,095	9,592	5,218	5,089
Others	10,964	9,424	5,208	4,515
	<b>198,163</b>	<b>189,796</b>	<b>98,435</b>	<b>92,199</b>

**Revenue by timing of recognition**

	Six months ended 30 June		Three months ended 30 June	
	2021 (reviewed)	2020 (reviewed)	2021 (reviewed)	2020 (unreviewed)
Products transferred at a point in time (Equipment revenue)	15,384	12,713	6,809	6,057
Products and services transferred over time (Revenue from provision of services)	182,779	177,083	91,626	86,142
	<b>198,163</b>	<b>189,796</b>	<b>98,435</b>	<b>92,199</b>

For a further break down of total revenue by the Group's key geographical segments, please refer to note 14.

**b) Contract balances**

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	30 June 2021 (reviewed)	31 December 2020 (audited)
Receivables and contract assets (included in Trade and other receivables)	93,133	91,829
Contract liabilities (included in Trade and other payables)	3,337	3,298



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**5 REVENUE (continued)**

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. The contract liabilities primarily relate to the advance consideration received from customers for which revenue is recognised over time as the related performance obligations are fulfilled within 1 year.

**6 EARNINGS PER SHARE**

	Six months ended 30 June		Three months ended 30 June	
	2021 (reviewed)	2020 (reviewed)	2021 (reviewed)	2020 (unreviewed)
Profit for the period attributable to equity holders of the Company	37,526	35,868	17,805	17,340
Weighted average number of shares outstanding during the period (million)	1,655	1,656	1,655	1,655
<b>Basic earnings per share (Fils)</b>	<b>22.7</b>	<b>21.7</b>	<b>10.8</b>	<b>10.5</b>

**7 SIGNIFICANT COMMITMENTS AND CONTINGENCIES**

**a) Commitments**

The Group has capital commitments at 30 June 2021 amounting to BD 16.6 million (31 December 2020: BD 53.7 million).

**b) Contingent liabilities**

The Group is involved in certain matters relating to notifications from regulatory authorities and government tax departments of claims and other notices but does not expect any exposure from these matters (Dec 2020: Nil). The Group is of the view that there are no legitimate grounds for such claims and notices, and all necessary legal steps to respond to and defend its position are being taken.

**c) Guarantees**

(i) As at 30 June 2021, the Group's banks have issued guarantees, amounting to BD 9.9 million (31 December 2020: BD 12.5 million) and letters of credit amounting to BD 6.2 million (31 December 2020: BD 5.3 million).

(ii) The Group has furnished a comfort letter for BD 1.9 million (31 December 2020: BD 1.9 million) to Telecommunications Regulatory Commission, Jordan for providing a financial guarantee for the subsidiary companies operating in Jordan.

**8 FAIR VALUE**

The Group's financial assets and financial liabilities are measured at amortised cost except for certain FVTOCI investments, which are carried at fair value. Fair values is the price that would be received to sell our asset or paid to transfer a liability in an ordinary transaction between market participants and the measurement date.

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8 *FAIR VALUE (continued)*

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

*Fair value hierarchy*

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measures:

- (i) Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- (ii) Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using; quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- (iii) Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments measured as at 30 June 2021, by the level in the fair value hierarchy into which the fair value measurement is categorized:

	Fair value				Total carrying amount
	Level 1	Level 2	Level 3	Total fair value	
<b>30 June 2021</b>					
<b>Financial assets at fair value through profit and loss (FVTPL)</b>					
Investments – equity securities	-	-	11	11	11
<b>Financial assets at fair value through OCI (FVOCI)</b>					
Investments – debt and equity securities	12,695	7,349	2,596	22,640	22,640

	Fair value				Total carrying amount
	Level 1	Level 2	Level 3	Total fair value	
<b>31 December 2020</b>					
<b>Financial assets at fair value through profit and loss (FVTPL)</b>					
Investments – equity securities	-	-	11	11	11
<b>Financial assets at fair value through OCI (FVOCI)</b>					
Investments – debt and equity securities	-	7,697	5,863	13,560	13,560

There was transfer of BD 12,695 from level 3 to level 1 for equity securities during the period. The debt securities have been fair valued using its quoted prices. Other loans and borrowings are repriced at frequent intervals and hence the carrying value is a reasonable approximation of its fair value. The Group has not disclosed the fair value for financial instruments such as short-term trade and other receivables, trade and other payables and cash and bank balances, because their carrying amounts are a reasonable approximation of fair values.



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**9 RELATED PARTIES****a) Transactions with related parties**

The Company qualifies as a government related entity under the definitions provided in the Revised IAS 24. The Group provides telecommunication services to various Government and semi government organisation and companies in the Kingdom of Bahrain. The Group also avails various services from Government and semi government organisation and companies in the Kingdom of Bahrain. Such transactions are in the normal course of business and are not considered to be individually significant in terms of size.

**b) Transactions with key management personnel**

Key management personnel comprise the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. During the period, the Group paid the following compensation to the key management personnel.

	<b>Six months ended 30 June</b>	
	<b>2021 (reviewed)</b>	<b>2020 (reviewed)</b>
Short-term employee benefits	846	790
Post-employment benefits	12	22
<b>Total key management personnel compensation</b>	<b>858</b>	<b>812</b>
<b>Directors remuneration (including sitting fees)</b>	<b>220</b>	<b>298</b>

**10 FINANCIAL SEPERATION WITH SUBSIDAIRY COMPANY**

In June 2021, the Company completed the financial separation of its Bahrain operations with its wholly owned subsidiary BNET B.S.C (c) ("BNET"). BNET was set-up to undertake the national broadband network operations in Bahrain in accordance with requirements of Fourth National Telecommunication Plan ("NTP-4") issued on 8 May 2016 and commenced full operations on 1 June 2021 after the transfer of network assets and operations.

**11 APPROPRIATIONS**

The shareholders of the Company in their meeting held on 25 March 2021 approved a cash dividend of BD 27.3 million and donations of BD 4.4 million in respect of 2020.

In the Board of Directors meeting dated 29 July 2021, an interim dividend of 13.5 fils per share has been approved by the directors. These financial statements do not reflect this interim dividend payable.

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**12 SIGNIFICANT EVENT - COVID-19**

During 2020, an outbreak of the novel Coronavirus (COVID-19) rapidly evolved across the region and globally, which continued in 2021. As a result, governments and authorities, including the Government of the Kingdom of Bahrain, have implemented several measures to contain the spread of the virus such as suspension of flights from/to various countries, other travel restrictions and quarantines and have also announced various support measures to counter adverse economic implications. These measures and policies have caused significant disruption in the operation of many companies around the globe. COVID-19 continues to create significant uncertainties in the global economic environment. The Group operates in a sector which has not been heavily affected by the virus.

The Board of Directors has considered the potential impacts of the current economic downturn and uncertainty involved in the determination of the reported amounts of the Group's financial and non-financial assets and liabilities in these financial statements, and they are considered to represent management's best assessment based on available and observable information. Based on this assessment, no material impact on the Group's financial statements has been noted to date.

**13 COMPARATIVES**

The comparative figures have been regrouped, where necessary, in order to conform to the current period's presentation. Such regrouping did not affect the previously reported profit, comprehensive income for the period or total equity. (Refer to Note 2 (a))



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**14 SEGMENT INFORMATION**

*Operating segments*

The Group's operations are segregated between Bahrain, Jordan, Maldives, Sure Group and others. Others include Yemen and other group operations. Segment information disclosed for the six months ended 30 June 2021 is as follows:

	For the six months ended 30 June 2021 (reviewed)					For the six months period ended 30 June 2020 (reviewed)								
	Bahrain	Jordan	Maldives	Sure Group	Others	Inter - segment elimination	Total	Bahrain	Jordan	Maldives	Sure Group	Others	Inter - segment elimination	Total
<b>Segment revenue and profit</b>														
Revenue (external customers)	93,776	44,229	31,237	28,921	-	-	198,163	89,865	42,724	31,168	26,041	-	(2)	189,796
Inter-segment revenues	39	216	-	-	-	(255)	-	41	212	-	-	-	(253)	-
Profit/(loss)	26,477	2,169	8,789	4,374	(6)	-	41,803	28,745	192	8,624	2,452	(11)	(24)	39,978
	<b>As at 30 June 2021 (reviewed)</b>													
	Bahrain	Jordan	Maldives	Sure Group	Others	Inter - segment elimination	Total	Bahrain	Jordan	Maldives	Sure Group	Others	Inter - segment elimination	Total
<b>Segment assets &amp; liabilities</b>														
Non-current assets	204,430	273,775	95,869	79,031	7,936	(10,801)	650,240	196,439	266,305	99,207	90,803	9,915	(18,451)	644,218
Current assets	249,889	37,158	50,658	30,610	182	(11,382)	357,115	250,943	35,980	42,410	29,183	174	(10,752)	347,938
<b>Total assets</b>	<b>454,319</b>	<b>310,933</b>	<b>146,527</b>	<b>109,641</b>	<b>8,118</b>	<b>(22,183)</b>	<b>1,007,355</b>	<b>447,382</b>	<b>302,285</b>	<b>141,617</b>	<b>119,986</b>	<b>10,089</b>	<b>(29,203)</b>	<b>992,156</b>
Current liabilities	93,045	61,566	33,461	15,382	87	(20,383)	183,158	96,248	80,174	30,665	14,178	75	(15,136)	206,204
Non-current liabilities	185,548	112,367	14,335	14,990	-	(29,569)	297,671	178,677	87,183	11,920	16,455	-	(20,365)	273,870
<b>Total liabilities</b>	<b>278,593</b>	<b>173,933</b>	<b>47,796</b>	<b>30,372</b>	<b>87</b>	<b>(49,952)</b>	<b>480,829</b>	<b>274,925</b>	<b>167,357</b>	<b>42,585</b>	<b>30,633</b>	<b>75</b>	<b>(35,501)</b>	<b>480,074</b>

**Supplementary Information – Not reviewed**

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**SUPPLEMENTARY DISCLOSURES RELATED TO THE IMPACT OF COVID-19** *(not reviewed)*

On 11 March 2020, the Coronavirus (COVID-19) outbreak was declared a pandemic by the World Health Organization (WHO) and has rapidly evolved globally. This has resulted in a global economic slowdown with uncertainties in the economic environment. This includes disruption to capital markets, deteriorating credit markets and liquidity concerns. Authorities have taken various measures to contain the spread including implementation of travel restrictions and quarantine measures. The Group is actively monitoring the COVID-19 situation, and in response to this outbreak, has activated its business continuity plan and various other risk management practices to manage the potential business disruption on its operations and financial performance. Based on above, the management is of the view that the Company will continue as a going concern entity for the next 12 months from the date of these condensed interim financial statements.

The pandemic has had some financial impact to the Group with relation to specific revenue streams and expense items. Key impact on the results of the Group are due to reduction in roaming revenue by BD1.5 million on half yearly basis.

The above supplementary information is provided to comply with the CBB circular number OG/259/2020 (Reporting of Financial Impact of COVID-19), dated 14 July 2020. This information should not be considered as an indication of the results of the entire year or relied upon for any other purposes. Since the situation of COVID-19 is uncertain and is still evolving, the above impact is as of the date of preparation of this information. Circumstances may change which may result in this information to be out-of-date. In addition, this information does not represent a full comprehensive assessment of COVID-19 impact on the Group. This information has not been subject to a formal review by external auditors.