

**Bahrain Telecommunications
Company BSC**

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

30 September 2021

Bahrain Telecommunications Company BSC

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the nine months ended 30 September 2021**

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**FINANCIAL HIGHLIGHTS (presented for information purposes only)
for the nine months ended 30 September 2021**

Nine months ended 30 September	Unit	2021	2020	Variation %
Gross revenue	BD million	296.4	285.7	4%
Expenses	BD million	225.3	218.1	(3.3%)
Profit attributable to Batelco shareholders	BD million	53.2	50.3	5.8%
Return on net worth (Annualized)	%	14.6	12.0*	21.7%
Weighted average number of shares outstanding during the period	Million	1,655	1,657	(0.1%)
Basic and diluted earnings per share for the period	Fils	32.2	30.3	6.3%

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

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

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

Introduction

We have reviewed the accompanying 30 September 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 September 2021;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2021;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2021;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 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 September 2021 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

31 October 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2021

BD'000

	Note	30 September 2021 (reviewed)	31 December 2020 (audited)
ASSETS			
Non-current assets			
Property and equipment		281,693	282,651
Right-of-use assets		53,630	50,970
Goodwill		137,334	137,504
Other intangible assets		128,341	137,821
Equity accounted investees		7,190	4,709
Deferred tax assets		9,128	8,642
Investments		27,004	20,071
Other non-current assets		5,236	1,850
Total non-current assets		649,556	644,218
Current assets			
Inventories		7,704	8,255
Trade and other receivables		145,673	143,887
Investments		100	497
Cash and bank balances	3	196,066	195,299
Total current assets		349,543	347,938
Total assets		999,099	992,156
LIABILITIES			
Non-current liabilities			
Trade and other payables		25,777	19,832
Lease liabilities		46,054	43,852
Loans and borrowings	4	223,449	201,290
Deferred tax liabilities		8,138	8,896
Total non-current liabilities		303,418	273,870
Current liabilities			
Trade and other payables		169,246	176,680
Lease liabilities		7,435	7,185
Loans and borrowings	4	1,573	22,339
Total current liabilities		178,254	206,204
Total liabilities		481,672	480,074
Net assets		517,427	512,082
EQUITY			
Share capital		166,320	166,320
Statutory reserve		83,285	83,285
General reserve		44,001	44,000
Other reserves		(34,228)	(42,035)
Treasury shares		(4,307)	(2,792)
Retained earnings		223,564	224,390
Total equity attributable to equity holders of the Company		478,635	473,168
Non-controlling interest		38,792	38,914
Total equity (Pages 6 - 7)		517,427	512,082

The condensed consolidated interim financial statements were approved by the Board of Directors on 31 October 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 nine months ended 30 September 2021

BD'000

	Note	Nine months ended 30 September		Three months ended 30 September	
		2021 (reviewed)	2020 (reviewed)	2021 (reviewed)	2020 (reviewed)
REVENUE	5	296,367	285,669	98,204	95,873
EXPENSES					
Network operating expenses		(95,097)	(98,082)	(31,066)	(33,688)
Staff costs		(39,490)	(36,106)	(13,336)	(13,306)
Depreciation, amortisation and tangible assets impairment		(54,954)	(52,472)	(18,804)	(18,081)
Impairment loss on trade receivables and contract assets		(2,490)	(3,642)	(816)	(810)
Other operating expenses		(33,303)	(27,771)	(12,423)	(9,830)
Total expenses		(225,334)	(218,073)	(76,445)	(75,715)
Results from operating activities		71,033	67,596	21,759	20,158
Finance and related income		3,093	4,275	966	1,063
Finance and related expenses		(8,676)	(11,733)	(2,907)	(3,159)
Other income/ (expense) (net)		684	401	59	(145)
Share of loss from equity accounted investees (net)		(525)	(550)	(204)	(152)
Profit before taxation		65,609	59,989	19,673	17,765
Income tax expense		(6,065)	(3,915)	(1,932)	(1,669)
Profit for the period		59,544	56,074	17,741	16,096
Total other comprehensive income:					
Items that are or may be reclassified to profit or loss:					
Foreign currency translation differences – foreign operations		(757)	(2,680)	(1,466)	3,330
Investment fair value changes (debt securities)		(19)	(218)	(76)	43
		(776)	(2,898)	(1,542)	3,373
Items that will never be reclassified to profit or loss:					
Remeasurement of defined benefit asset including related tax		-	(4,414)	-	-
Investment fair value changes (equity securities)		8,124	-	(760)	-
		8,124	(4,414)	(760)	-
Other comprehensive income, net of tax		7,348	(7,312)	(2,302)	3,373
Total comprehensive income for the period		66,892	48,762	15,439	19,469
Profit for the period attributable to:					
Equity holders of the Company		53,219	50,278	15,693	14,410
Non-controlling interest		6,325	5,796	2,048	1,686
		59,544	56,074	17,741	16,096
Total comprehensive income for the period attributable to:					
Equity holders of the Company		60,567	42,962	13,391	17,780
Non-controlling interest		6,325	5,800	2,048	1,689
		66,892	48,762	15,439	19,469
Basic and diluted earnings per share (Fils)	6	32.2	30.3	9.5	8.7

The condensed consolidated interim financial statements were approved by the Board of Directors on 31 October 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 nine months ended 30 September 2021

BD'000

	Note	Nine months ended 30 September	
		2021 (reviewed)	2020 (reviewed)
OPERATING ACTIVITIES			
Profit for the period		59,544	56,074
Adjustment for:			
Non-operating items, including tax		10,964	10,972
Share of loss from equity accounted investees		525	550
Depreciation, amortisation and tangible assets impairment		54,954	52,472
Impairment loss on trade receivables and contract assets		2,490	3,642
		128,477	123,710
Working capital changes:			
Increase in trade and other receivables		(4,295)	(16,500)
Decrease in inventories		545	236
Increase in trade and other payables		2,315	2,599
Cash generated from operating activities		127,042	110,045
Taxes paid		(5,569)	(4,945)
Payment to charities		(531)	(4,218)
Net cash from operating activities		120,942	100,882
INVESTING ACTIVITIES			
Acquisition of property, equipment and intangibles, net of disposal		(46,621)	(45,470)
Net cash (for purchase)/ from sale of other investments		(49,423)	1,757
Interest and investment income received		3,332	6,897
Net cash used in investing activities		(92,712)	(36,816)
FINANCING ACTIVITIES			
Dividend paid		(56,103)	(56,487)
Payment of lease liabilities		(8,942)	(6,328)
Interest paid		(4,820)	(10,789)
Borrowings drawn/ (repaid), net		1,364	(8,705)
Acquisition of share-based payment treasury shares		(164)	-
(Purchase)/ sale of market making shares		(1,351)	1,183
Net cash used in financing activities		(70,016)	(81,126)
Decrease in cash and cash equivalents during the period		(41,786)	(17,060)
Cash and cash equivalents at 1 January		143,457	86,410
Cash and cash equivalents at 30 September	3	101,671	69,350

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 nine months ended 30 September 2021

BD'000

2021	Equity attributable to equity holders of the Company										Non - controlling Interest	Total equity
	Other Reserves					Treasury shares			Retained earnings	Total		
	Share capital	Statutory reserve	General reserve	Foreign currency translation reserve	Investment fair value reserve	Share based payment reserve	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
Profit for the period	-	-	-	-	-	-	-	-	53,219	53,219	6,325	59,544
Other comprehensive income												
Foreign currency translation differences	-	-	-	(757)	-	-	-	-	-	(757)	-	(757)
Investment fair value changes	-	-	-	-	8,105	-	-	-	-	8,105	-	8,105
Total other comprehensive income	-	-	-	(757)	8,105	-	-	-	-	7,348	-	7,348
Total comprehensive income for the period	-	-	-	(757)	8,105	-	-	-	53,219	60,567	6,325	66,892
Contributions and distributions												
Final dividends declared for 2020	-	-	-	-	-	-	-	-	(27,308)	(27,308)	-	(27,308)
Interim dividend declared for 2021	-	-	-	-	-	-	-	-	(22,344)	(22,344)	-	(22,344)
Donations approved for 2020	-	-	-	-	-	-	-	-	(4,392)	(4,392)	-	(4,392)
Purchase of market making shares	-	-	-	-	-	-	(1,351)	-	-	(1,351)	-	(1,351)
Acquisition of treasury shares	-	-	-	-	-	-	-	(164)	-	(164)	-	(164)
Equity-settled share-based payment	-	-	-	-	-	459	-	-	-	459	-	459
Transfer to general reserve	-	-	1	-	-	-	-	-	(1)	-	-	-
Dividends to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(6,447)	(6,447)
Total contributions and distributions	-	-	1	-	-	459	(1,351)	(164)	(54,045)	(55,100)	(6,447)	(61,547)
At 30 September 2021 (reviewed)	166,320	83,285	44,001	(13,985)	(20,702)	459	(3,427)	(880)	223,564	478,635	38,792	517,427

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 nine months ended 30 September 2021

BD'000

2020	Equity attributable to equity holders of the Company									Non - controlling interest	Total equity
	Other Reserves							Retained earnings	Total		
	Share capital	Statutory reserve	General reserve	Foreign currency translation reserve	Investment fair value reserve	Post- employment benefit actuarial reserve	Treasury shares				
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	-	-	-	-	-	-	-	50,278	50,278	5,796	56,074
Other comprehensive income											
Foreign currency translation differences	-	-	-	(2,684)	-	-	-	-	(2,684)	4	(2,680)
Investment fair value changes	-	-	-	-	(218)	-	-	-	(218)	-	(218)
Remeasurement of defined benefit asset including related tax	-	-	-	-	-	4,177	-	(8,591)	(4,414)	-	(4,414)
Total other comprehensive income	-	-	-	(2,684)	(218)	4,177	-	(8,591)	(7,316)	4	(7,312)
Total comprehensive income for the period	-	-	-	(2,684)	(218)	4,177	-	41,687	42,962	5,800	48,762
Contributions and distributions											
Final dividends declared for 2019	-	-	-	-	-	-	-	(28,994)	(28,994)	-	(28,994)
Interim dividend declared for 2020	-	-	-	-	-	-	-	(22,362)	(22,362)	-	(22,362)
Donations approved for 2019	-	-	-	-	-	-	-	(1,291)	(1,291)	-	(1,291)
Treasury shares acquired	-	-	-	-	-	-	1,183	-	1,183	-	1,183
Transfer to statutory reserve	-	125	-	-	-	-	-	(125)	-	-	-
Non-controlling interest recognised on acquisition	-	-	-	-	-	-	-	-	-	397	397
Dividends to non-controlling interest	-	-	-	-	-	-	-	-	-	(8,857)	(8,857)
Total contributions and distributions	-	125	-	-	-	-	1,183	(52,772)	(51,464)	(8,460)	(59,924)
At 30 September 2020 (reviewed)	166,320	83,285	44,000	(17,174)	(28,902)	-	(876)	217,955	464,608	37,605	502,213

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 nine months ended 30 September 2021**

BD'000

1 REPORTING ENTITY

Bahrain Telecommunication 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 nine months period ended 30 September 2021 comprise the condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the "Group") and the Group's interests in an associate entity. 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.

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.

The condensed consolidated interim financial statements are reviewed, not audited. 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 statements of comprehensive income, cash flows and changes in equity have been extracted from the reviewed condensed consolidated interim financial statements for the nine months period ended 30 September 2020.

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.

3 CASH AND BANK BALANCES

Cash and bank balances of BD 196,066 (Dec 2020: BD 195,299) include BD 94,395 (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.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the nine months ended 30 September 2021**

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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 September 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 September 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 September 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 September 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 September 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 September 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 September 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 September 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 September 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 3 million is outstanding as of 30 September 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 September 2021, BD 1 million of the amount was classified under current liabilities being due within the next 12 months.

(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 Nil (2020: BD 8.7 million). The undrawn overdraft limits as at 30 September 2021 amounted to BD 15.1 million (2020: BD 6.4 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the nine months ended 30 September 2021

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4. LOANS AND BORROWINGS (continued)

(viii) The import loan facility obtained by a Group company to support its capital expenditure requirements. The interest rates on this facility is at the rate of 3 months LIBOR+4.75% p.a. and is due to be settled within 365 days for the amounts drawn down. The amount drawn at the balance sheet date amounted to BD 0.6 million (2020: Nil). The undrawn loan limit as at 30 September 2021 amounted to BD 3.9 million (2020: Nil).

5 REVENUE

a) Disaggregation of revenue
Revenue by major products

	Nine months ended 30 September		Three months ended 30 September	
	2021 (reviewed)	2020 (reviewed)	2021 (reviewed)	2020 (reviewed)
Mobile telecommunication services	136,668	136,385	45,663	45,332
Data communication circuits	53,057	52,744	16,681	16,975
Fixed broadband	58,212	50,674	19,473	17,824
Fixed line telecommunication services	16,417	16,584	5,433	5,476
Wholesale services	15,269	14,782	5,174	5,190
Others	16,744	14,500	5,780	5,076
	296,367	285,669	98,204	95,873

Revenue by timing of recognition

	Nine months ended 30 September		Three months ended 30 September	
	2021 (reviewed)	2020 (reviewed)	2021 (reviewed)	2020 (reviewed)
Products transferred at a point in time (Equipment revenue)	22,565	20,294	7,181	7,581
Products and services transferred over time (Revenue from provision of services)	273,802	265,375	91,023	88,292
	296,367	285,669	98,204	95,873

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 September 2021 (reviewed)	31 December 2020 (audited)
Receivables and contract assets (included in Trade and other receivables)	87,878	91,828
Contract liabilities (included in Trade and other payables)	3,265	3,298

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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b) Contract balances (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

	Nine months ended 30 September		Three months ended 30 September	
	2021 (reviewed)	2020 (reviewed)	2021 (reviewed)	2020 (reviewed)
Profit for the period attributable to equity holders of the Company	53,219	50,278	15,693	14,410
Weighted average number of shares outstanding during the period (million)	1,655	1,657	1,655	1,657
Basic earnings per share (Fils)	32.2	30.3	9.5	8.7

7 SIGNIFICANT COMMITMENTS AND CONTINGENCIES

a) Commitments

The Group has capital commitments at 30 September 2021 amounting to BD 15 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 amounting to Nil (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 September 2021, the Group's banks have issued guarantees, amounting to BD 8.8 million (31 December 2020: BD 12.5 million) and letters of credit amounting to BD 8.4 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.

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the nine months ended 30 September 2021

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8. FAIR VALUE (continued)

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 September 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	
30 September 2021						
Financial assets at fair value through profit and loss (FVTPL)						
	Other investments – equity securities	-	-	11	11	11
Financial assets at fair value through OCI (FVOCI)						
	Other investments – debt and equity securities	10,938	7,192	3,716	21,846	21,846
31 December 2020						
Financial assets at fair value through profit and loss (FVTPL)						
	Investments – equity securities	-	-	11	11	11
Financial assets at fair value through OCI (FVOCI)						
	Investments – debt and equity securities	-	7,697	5,863	13,560	13,560

There was transfer of BD 10,938 from level 3 to level 1 for equity securities during the period. The Bonds 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.

	Nine months ended 30 September	
	2021 (reviewed)	2020 (reviewed)
Short-term employee benefits	705	1,190
Post-employment benefits	5	6
Total key management personnel compensation	710	1,196
Directors remuneration (including sitting fees)	408	437

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 amounting to BD 22.3 million,

12 Significant Event - COVID-19

During 2020, an outbreak of the novel Coronavirus (COVID-19) has rapidly evolved across the region and globally. 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 has also brought about significant uncertainties in the global economic environment. The Group operates in a sector which has not been heavily affected by the virus.

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12. Significant Event - COVID-19 (continued)

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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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 nine months ended 30 September 2021 is as follows:

	For the nine months ended September 2021 (reviewed)							For the nine months period ended 30 September 2020 (reviewed)						
	Bahrain	Jordan	Maldives	Sure Group	Others	Inter - segment elimination	Total	Bahrain	Jordan	Maldives	Sure Group	Others	Inter - segment elimination	Total
Segment revenue and profit														
Revenue (external customers)	139,407	67,356	46,157	43,447	-	-	296,367	134,184	66,109	45,514	39,863	-	(1)	285,669
Inter-segment revenues	71	320	-	-	-	(391)	-	61	314	-	-	-	(375)	-
Profit/(loss)	36,311	3,869	12,930	6,452	(18)	-	59,544	38,351	1,454	12,103	4,208	(14)	(28)	56,074

	As at 30 September 2021 (reviewed)							As at 31 December 2020 (audited)						
	Bahrain	Jordan	Maldives	Sure Group	Others	Inter - segment elimination	Total	Bahrain	Jordan	Maldives	Sure Group	Others	Inter - segment elimination	Total
Segment assets & liabilities														
Non-current assets	203,892	275,626	96,350	76,758	7,732	(10,802)	649,556	196,439	266,305	99,207	90,803	9,915	(18,451)	644,218
Current assets	237,312	38,928	53,325	32,339	185	(12,546)	349,543	250,943	35,980	42,410	29,183	174	(10,752)	347,938
Total assets	441,204	314,554	149,675	109,097	7,917	(23,348)	999,099	447,382	302,285	141,617	119,986	10,089	(29,203)	992,156
Current liabilities	92,518	57,965	35,303	14,581	102	(22,215)	178,254	96,248	80,174	30,665	14,178	75	(15,136)	206,204
Non-current liabilities	185,915	117,860	15,145	14,459	-	(29,961)	303,418	178,677	87,183	11,920	16,455	-	(20,365)	273,870
Total liabilities	278,433	175,825	50,448	29,040	102	(52,176)	481,672	274,925	167,357	42,585	30,633	75	(35,501)	480,074

Supplementary Information – Not reviewed

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 BD 0.3 million year on year.

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.