

**AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY**  
(A Saudi Joint Stock Company)  
**Interim Condensed Consolidated**  
**Financial Statements**  
**For the three-month and six-month periods ended 30 June 2021**  
**together with the Independent Auditor's Review Report**

**AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY**  
(A Saudi Joint Stock Company)  
**Interim Condensed Consolidated Financial Statements (Unaudited)**  
**For the three-month and six-month periods ended 30 June 2021**

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**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS**

**TO THE SHAREHOLDERS OF AL-BABTAIN POWER AND TELECOMMUNICATIONS  
COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
RIYADH, KINGDOM OF SAUDI ARABIA**

**INTRODUCTION**

We have reviewed the accompanying interim consolidated statement of financial position of Al-babtain Power and Telecommunications Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2021 and the related interim consolidated statement of profit or loss and interim consolidated statement of comprehensive income for the three-month and six-month periods then ended, and interim consolidated statements of changes in equity and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

**SCOPE OF REVIEW**

We conducted our review in accordance with International Standard on Review Engagement 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 interim condensed 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

**OTHER MATTER**

The consolidated financial statements of the Company for the year ended 31 December 2020 were audited by another auditor, who expressed a Unmodified opinion dated 29 March 2021.

**For Al-Bassam & Co.**

**Ibrahim A. Al Bassam**  
Certified Public Accountant  
License No. 337



**Riyadh on: 16 Moharram 1443H  
Corresponding to: 24 August 2021 G**

**AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY**

(A Saudi Joint Stock Company)

**Interim Consolidated Statement of Financial Position****As at 30 June 2021****(Saudi Riyals)**

	Note	30 June 2021 (unaudited)	31 December 2020 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and equipment		397,798,291	380,926,159
Intangible assets		27,787,090	26,477,799
Investment properties-at cost		29,077,079	48,877,367
Investment at fair value through other comprehensive income (FVOCI)	4	80,185,342	79,973,734
Investment in unconsolidated subsidiary		205,000	205,000
Investment in associate		3,680,874	3,812,207
Right-of-use assets-net		27,584,344	27,704,126
<b>Total non-current assets</b>		<b>566,318,020</b>	<b>567,976,392</b>
<b>Current assets</b>			
Inventories-net		554,143,088	460,953,941
Accounts receivable-net		629,846,300	600,136,016
Due from related parties	5/1	56,940,713	54,009,024
Prepayments and other receivables	6	85,647,588	78,758,042
Contract Assets		162,064,017	157,182,183
Cash and cash equivalents		179,889,582	143,358,837
<b>Total current assets</b>		<b>1,668,531,288</b>	<b>1,494,398,043</b>
<b>Total assets</b>		<b>2,234,849,308</b>	<b>2,062,374,435</b>
<b>Shareholder's EQUITY AND LIABILITIES</b>			
<b>Shareholder's Equity</b>			
Share capital	7	426,313,120	426,313,120
Statutory reserve		127,893,936	127,893,936
Foreign currency translation reserve		(94,857,441)	(82,394,050)
Fair value through other comprehensive income reserve		(65,897,134)	(65,897,134)
Actuarial reserve lossess		(3,872,879)	(4,033,740)
Retained earnings		362,963,240	374,596,224
<b>Total equity attributable to the shareholders of the Company</b>		<b>752,542,842</b>	<b>776,478,356</b>
Non-controlling interest		13,589,620	15,239,798
<b>Total Shareholder's equity</b>		<b>766,132,462</b>	<b>791,718,154</b>
<b>LIABILITY</b>			
<b>Non-current liabilities</b>			
Long term loans - non-current portion	8	170,763,304	147,703,725
Lease Liabilities - non-current portion		21,680,094	22,736,522
employment benefits-Employees' post		79,676,368	80,588,110
<b>Total non-current liabilities</b>		<b>272,119,766</b>	<b>251,028,357</b>
<b>Current liabilities</b>			
Short term loan	9	735,103,802	640,557,736
Long term loans - current portion	8	89,433,333	124,033,333
Lease Liabilities -current portion		5,072,554	4,104,252
Trade payables		147,317,156	97,226,306
Accruals expenses and other payables	5/2	15,478,730	15,457,015
Due to a related party		197,880,884	125,013,148
Provision for Zakat and income tax	10	6,310,621	13,236,134
<b>Total current liabilities</b>		<b>1,196,597,080</b>	<b>1,019,627,924</b>
<b>Total liabilities</b>		<b>1,468,716,846</b>	<b>1,270,656,281</b>
<b>Total Shareholder's equity and liabilities</b>		<b>2,234,849,308</b>	<b>2,062,374,435</b>
<b>Contingent liabilities and capital commitments</b>	14		

The accompanying notes 1 to 18 form an integral part of these interim condensed consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman of Board of Directors



**AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY**

(A Saudi Joint Stock Company)

**Interim Consolidated Statement of Profit or Loss****For the three-month and six-month periods ended 30 June 2021**

(Saudi Riyals)

	Note	For the three-month period ended 30 June		For the Six-month period ended 30 June	
		2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
sales		385,767,728	294,104,839	707,807,401	683,732,955
Cost of sales		(338,645,490)	(239,820,946)	(617,383,455)	(584,626,573)
<b>Gross profit</b>		<b>47,122,238</b>	<b>54,283,893</b>	<b>90,423,946</b>	<b>99,106,382</b>
Selling and marketing expenses		(5,366,821)	(4,448,756)	(11,145,013)	(10,493,832)
General and administrative expenses		(18,228,111)	(19,368,059)	(38,355,718)	(39,363,553)
<b>Operating profit</b>		<b>23,527,306</b>	<b>30,467,078</b>	<b>40,923,215</b>	<b>49,248,997</b>
Finance costs	11	(7,541,093)	(9,349,775)	(13,955,945)	(17,933,417)
Reversal of provision for expected credit losses		-	-	-	1,504,071
Other income		8,882,145	6,585,971	16,333,585	12,075,023
Income /(Losses) from investment in an associate		1,204,315	(975,535)	(131,333)	(1,760,317)
Dividend received		-	-	-	1,498,004
<b>period Net income for the before Zakat</b>		<b>26,072,673</b>	<b>26,727,739</b>	<b>43,169,522</b>	<b>44,632,361</b>
Zakat and estimate income tax	10	(11,598,117)	(3,768,772)	(12,537,030)	(7,275,497)
<b>Net income for the period</b>		<b>14,474,556</b>	<b>22,958,967</b>	<b>30,632,492</b>	<b>37,356,864</b>
<b>Income for the period attributable to:</b>					
Shareholders of the parent Company		15,530,928	22,512,279	30,998,327	36,739,962
Non-controlling interest		(1,056,372)	446,688	(365,835)	616,902
		<b>14,474,556</b>	<b>22,958,967</b>	<b>30,632,492</b>	<b>37,356,864</b>
<b>Earnings per share</b>					
<b>Basic and diluted earnings per share as per income for the period attributable to the shareholders of the Group</b>	12	<b>0.36</b>	<b>0.53</b>	<b>0.73</b>	<b>0.86</b>

The accompanying notes 1 to 18 form an integral part of these interim condensed consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman of Board of Directors

**AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY**

(A Saudi Joint Stock Company)

**Interim Consolidated Statement of Comprehensive Income / (Losses)****For the three-month and six-month periods ended 30 June 2021****(Saudi Riyals)**

	<b>For the three-month period ended 30 June</b>		<b>For the Six-month period ended 30 June</b>	
	<b>2021 (Unaudited)</b>	<b>2020 (Unaudited)</b>	<b>2021 (Unaudited)</b>	<b>2020 (Unaudited)</b>
Net income for the period	14,474,556	22,958,967	30,632,492	37,356,864
<b>Items that will not be reclassified subsequently to the statement of profit or loss:</b>				
Actuarial (losses) / gains on re- measurement of employees' post-employment benefits	160,861	1,334,949	160,861	1,334,949
<b>Items that will be reclassified subsequently to the statement of profit or loss:</b>				
Foreign currency translation reserve	(12,377,670)	(8,670,908)	(12,463,391)	(9,121,785)
<b>Total comprehensive income / (Losses)</b>	<b>(12,216,809)</b>	<b>(7,335,959)</b>	<b>(12,302,530)</b>	<b>(7,786,836)</b>
<b>Total comprehensive income for the period after zakat and tax</b>	<b>2,257,747.15</b>	<b>15,623,008</b>	<b>18,329,962</b>	<b>29,570,028</b>
<b>Total comprehensive income for the period attributable to:</b>				
Shareholders of the parent Company	3,314,119	15,140,731	18,695,797	28,953,126
Non-controlling interest	(1,056,372)	482,277	(365,835)	616,902
	<b>2,257,747</b>	<b>15,623,008</b>	<b>18,329,962</b>	<b>29,570,028</b>

The accompanying notes 1 to 18 form an integral part of these interim condensed consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman of Board of Directors



# AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

## Interim Consolidated Statement of Changes in Equity

For the three- and six-months period ended 30 June 2021

(Saudi Riyals)

### Equity attributable to the shareholders of the parent Company

	Share capital	Statutory reserve	Foreign currency translation reserve	Fair value through other comprehensive income	Actuarial (losses) reserve	Retained earnings	shareholders of the parent Company	Non-controlling interest	Total equity attributable to shareholders' equity
<b>For the six-month period ended 30 June 2020</b>									
Balance as at 1 January 2020 (audited)	426,313,120	127,893,936	(75,457,126)	-	(99,714)	320,365,356	799,015,572	7,385,428	806,401,000
Adjustments	-	-	-	-	-	(4,750,445)	(4,750,445)	-	(4,750,445)
Net income for the period	-	-	-	-	-	36,739,962	36,739,962	616,902	37,356,864
Other comprehensive income items	-	-	(9,121,785)	-	1,334,949	-	(7,786,836)	-	(7,786,836)
Net comprehensive income for the period	-	-	(9,121,785)	-	1,334,949	36,739,962	28,953,126	616,902	29,570,028
Dividends-Note 13	-	-	-	-	-	(21,315,686)	(21,315,686)	-	(21,315,686)
<b>Balance at 30 June 2020 (unaudited)</b>	<b>426,313,120</b>	<b>127,893,936</b>	<b>(84,578,911)</b>	<b>-</b>	<b>1,235,235</b>	<b>331,039,187</b>	<b>801,902,567</b>	<b>8,002,330</b>	<b>809,904,897</b>

### For the six-month period ended 30 June 2021

Balance as at 1 January 2021 (audited)	426,313,120	127,893,936	(82,394,050)	(65,897,134)	(4,033,740)	374,596,224	776,478,356	15,239,798	791,718,154
Adjustments	-	-	-	-	-	-	-	(1,284,343)	(1,284,343)
Net income for the period	-	-	(12,463,391)	-	160,861	30,998,327	30,998,327	(365,835)	30,632,492
Other comprehensive income items	-	-	(12,463,391)	-	160,861	-	(12,302,530)	-	(12,302,530)
Net comprehensive income for the period	-	-	(12,463,391)	-	160,861	30,998,327	18,695,797	(365,835)	18,329,962
Dividends-Note 13	-	-	-	-	-	(42,631,312)	(42,631,312)	-	(42,631,312)
<b>Balance at 30 June 2021(unaudited)</b>	<b>426,313,120</b>	<b>127,893,936</b>	<b>(94,857,441)</b>	<b>(65,897,134)</b>	<b>(3,872,879)</b>	<b>362,963,239</b>	<b>752,542,841</b>	<b>13,589,620</b>	<b>766,132,461</b>

The accompanying notes 1 to 18 form an integral part of these interim condensed consolidated financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman of Board of Directors

**AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****For the six-month period ended 30 June 2021**

(Saudi Riyals)

	Note	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
<b>Cash flows from operating activities</b>			
Net income for the period before Zakat		43,169,522	44,015,459
<b>Adjustments for:</b>			
Depreciation		13,476,242	14,436,288
Gain \ disposal sell of property and equipment		-	(494,303)
Depreciation of right-of-use assets		3,466,374	828,644
Interest on obligations against right-of-use assets		2,106,466	569,815
Foreign currency translation difference		(12,463,391)	(9,121,785)
Provision for employees' post-employment benefits		4,483,448	9,228,685
Reimburse of provision for expected credit losses		-	(1,504,071)
Income from investment in associate		131,333	1,760,317
Share of non-controlling interest in the results of subsidiaries		(1,650,178)	616,902
		<u>52,719,816</u>	<u>60,335,951</u>
<b>Changes in operating assets and liabilities</b>			
Trade receivables		(29,710,284)	(56,034,803)
Inventory		(93,189,147)	(88,057,201)
Prepayments and other receivables		(11,771,380)	29,546,547
Trade payable, accruals and other payables		122,958,585	9,130,276
Related party		(2,909,974)	(8,243,962)
Employees' post-employment benefits - paid		(5,395,190)	(5,796,000)
Zakat and tax paid		(19,462,543)	(13,124,076)
<b>Net cash generated from/ (used in) operating activities</b>		<u>13,239,883</u>	<u>(72,243,268)</u>
<b>Cash flows from investing activities</b>			
Investment in unconsolidated subsidiaries		(211,608)	200,000
Additions to property, plant and equipment		(11,857,377)	(24,678,318)
Proceeds from sale of property, plant and equipment		-	532,531
<b>Net cash used in investing activities</b>		<u>(12,068,985)</u>	<u>(23,945,787)</u>
<b>Cash flows from financing activities</b>			
Net movement in short term loans		94,546,066	87,263,149
Net movement in long term loans		(11,540,421)	125,579,778
Lease liabilities paid		(5,014,486)	(1,554,242)
Dividends paid		(42,631,312)	(21,315,686)
<b>Net cash used in financing activities</b>		<u>35,359,847</u>	<u>189,972,999</u>
<b>Net change in cash and cash equivalents</b>		<u>36,530,745</u>	<u>93,783,944</u>
Cash and cash equivalents at beginning of the period		<u>143,358,837</u>	<u>135,951,310</u>
<b>Cash and cash equivalents at the end of the period</b>		<u>179,889,582</u>	<u>229,735,254</u>

The accompanying notes 1 to 18 form an integral part of these interim condensed consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman of Board of Directors



**AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****For the six-month period ended 30 June 2021**

(Saudi Riyals)

**1. LEGAL STATUS AND OPERATIONS**

Al-Babtain Power And Telecommunications Company (the "Company") is a Saudi Joint Stock Company, incorporated under the Regulations of Companies laws in the Kingdom of Saudi Arabia and was registered in Riyadh as a Saudi Joint Stock Company under Commercial Registration No. 1010063868 dated 19 safer 1407 H (corresponding to 23 October 1986).

The Company's principal activities include the establishing, repairing of stations and towers of wired and wireless communication and radars.

The current period of Company starts on January 1, 2021 and ends on June 30, 2021 and the fiscal year of the Group start from January 1<sup>st</sup> of each calendar year and ends at end of December of the same year. On June 30, 2021, the Company directly or indirectly owns majority stakes that enable it to control subsidiaries collectively known as the "Group." The Company's business and its subsidiaries shown below are concentrated in the production of lighting poles, power transmission and accessories, power transmission towers and their accessories, as well as communication towers, operation and maintenance of programs and communication systems, and the following is a statement of the subsidiaries and their ownership percentages:

<u>Subsidiary</u>	<u>Headquarter</u>	<b>Effective shareholding</b>	
		<b>As on 30 June 2020</b>	<b>As on 31 December 2020</b>
<b><u>First: directly owned companies</u></b>			
Al-Babtain Power and Telecommunication Company	Egypt	<b>100%</b>	100%
Al Babtain LeBlanc Telecommunication Systems Ltd.	KSA	<b>100%</b>	100%
Al-Babtain Operation and Maintenance Co. Ltd	KSA	<b>100%</b>	100%
Integrated Lighting Co., Ltd.	KSA	<b>100%</b>	100%
Al Babtain Contracting Company (1/1/1)	Qatar	<b>100%</b>	100%
International Wind Energy Company	KSA	<b>100%</b>	100%
Al-Babtain Metalgalva Co. Ltd. (1/1/2)	KSA	<b>60%</b>	60%
<b><u>Second: indirectly owned companies</u></b>			
Al-Babtain Leblanc Egypt Telecommunication Engineering Co.	Egypt	<b>85%</b>	85%
Al Babtain LeBlanc Emirates Telecommunication Systems LLC	UAE	<b>100%</b>	100%
Al-Babtain Middle East for the Installation of Communications Systems	UAE	<b>70%</b>	70%

1/1/1 -The financial statements have not been consolidated because the Company is under restructuring.

1/1/2- The commercial register of Al-Babtain Renewable Energy Solutions Company has been cancelled, in order to transfer its head office to the city of Dammam, and its commercial name has been changed to become (Al-Babtain Metallurgical Company Limited) a mixed limited liability company.

**1/2- Important events**

At the beginning of the elapsed year 2020, the new Corona pandemic (Covid-19) spread, causing disruption to business and economic activities worldwide, including the Kingdom of Saudi Arabia. The extent of the impact of the Corona pandemic on the Company's business, operational operations and financial results is believed by the management, but the amounts are not specified and depend on many factors and future developments. And the Group's interim condensed consolidated financial statements for the period ended June 30, 2021.

During the period, with the discovery of vaccines for this epidemic and the decline of the effects resulting from that pandemic, the management evaluated all the effects on the operations and activities of the Company, and based on this evaluation, there was no need to make any fundamental adjustments in the condensed consolidated interim financial statements for the period ending on June 30, 2021, but In view of the current uncertainty, any future change in assumptions and estimates may result in results that require making substantial adjustments to the carrying amounts of assets and/or liabilities in future periods, and given the rapid development of the current situation with a state of uncertainty about the future, management will continue In assessing impact based on future developments.

# **AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY**

(A Saudi Joint Stock Company)

## **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**For the six-month period ended 30 June 2021**

(Saudi Riyals)

### **2. BASIS OF PREPARATION AND MEASUREMENT**

#### **2-1 Basis of compliance**

The interim condensed consolidated 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 endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the Group's annual financial statements as of and for year ended 31 December 2020. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual statements to prepare a complete set of financial statements; however, the accounting policies and explanatory notes are mentioned to explain events and the important transaction to understand the changes in the Group's financial position and its performance since the last annual financial statement of the Group.

The results for the six-months period ended 30 June 2021 are not necessarily indicative of the results that can be expected for the financial year ended 31 December 2021.

#### **2-2 Basis of measurement**

These interim condensed consolidated financial statements have been prepared in accordance with the historical cost principle, with the exception of employee benefits obligations and the loan granted by the Ministry of Finance using the accounting accruals principle and going concern principle.

#### **2-3 Functional and presentation currency**

These interim condensed consolidated financial statements are presented in Saudi Riyals, which is the functional and presentation currency of the Group, all figure have been rounded off to nearest Saudi riyals unless otherwise mentioned.

#### **2-4 Basis of consolidation**

The interim condensed consolidated financial statements comprise from the parent Company and its subsidiaries financial statement for the three-month and six-month periods ended 30 June 2021. Subsidiaries are entities which are controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group maintains less than the majority of voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the over voting holders of the investee
- Rights arising from other contractual arrangements
- The Groups voting rights and potential rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses its control the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date that the Group gains until the date the Group ceases to control over subsidiary.

Profit or loss and each component of consolidated comprehensive income are attributed to shareholders of the parent Company of the Group and to the non-controlling interest, even if this results in the non-controlling interest having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group accounting policies.

# **AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY**

(A Saudi Joint Stock Company)

## **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**For the six-month period ended 30 June 2021**

(Saudi Riyals)

### **2. BASIS OF PREPARATION AND MEASUREMENT (CONTINUED)**

#### **2-4 Basis of consolidation (continued)**

All intra-Group asset and liabilities, equity, income, expenses and cash flows relating to transaction between members of the Group are eliminated in full upon consolidation.

A change in the ownership interest of subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in consolidated statement of profit or loss
- Reclassifies the parent Company share of components previously recognized in the comprehensive income to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

#### **2-5 Use of estimates and assumptions**

The preparation of these interim condensed consolidated financial statements required management to make judgments, estimates and assumptions that affect the application of policies and reported amounts, liabilities, revenues, and expenses. Actual results may differ from these estimates.

The significant estimates made by management when applying the Company's accounting policies and the significant sources of estimation uncertainties were the same as those shown in the last annual financial statements.

As explained in note 1 above, the Group has reviewed the main sources of estimates of uncertainty that have been disclosed in the last annual financial statements against the backdrop of the Covid-19 pandemic. Management will continue to monitor the situation and any required changes that will be reflected in future reporting periods.

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used in preparing the interim condensed consolidated financial statements are in line with the policies followed in preparing the annual consolidated financial statements of the Company for the year ended 31 December 2020.

#### **3-1 New standards, amendment to on standards and interpretations**

No new standards have been issued, but there are amendments to the standards, and these amendments are effective as of January 1, 2021 that have been disclosed in the Group consolidated financial statements but don't have material effect the interim condensed consolidated financial statements.



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**4. INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	<b>30 June 2021</b> <b>(unaudited)</b>	<b>31 December 2020</b> <b>(audited)</b>
Mashed Saudi Company*	25,000,000	25,000,000
Qatar engineering and metals Co*	6,135,459	6,135,459
Mina Jos Company limited - Turkey*	42,875,100	42,875,100
Basta world Limited - Turkey*	5,963,175	5,963,175
Alkhorayef Water and Energy Company	211,608	-
	<b>80,185,342</b>	<b>79,973,734</b>

- The Company's board of directors decided to amend the classification of financial assets by value through profits or losses to other comprehensive income, starting from October 2020, while retaining any effect that resulted from the change in value in the retained earnings. Accordingly, the change in the fair value at the end of the year was affected within Other comprehensive income items.

\* The investments referred to above represent investments in an investment fund with VC Bank Financial, and according to the latest report for the financial year ending on December 31, 2020 issued by the bank, they are shown at fair value as the fair value of the investments of Qatar Engineering and Minerals Company and Mina Juice Limited - Turkey has decreased and it has been proven These losses are included in the statement of other comprehensive income, with the exception of the Company's investment in the shares of the Saudi Arabian Mashed Company. The investments were kept at cost and there is no indication of impairment in value.

**5. TRANSACTIONS WITH RELATED PARTIES**

In the normal course of its business, the Company deals with related parties, where it purchases some tools and materials from these companies and obtains technical services from them, in addition to selling final products to them and providing financing in accordance with the work requirements. Its details are as follows:

**5/1 Due from related parties**

	<b>Natural of relationship</b>	<b>30 June 2021</b> <b>(unaudited)</b>	<b>31 December 2020</b> <b>(audited)</b>
Al-Babtain France SES Company	Associate	47,446,672	47,420,358
Al-Babtain Contracting Company	Affiliate	9,304,850	6,509,713
Al-Babtain Engineering Industries Company	Affiliate	189,191	78,953
		<b>56,940,713</b>	<b>54,009,024</b>

**5/2 Due to related parties**

	<b>Natural of relationship</b>	<b>30 June 2021</b> <b>(unaudited)</b>	<b>31 December 2020</b> <b>(audited)</b>
Metalogalva Irmaos Silva's, S, A - Portugal	Affiliate	15,010,230	15,010,230
Al-Babtain Trading Company	Affiliate	79,600	23,704
Al-Babtain Contracting Company - Qatar	Affiliate	378,661	423,081
Al-Babtain Engineering Industries Company	Affiliate	10,239	-
		<b>15,478,730</b>	<b>15,457,015</b>

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**5. TRANSACTIONS WITH RELATED PARTIES (Continued)****5/3 significant transactions with related parties**

	<b>30 June 2021</b> <b>(unaudited)</b>	31 December 2020 (audited)
<b>Sales</b>		
Al-Babtain Contracting Company	2,482,079	202,790
	<b>30 June 2021</b> <b>(unaudited)</b>	31 December 2020 (audited)
<b>Purchases</b>		
Al-Babtain Engineering Industries Company	-	78,118
Al-Babtain Trading Company	6,475	49,671
	<b>30 June 2021</b> <b>(unaudited)</b>	31 December 2020 (audited)
<b>Financing</b>		
Al-Babtain Leblanc Egypt	104,465	-
Al-Babtain Middle East for the Installation of Communications Systems	43,362	-
Al-Babtain France SES Company	-	39,688
Al-Babtain Contracting Company	-	3,044
Metalogalva Irmaos Silva's, S, A - Portugal	-	6,271,406

**6. PREPAID EXPENSES AND OTHER RECEIVABLES**

The balance of prepaid expenses and other debit balances on 30 June 2021 amounted to 85,647,588 SR (31/12/2020: 78,758,04SR), where the balance included an amount of 5,933.785 SR, which are advance payments under a contract for the development and purchase of land with a value of 58,417,743 SR according to the contract concluded between the Company and Emaar the Economic City on 24 December 2020, for the purpose of purchasing land in King Abdullah Economic City in the Industrial Valley to construct and operate the wind turbine facility for manufacturing and logistics of the subsidiary Company International Wind Company For energy until the completion of the infrastructure works and the completion of the procedures for transferring ownership after paying 100% of the agreed price, provided that the payment of the full value is completed within ten years.

**7. SHARE CAPITAL**

The Company's subscribed and paid-up capital amounted to SR 426.313,120 fully paid, divided into 42,631,312 shares of equal value, each share valued at SR 10.

**8. LONG-TERM LOANS**

	<b>30 June 2021</b> <b>(unaudited)</b>	31 December 2020 (audited)
Loan from Saudi industrial development fund	26,600,000	27,292,614
Long-term tawarru loans-local commercial bank	233,596,637	244,444,444
	<b>260,196,637</b>	<b>271,737,058</b>

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**8. LONG-TERM LOANS (Continued)**

The long-term loans are presented in the statement of financial position according to the repayment schedule for these loans as follows:

	<b>30 June 2021</b>	31 December
	<b>(unaudited)</b>	2020 (audited)
Current portion	89,433,333	124,033,333
Non-current portion	170,763,304	147,703,725

The Company obtained long-term bank finances from local banks for the purpose of repaying the amounts outstanding on the Company with other banks and restructuring the financial position, in addition to concluding new medium-term loan contracts during the period from local banks amounting to 45 million Saudi riyals for the same previous purpose. It also obtained financing from the Industrial Development Fund for the purpose of producing power transmission and communication towers.

The long and medium-term bank finances from local banks are guaranteed against the issuance of bonds to order and the Company's assignment of some of the proceeds of the contracts concluded by the Company and other guarantees in accordance with the bank facility contracts. The banking agreements include restrictions and financial commitments on the Company related to dividends and net equity, in addition to restrictions on some other financial ratios specified in these agreements. These loans are charged with financing expenses in accordance with the relevant agreements, at variable interest rate, according to the loans obtained from these banks.

**9. SHORT-TERM LOANS**

The Company obtained banking facilities from local and international commercial banks in the form of overdrafts, securitization loans and notes payable to finance working capital requirements, as well as documentary credits. These facilities are subject to a commission in accordance with the prevailing market prices and are guaranteed against the issuance of bonds to order and the assignment of all proceeds from the contracts entered into by the Company and other guarantees that use these facilities to finance the business related to them, and their details are as follows:

	<b>30 June 2021</b>	31 December 2020
	<b>(unaudited)</b>	(audited)
Bank overdraft	29,976,380	23,253,982
Bank loans and short-term tawarrug	589,431,770	531,514,542
Bills payable	115,695,652	85,789,212
	<b>735,103,802</b>	640,557,736

The Tawarruq loans from the above-mentioned commercial banks are guaranteed against the issuance of bonds to order and the Company's assignment of some of the proceeds of the contracts concluded by the Company, which use these facilities to finance its operational work and other guarantees in accordance with the bank facility contracts. The above-mentioned banking agreements related to tawarruq loans include restrictions and financial commitments on the Company related to dividends and net equity, in addition to restrictions on some other financial ratios specified in these agreements.

**10. ZAKAT PROVISION**

The Group submits a consolidated zakat return to the Group as a whole (the parent Company and its subsidiaries) in accordance with the consolidated financial statements.



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**10. ZAKAT PROVISION (Continuous)****10-1 Zakat provision movement**

	<b>30 June 2021 (unaudited)</b>	<b>31 December 2020 (audited)</b>
Balance at the beginning of the period / year	13,236,134	14,357,795
Charged during the period / year	12,537,030	17,747,249
Zakat differences for the years 2005 to 2018	-	12,958,330
Paid during the period / year	(19,462,543)	(31,827,240)
<b>Balance at end of the period / year</b>	<b>6,310,621</b>	<b>13,236,134</b>

**Zakat status**

- The Company obtained a final zakat certificate for the fiscal year ending on December 31, 2020, valid until April 30, 2022, after submitting the financial statements and the zakat declaration for the same year.

- The Zakat status of the Company for the fiscal years up to 2004 has been terminated.

- The Zakat assessment has been completed for the fiscal years from 2005 to 2018, and the differences have been paid in the amount of SR 12,958,330.

- The zakat provision is prepared on an estimate basis based on an impartial opinion, as the Company's management believes that it is sufficient. If there are differences between the zakat provision and the final assessment, they will be recorded as changes in accounting estimates in the period in which the final assessment is issued, if proven.

- The Zakat, Tax and Customs Authority has issued a zakat assessment for the years from 2015 to 2018, which resulted in a zakat difference of SR 32,040,281.

The Company filed a lawsuit with the General Secretariat of the Tax Committees, and the judgment was passed in favor of the Company, and the objection to the full amount was accepted, therefore, The Authority did not release the zakat assessment for the year 2019.

**11. Finance Cost**

	<b>30 June 2021 (unaudited)</b>	<b>30 June 2020 (unaudited)</b>
Interest of right of use asset	12,921,331	17,363,602
Loan interest	1,034,614	569,815
	<b>13,955,945</b>	<b>17,933,417</b>

**12. EARNINGS PER SHARE**

The basic and diluted earnings per share were calculated by dividing the profit for the period attributable to the shareholders of the Company by the weighted average number of issued shares as follows:

	<b>30 June 2021 (unaudited)</b>	<b>30 June 2020 (unaudited)</b>
Income for the period	30,998,327	36,739,962
Weighted average number of shares issued	42,631,312	42,631,312
<b>Basic and diluted earnings per share (SR)</b>	<b>0.73</b>	<b>0.86</b>

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**13. DIVIDENDS**

During the year 2021, according to the recommendation of the Board of Directors, the Company distributed dividends amounting to 42,631,312 SAR at 1 SAR per share (2020: 21,315,686 SAR at 0.50 SAR per share). Which is equivalent to 10% of the nominal value of the share. The Ordinary General Assembly approved the proposed dividends in its session held on 11 Jumada al-Akhra 1442H corresponding to January 24, 2021.

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**14. SEGMENT REPORTING**

A- Information related to the Group's operational and geographic segments, as shown below, is regularly submitted to the Group's operational decision makers and is described as follows:

- Metallic Towers and Vibrations Sector: It includes the production of power transmission and galvanized communication towers and their tests and galvanized steel parts.
- Poles and lighting: It include the production and galvanizing of electricity and lighting poles, masts and their accessories, in addition to the production of street lighting lanterns, playgrounds and gardens, and the production of electricity distribution panels.
- Design, supply and installation sector: It includes the work of supplying, installing and maintaining communication systems.
- Solar energy sector: It includes the production of mobile metal components for solar photovoltaic energy tracking systems.
- Headquarters: It supervises the Company's various sectors in addition to the investment activities in the subsidiaries.

B - The following is a summary of the information for the year ended on June 30, according to the operating segments as follows:

	<b>Towers and metal structures segment</b>	<b>Poles and lighting segment</b>	<b>Design, supply and installation segment</b>	<b>Solar energy segment</b>	<b>Headquarters</b>	<b>Total</b>
<b>2021 (unaudited)</b>						
Net revenue	235,570,840	299,315,615	133,649,187	39,271,759	-	707,807,401
Net income before zakat and estimated income tax	5,354,321	28,471,777	7,520,185	(414,323)	2,237,562	43,169,522
Property and equipment	141,610,978	112,892,414	23,773,656	72,435,136	47,086,107	397,798,291
Finance cost	5,554,599	6,056,927	1,159,467	1,184,952	-	13,955,945
<b>2020 (unaudited)</b>						
Net profit	246,287,011	255,938,209	153,027,940	28,479,795	-	683,732,955
Net income before zakat and estimated income tax	2,308,267	28,671,493	5,673,465	860,350	7,118,786	44,632,361
Property and equipment	127,673,846	127,800,968	25,865,062	64,481,933	53,269,975	399,091,784
Finance cost	9,005,688	7,781,442	1,108,856	37,431	-	17,933,417



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**14. SEGMENT REPORTING - (CONTINUED)**

C - The following is a summary of the information for the year ended on June 30, according to geographical sectors, as follows:

	Kingdom of Saudi Arabia	Arab Emirates United	Egypt	Total
<b><u>2021 (unaudited)</u></b>				
Net revenue	563,437,162	78,337,432	66,032,807	707,807,401
Net income before zakat and estimated income tax	38,098,282	6,514,137	(1,442,897)	43,169,522
Property and equipment	364,304,955	674,949	32,818,387	397,798,291
Finance cost	12,771,522	157,242	1,027,181	13,955,945
<b><u>2020 (unaudited)</u></b>				
Net revenue	521,109,759	57,166,832	105,456,364	683,732,955
Net income before zakat and estimated income tax	33,720,107	3,295,085	7,617,169	44,632,361
Property and equipment	365,988,635	913,029	32,190,120	399,091,784
Finance cost	13,381,246	149,471	4,402,700	17,933,417

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**15. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

	<b>30 June 2021</b>	31 December 2020
	<b>(unaudited)</b>	(audited)
Letters of credit	<b>410,196,211</b>	92,590,548
letter of guarantee	<b>334,996,117</b>	416,361,279
	<b>745,192,328</b>	508,951,827

**16. SUBSEQUENT EVENTS**

The Company has called to hold the general assembly meeting on August 9, 2021 through modern technology means to discuss the Voting on the formation of the Audit Committee, determining its tasks, its work controls, and the remuneration of its members for the new session, starting from the date of the Assembly's 2/9/2021 until the end of the session on 07/26/2024.

**17. RECLASSIFYING PRIOR PERIOD FIGURES**

Certain comparative figures have been reclassified to conform with current period's presentation.

**18. APPROVAL OF THE FINANCIAL STATEMENTS**

The interim condensed consolidated financial statements have been approved for the period ended on 30 June 2021 by the Audit committee under an authorization of the Board of Directors on 16 Moharram 1443H corresponding to 24 August 2021.