

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Financial Statements
For the three-month period ended 31 March 2022

and the Independent Auditor's Report
for the period Ended 31 March 2022

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Interim Condensed Consolidated Financial Statements (unaudited)**For the three months Ended 31 March 2022**

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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 31 March 2022 and the related interim consolidated statement of profit or loss and interim consolidated statement of comprehensive income for the three-month period then ended, and interim consolidated statements of changes in equity and cash flows for the three-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 2021 were audited by another auditor, who expressed an Unmodified opinion dated 29 March 2021.

The interim condensed consolidated financial statements of the Company for the period ended 31 March 2021 were reviewed by another auditor, who expressed an Unmodified conclusion dated 23 May 2021.

For Al-Bassam & Co.

Ibrahim A. Al Bassam
Certified Public Accountant
License No. 337
Riyadh on: 29 Shawwal 1443H
Corresponding to 30 May 2022G



AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

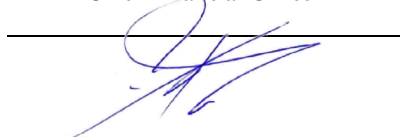
Interim Statement of Consolidated Financial Position**As at 31 March 2022****(All amounts in Saudi Riyals unless otherwise stated)**

	Note	31 March 2022 (unaudited)	31 December 2021 (audited)
ASSETS			
Non-current assets			
Property, Plant and equipment		393,471,287	396,136,751
Intangible assets		27,082,277	27,573,686
Investment properties		29,077,079	29,077,079
Investment at fair value through other comprehensive income (FVOCI)	6	85,639,196	85,639,196
Investment at fair value through profit or loss		379,800	379,800
unconsolidated structured entities		205,000	205,000
Investment in joint venture		9,396,183	9,335,550
Right-of-use assets		26,893,148	27,918,093
Total Non-current assets		572,143,970	576,265,155
Current assets			
Inventory		876,044,096	697,875,882
Trade receivables	7	702,149,168	648,491,964
Due from related parties	8-A	54,945,864	53,788,354
Prepaid expenses and other receivables	9	98,085,531	90,302,904
Contract assets		194,269,421	208,153,276
Cash and cash equivalents		174,740,403	210,709,260
Total current assets		2,100,234,483	1,909,321,640
Total assets		2,672,378,453	2,485,586,795
Shareholder's equity and liabilities			
Shareholder's equity			
Share capital	10	426,313,120	426,313,120
Statutory reserve		127,893,936	127,893,936
Foreign currency translation reserve		(64,223,384)	(60,265,098)
Revaluation losses of investment at fair value through FVTOCI		(35,256,672)	(35,256,672)
Actuarial losses		(1,288,761)	(1,288,761)
Retained earnings		386,492,941	377,767,089
Total equity attributable to the company's shareholders		839,931,180	835,163,614
Non-controlling interest		15,324,044	15,427,262
Total Shareholder's Equity		855,255,224	850,590,876
Total Current liabilities			
Non-current liabilities			
Long term loans – non-current portion	12-1	491,114,126	465,766,896
Lease obligation – non -current portion		20,671,388	21,803,224
Employees' post-employment benefits		79,470,353	78,218,261
Total Non-current liabilities		591,255,867	565,788,381
Current liabilities			
Short term loans	12-2	592,568,816	572,609,037
Long term loans - current portion	12-1	223,027,778	228,583,341
Lease obligation – current portion		4,503,943	4,795,360
Trade payables		221,604,179	117,638,987
Due to related parties	8-B	16,269,039	16,131,833
Accruals expenses and other payables		154,847,045	117,250,257
Provision for Zakat and income tax	13-1	13,046,562	12,198,723
Total current liabilities		1,225,867,362	1,069,207,538
Total liabilities		1,817,123,229	1,634,995,919
Total Shareholder's equity and liabilities		2,672,378,453	2,485,586,795
Contingent liabilities and capital commitments			

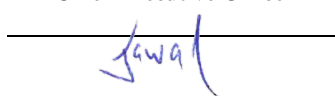
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The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

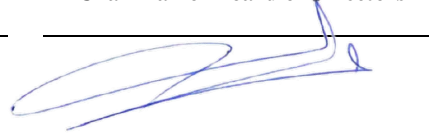
Chief Financial Officer



Chief Executive Officer



Chairman of Board of Directors



AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Interim Statement of Consolidated Profit or Loss**For the period Ended 31 March 2022****(All amounts in Saudi Riyals unless otherwise stated)**

	Note	31 March 2022 (unaudited)	31 March 2021 (audited)
Revenues	17	411,514,841	322,039,673
Cost of revenues		(374,392,509)	(278,737,965)
Gross profit		37,122,332	43,301,708
Selling and marketing expenses		(6,063,024)	(5,778,192)
General and administrative expenses		(19,311,087)	(20,127,607)
Other revenues		10,074,704	7,451,440
Net profit from operating activities		21,822,925	24,847,349
Finance cost	14	(12,413,085)	(6,414,852)
Profit (loss) from investments in joint venture		60,633	(1,335,648)
Net income before Zakat		9,470,473	17,096,849
Zakat and income tax	13-1	(847,839)	(938,913)
Net profit of the period / year		8,622,634	16,157,936
Income for the period / year attributable to:			
Majority-Shareholders		8,725,852	15,467,399
Non-controlling interest		(103,218)	690,537
		8,622,634	16,157,936
Profit per share - basic and diluted from net Profit for the period / year	15	0.20	0,36

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman of Board of Directors


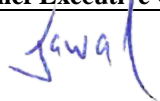
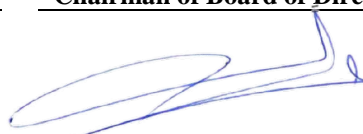

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Comprehensive Income**For the period Ended 31 March 2022****(All amounts in Saudi Riyals unless otherwise stated)**

	31 March 2022 (unaudited)	31 March 2021 (audited)
Net profit of the period / year	8,622,634	16,157,936
Other comprehensive income:		
Items that can be reclassified to profit or loss		
Foreign currency translation	(3,958,286)	(85,721)
Total other comprehensive loss	(3,958,286)	(85,721)
Total comprehensive for the period / year	4,664,348	16,072,215
Comprehensive income for the period / year attributable to		
Majority -Shareholders	4,767,566	15,381,678
Non-controlling interest	(103,218)	690,537
	4,664,348	16,072,215

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Chief Financial Officer**Chief Executive Officer****Chairman of Board of Directors**


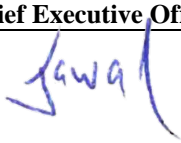
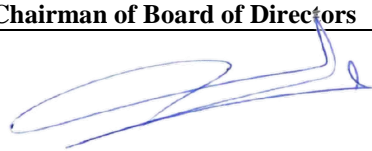
AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Interim Statement of Consolidated Changes in Equity**For the period Ended 31 March 2022****(All amounts in Saudi Riyals unless otherwise stated)****Total equity attributable to the shareholders of the main company**

	Share capital	Statutory reserve	Reserve foreign currency translation	Revaluation losses of investment at fair value through FVTOCI	Actuarial gain / (loss) reserve	Retained earnings	Total equity attributable to the main shareholders of company	Non-controlling equity	Total shareholders' equity
Balance at January 1, 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	-	-	-	-	-	(2,219,472)	(2,219,472)	-	(2,219,472)
Net income for the period	-	-	-	-	-	15,467,399	15,467,399	690,537	16,157,936
Other comprehensive income items	-	-	(85,721)	-	-	-	(85,721)	-	(85,721)
Net comprehensive income for the period	-	-	(85,721)	-	-	15,467,399	15,381,678	690,537	16,072,215
Dividends paid (note 11)	-	-	-	-	-	(42,631,312)	(42,631,312)	-	(42,631,312)
balance as at 31 March 2021(unaudited)	426,313,120	127,893,936	(82,479,771)	(65,897,134)	(4,033,740)	345,212,839	747,009,250	15,930,335	762,939,585
Balance at January 1, 2022(audited)	426,313,120	127,893,936	(60,265,098)	(35,256,672)	(1,288,761)	377,767,089	835,163,614	15,427,262	850,590,876
Affiliate company adjustments	-	-	-	-	-	-	-	-	-
Adjustments-Note	-	-	-	-	-	-	-	-	-
Net income for the period	-	-	-	-	-	8,725,852	8,725,852	(103,218)	8,622,634
Other comprehensive income items	-	-	(3,958,286)	-	-	-	(3,958,286)	-	(3,958,286)
Net comprehensive income for the period	-	-	(3,958,286)	-	-	8,725,852	4,767,566	(103,218)	4,664,348
balance as at 31 March 2022(unaudited)	426,313,120	127,893,936	(64,223,384)	(35,256,672)	(1,288,761)	386,492,941	839,931,180	15,324,044	855,255,224

The accompanying notes 1 to 22 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

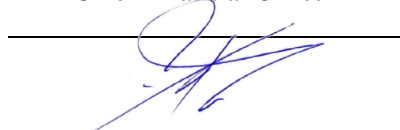
(A Saudi Joint Stock Company)

Interim Statement of Consolidated Cash Flows**For the period Ended 31 March 2022****(All amounts in Saudi Riyals unless otherwise stated)**

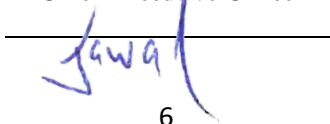
	Notes	31 March 2022 (unaudited)	31 March 2021 (audited)
Cash flows from operating activities			
Net income for the period / year before Zakat		9,470,473	17,096,849
Adjustments on:			
Depreciation		7,044,924	6,490,646
Gain on disposal of property plans, and equipment		(3,410)	(67,443)
Amortization		491,409	448,132
Depreciation on right-of-use assets		1,024,945	979,123
Interest on obligations against right of use assets		285,309	427,226
Foreign currency translation differences		(3,958,286)	(85,721)
Provision for employee's benefits		2,531,273	1,985,312
Loss/(gain) in investment in joint venture		(60,633)	1,335,648
Additions of expected credit loss during the year	7	3,800,259	-
		20,626,263	28,609,772
Changes in operating assets and liabilities			
Trade receivables		(57,457,463)	(77,108,108)
Inventory		(178,168,214)	(6,859,096)
Prepaid expenses and other receivables	9	(7,782,627)	672,150
contract assets		13,883,855	-
Trade payables		103,965,192	(9,352,775)
Accrued expenses and other payables		37,596,788	87,804,957
Due to related parties		(1,020,304)	(1,610,805)
Employees' post-employment benefits paid		(1,279,181)	(1,742,110)
Zakat and income tax paid		-	(351,869)
Net cash (used in) / from operating activities		(69,635,691)	20,062,116
Cash flows from investing activities			
Disposal of financial assets at fire value through other comprehensive income		-	(211,608)
Addition of intangible assets		-	(1,920,452)
Addition of property plant, and equipments		(4,504,448)	(4,672,812)
Proceeds from disposal of property and equipments		128,398	370,355
Net cash used in investing activities		(4,376,050)	(6,434,517)
Cash flows from financing activities			
Net movement in short term loans	12-2	95,897,279	19,589,052
Net movement in long term loans	12-1	(56,145,833)	13,199,053
Lease liabilities paid		(1,708,562)	(1,658,646)
Dividends paid		-	(42,631,312)
Net cash from / (used in) financing activities		38,042,884	(11,501,853)
Net change in cash and cash equivalents		(35,968,857)	2,125,726
Cash and cash equivalents at beginning of the period / year		210,709,260	143,358,837
Cash and cash equivalents at the ending of the period / year		174,740,403	145,484,563
Non-monetary transaction	19		

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

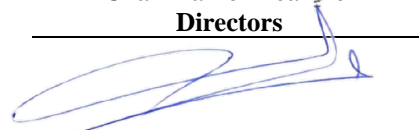
Chief Financial Officer



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 period Ended 31 March 2022
(All amounts in Saudi Riyals unless otherwise stated)

1. Legal Status and Activity

Al-Babtain Power and Telecommunications Company - a Saudi joint stock company (hereinafter referred to as "the company") was established under Commercial Registration No. 1010063868 issued at Riyadh on 19/2/1407 H corresponding to 23/10/1986. The Company practice its activity pursuant to the resolution of Ministry of Trade and Industry No.1304 dated 27 Jumada Al-Awal 1424 H corresponding to 27 July 2003.

The Company's activity represents in establishing and repairing of stations and towers of wired and wireless communication and radars.

The current period of Company starts on January 1, 2022, and ends on 31 March, 2022 and the fiscal year of the Group start from January 1st of each calendar year and ends at end of December of the same year.

On March 31, 2022, the Company owns, directly or indirectly, majority interests that enable it to control subsidiaries collectively known as the "Group." The Company's business and its subsidiaries, set forth below, is focused on the production of lighting poles, power transmission and accessories, power transmission towers and accessories, telecommunication towers, as well as operation and maintenance of communication software and systems, and the following are the subsidiaries and their shareholding percentages:

		Effective shareholding	
<u>Subsidiary</u>	<u>Headquarter</u>	31 March 2022	31 December 2021
<u>First: directly owned companies</u>			
Al-Babtain Power and Telecommunication Company	Egypt	100%	100%
Al Babtain LeBlanc Telecommunication Systems Ltd.	KSA	100%	100%
Al-Babtain Operation and Maintenance Co. Ltd	KSA	100%	100%
Integrated Lighting Co., Ltd.	KSA	100%	100%
Al Babtain Contracting Company (1/1/1)	Qatar	100%	100%
International Wind Energy Company	KSA	100%	100%
Al-Babtain Metalogalva Co. Ltd. (1/1/2)	KSA	60%	60%
<u>Second: indirectly owned companies</u>			
Al-Babtain Leblanc Egypt Telecommunication Engineering Co.	Egypt	85%	85%
Al Babtain LeBlanc Emirates Telecommunication Systems LLC	UAE	100%	100%
Al-Babtain Middle East for the Installation of Communications Systems	UAE	70%	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 Advanced Energy Solutions Company was cancelled in order to transfer its headquarters to the city of Dammam, and its trade name was changed to become (Al-Babtain Metalogaiva Company Limited) a mixed limited liability Company.

1/1- 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 and its operations and financial results is something management believes, but the amounts are not specified and depend on many factors and future developments and this required the group management to reassessed the assumption, estimates and sources applicable to consolidated financial statement for the year ended in 31 March 2022.

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 amendments to the consolidated financial statements for the year ending on March 31, 2022, but in view of the situation current uncertainty, any future change in assumptions and estimates may result in results that require material adjustments to the carrying amounts of assets and/or liabilities in future periods, and given the rapid development in the current situation with a state of uncertainty about the future, management will continue to assess the 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 period Ended 31 March 2022
(All amounts in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION

2-1 Statement 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 for year ended 31 March 2022. 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 thre period ended 31 March 2022 are not necessarily indicative of the results that can be expected for the financial year ended 31 December 2022.

2-2 Basis of consolidation

The interim condensed consolidated financial statements include the financial statements of Al-Babtain Power and Telecommunications Company and its subsidiaries (collectively the "Group") as disclosed within note (1).

Accordingly, comprises of the financial statements of the parent company and its subsidiaries as at 31 March 2022. 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. 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 losses 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

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period Ended 31 March 2022

(All amounts in Saudi Riyals unless otherwise stated)

• 2-2 Basis of consolidation(continued)

- 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.

2-3 Basis of measurement

These financial statements have been prepared in accordance with the historical cost principle, except for:

A- Investments measured at fair value.

B- Employees' end of service benefits is recognized at the present value of future obligations using the expected unit credit method.

2-4 Currency Presentation and activity

These financial statements are presented in Saudi Riyals, which is the functional and presentation currency of the Company. All amounts have been rounded to the nearest Saudi Riyal, unless otherwise indicated.

3. New standards, amendments to 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, 2022 that have been disclosed in the Group consolidated financial statements but don't have material effect the interim condensed consolidated financial statements.

4. Significant accounting estimates and judgments

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.

Estimates and underlying assumptions are reviewed on an ongoing basis. A revision of accounting estimates is recognized in the period in which the estimate is revised if the revision affects only that period, or in the revision period and future periods if the revision affects both current and future periods.

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 assessed 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.

5. 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 2021.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the period Ended 31 Mach 2022
(All amounts in Saudi Riyals unless otherwise stated)

6. Financial assets at fair value through other comprehensive income

	Ownership percentage		March 31, 2022	December 31, 2021
	2022	2021	(unaudited)	(audited)
Arabian Masheed Company*	%3.04	%3.04	25,000	25,000
Qatar Engineering and Minerals Company**	%77.78	%21.65	15,601,741	15,601,741
Mina Juice Limited - Turkey**	%9.60	%9.60	64,773,675	64,773,675
Pasta World Limited - Turkey **	%6.023	%6.023	5,238,780	5,238,780
			85,639,196	85,639,196

The investments are categorized as follow:

6-1 Investments in equity instruments at fair value through other comprehensive income

	Ownership percentage		March 31, 2022	December 31, 2021
	2022	2021	(Unaudited)	(audited)
Arabian Masheed Company*	%3.04	%3.04	25,000	25,000,000
			25,000	25,000,000

* On November 22, 2021, Masheed Al Arabia, according to the amended Articles of Association, converted from a closed joint stock company to a limited liability company, and the capital was reduced, which led to a reduction in the company's share of its share by 24,975,000 Saudi riyals, and an amount of 10 million Saudi riyals was transferred in cash to the accounts The company's current account and the remainder was recorded under prepaid expenses and other debit balances (note 8).

* The investment in the Arabian Masheed Company at cost is a better estimate than the fair value, as the available information is insufficient to measure the fair value in accordance with the requirements of IFRS 9.

6-2 Investments in debit instruments at fair value through other comprehensive income

	Ownership percentage		March 31, 2022	December 31, 2021
	2022	2021	(unaudited)	(audited)
Qatar Engineering and Minerals Company*	%77.78	%21.65	15,601,741	15,601,741
Mina Juice Limited - Turkey**	%9.60	%9.60	64,773,675	64,773,675
Pasta World Limited - Turkey **	%6.023	%6.023	5,238,780	5,238,780
			85,614,196	85,614,196

* Investments in Qatar Engineering and Minerals Company are classified as financial assets at fair value through other comprehensive income and not investments in a subsidiary, joint venture or affiliate company based on the requirements of IFRS 11.10 and IFRS 28, respectively. The group has control or voting rights within the Company's shareholders or significant influence on the operational or financial activities or joint arrangements respectively. As there is an implicit agreement between the Company and the fund that the fund will manage on behalf of the company in return for the management fees that will the parent company will bear the cost.

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** The investments referred above represent investments in an investment fund with VCBank Financial, and according to the latest report for the financial year ending on March 31, 2022 issued by the bank, they are shown at fair value.

The following is a summary of the movement of financial assets through other comprehensive income:

	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Balance as at January 1, 2022	85,639,196	79,973,734
Disposals of financial assets at fair value through other comprehensive income*	-	(24,975,000)
Gains/(losses) on revaluation of assets at fair value through other comprehensive income	-	30,640,462
	85,639,196	85,639,196

* The disposals of financial assets represent the reduction in the company's share in the capital of Mashed Arabia Company.

7. Trade receivables

	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Trade receivables	711,055,060	653,918,398
Checks under collection and notes receivable	16,804,212	16,483,411
	727,859,272	670,401,809
Less: provision for expected credit losses	(25,710,104)	(21,909,845)
	702,149,168	648,491,964

The movement in the provision for expected credit losses is as follows:

	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Balance at the beginning of the year	21,909,845	29,181,064
Charge during the year	3,800,259	1,578,915
Used during the year	-	(3,878,032)
Part of the provision during the year	-	(4,972,102)
Balance at the end of the year	25,710,104	21,909,845

8. Related party transactions and balances

Transactions with related parties consist in purchasing some tools and materials from these companies in addition to selling final products to them and providing financing, salaries, bonuses, compensation and allowances for board members, senior executives and senior management that took place between the group and related parties, and between the group, members of the board of directors, senior executives and management. These transactions are carried out in the course of the group's usual activity and according to the same principles of dealing with third parties. The most important transactions with related parties and the balances resulting from them are as follows:

a) Due from related parties

	Nature of relationship	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Al-Babtain Company France SIS	Joint Venture Company	47,475,212	47,472,252
Al Babtain Contracting Company	Affiliate Company	7,188,437	6,033,884
Al-Babtain Engineering Industries Company	Affiliate Company	282,215	282,218
		54,945,864	53,788,354

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8-Related party transactions and balances(continued)

b) Due to related parties

	Nature of relationship	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Metalgolf Air Mouse Silvia IE – Portugal	Affiliate Company	15,806,831	15,649,811
Al Babbain Trading Company	Affiliate Company	145,001	145,003
Al-Babbain Contracting Company – Egypt	Affiliate Company	317,207	337,019
		16,269,039	16,131,833

c) Significant transactions with related parties

	March 31, 2022 (unaudited)	March 31, 2021 (unaudited)
Sales:		
Al Babbain Contracting Company	740,721	1,426,732
Financing:	2,960	-
Al-Babbain Company France SIS	19,812	-

9. Prepaid expenses and other receivables

	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Investment dividends receivable	902,422	1,062,201
Prepaid expenses	26,694,621	22,187,106
Advance payments to suppliers	11,896,403	12,893,852
Accrued revenue from government loan	2,790,228	2,790,228
Indebtedness of the Arabian Mashed Company*	14,745,987	14,745,987
Indebtedness of Metalgalva Company – Portugal**	4,450,408	5,451,242
Purchase of land for the International Wind Energy Company project***	8,564,755	8,564,755
Responsibilities and covenants of employees	3,065,188	3,182,020
Value added tax	5,978,741	1,467,869
Others	18,996,778	17,957,644
	98,085,531	90,302,904

* The indebtedness of the Arabian Masheed Company amounted to 14,745,987 Saudi riyals as the company's capital was reduced according to the amended articles of incorporation on November 22, 2021, and the first payment of the reduction value was disbursed on December 16, 2021, provided that the remainder of the group's share is distributed and paid Reducing the capital according to the availability of liquidity.

** The debt of Metalgolf - Portugal is represented by the purchase of 49% of the shares of Al-Babbain France, based on the decision of the Board of Directors held during the year 2019.

*** These are the amounts paid to Emaar the Economic City under the account of the purchase of the Industrial Valley land in King Abdullah City for the International Wind Energy Company project.

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10. Capital

The authorized and paid-up capital of the Group is 426,313,120 SAR as on March 31, 2022 (December 31, 2020: 426,313,120 million SAR) divided into 42,631,312 shares (December 31, 2020: 42,631,312 shares) with a value of 10 SAR each.

11. Dividends

The company, during the year 2021, and in accordance with the recommendation of the Board of Directors, distributed dividends amounting to 42,631,312 Saudi riyals at 1 Saudi riyals per share (2020: 21,315,686) Saudi riyals at (0.50) Saudi riyals 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 Jumada Al-Akhra 11, 1442 AH corresponding to January 24, 2021 AD.

12. Loans

12-1 Long Term Loans

The movement on loans during the year was as follows:

	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Saudi Industrial Development Fund Loan*	35,947,459	35,947,459
Long Term Tawarruq Loans - Local Commercial Banks **	678,194,445	658,402,778
	714,141,904	694,350,237

*The company entered into a loan agreement with the Saudi Industrial Development Fund in the amount of 29,800,000 Saudi riyals on May 30, 2018, for the purpose of producing power transmission and communication towers. The loan is repaid in twelve semi-annual installments, guaranteed against the issuance of promissory notes.

** The company obtained long-term bank finances from local banks for the purpose of repaying the amounts based 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 worth 698,229,167 Saudi riyals for the same previous purpose.

Guarantees

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

Details of long-term loans are presented in the consolidated statement of financial position as follows:

	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Current portion	223,027,778	228,583,341
Non-current portion	491,114,126	465,766,896

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The company obtained banking facilities from local and international commercial banks in the form of overdrafts, tawarruq loans and notes payable to finance working capital requirements, as well as documentary credits and letters of guarantee. These facilities are subject to a commission according to the prevailing market prices, the details of which are as follows:

	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Overdraft	44,592,242	30,024,816
Short-term securitization bank loans	421,132,433	285,891,207
Checks	126,844,141	180,755,514
Transferred from long-term loans for non-compliance with bank commitments	-	75,937,500
	592,568,816	572,609,037

Guarantees

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 and 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.

13. Zakat provision**13-1 Zakat movement**

The movement in the provision for zakat is as follows:

	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Balance at the beginning of the period /year	12,198,723	13,236,134
Component during the year	847,839	19,374,477
Paid during the year	-	(20,411,888)
Balance at the end of the year	13,046,562	12,198,723

13-2 Zakat assessment position

The group submitted its zakat return for the year ending on December 31, 2021 AD and obtained a final zakat certificate valid until April 30, 2022 AD, following the submission of the financial statements and the zakat return for the same year.

The Zakat status was terminated with the Zakat, Tax and Customs Authority (the Authority) until the fiscal year ended on December 31, 2013.

The authority issued the zakat assessment for the fiscal year ending on December 31, 2014, which resulted in zakat differences of 1,138,648 Saudi riyals. The company filed a lawsuit with the General Secretariat of the Tax Committees, and the Committee for Adjudication of Tax Violations and Disputes issued its decision in favor of the company, but the Authority appealed the decision to the General Secretariat of Tax Committees, and the appeal is still under study.

The authority issued the amended zakat assessment on the company for the fiscal years 2015 to 2018, which resulted in zakat differences amounting to 32,040,281 Saudi riyals.

We believe that the company has a fair opportunity to obtain decisions in support of its view from the objection and appeal committees regarding an objection to the zakat assessment for the fiscal years from 2014 to 2018

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	March 31, 2022 (unaudited)	March 31, 2021 (unaudited)
Loan financing	12,127,776	5,987,626
Financing lease commitments	285,309	427,226
	12,413,085	6,414,852

15. Share profit /loss

Basic earnings per share is calculated by dividing the income for the year attributable to shareholders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are the same as basic earnings per share as the Group does not have any dilutive instruments.

	March 31, 2022 (unaudited)	March 31, 2021 (unaudited)
profit for the period / year	8,725,852	15,467,399
Weighted average number of shares issued	42,631,312	42,631,312
Basic and diluted earnings per share (SAR)	.20	.36

16. Contingent liabilities and capital commitments

Contingent liabilities are letters of credit and letters of guarantee issued by commercial banks for the purpose of the group's purposes and are as follows:

	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Letters of credit	207,316,677	339,736,781
Letters of guarantee	340,814,289	396,556,210
	548,130,966	736,292,991

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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 stated as follows:

- Towers and metal structures sector: It includes the production of power transmission towers, galvanized communication towers and their tests, and galvanized steel structures.
- Poles and lighting: It include the production and galvanization of electricity and lighting poles, masts and their accessories, in addition to the production of street lighting lanterns, stadiums 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 December 31, according to the operating segments as follows:

	Towers and metal structures sector	Columns and lighting sector	Design, supply and installation sector	Solar energy sector	Headquarter	Total
<u>March 31, 2022(unaudited)</u>						
Net revenue	137,772,349	127,818,744	95,402,436	50,521,312	-	411,514,841
Net income for the period before zakat	(11,423,190)	12,885,094	6,259,215	(321,418)	2,070,772	9,470,473
Financing costs	5,803,543	4,398,305	568,271	1,642,966	-	12,413,085
Sales cost	144,802,189	103,372,107	77,759,768	48,458,445	-	374,392,509
Selling and distribution expenses	1,099,883	4,693,138	-	270,003	-	6,063,024
General and administrative expenses	3,959,520	4,180,532	10,708,700	462,335	-	19,311,087
March 31, 2021(audited)						
Net revenue	119,699,116	110,224,852	60,556,845	31,558,860		322,039,673
Net income for the period before zakat	3,540,939	9,210,219	2,476,975	2,359,036	(490,320)	17,096,849
Financing costs	2,826,514	2,732,774	568,271	287,293	-	6,414,852
Sales cost	107,220,161	87,463,879	55,667,052	28,386,873	-	278,737,965
Selling and distribution expenses	2,791,412	2,204,497	-	782,283	-	5,778,192
General and administrative expenses	7,926,193	6,613,491	4,844,548	743,375	-	20,127,607

- Due to the nature of the group's activities and its management structure, it is not practically possible to allocate the items of assets and liabilities to the different operational and geographical sectors.

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The following is a summary of geographical information for the year ended December 31, as follows:

	Saudi Arabia	United Arab Emirates	Egyptian Arabic Republic	Total
<u>March 31, 2022(unaudited)</u>				
Net revenue	350,560,500	6,093,007	54,861,334	411,514,841
Net income for the period before zakat	10,399,715	845,819	(1,775,061)	9,470,473
Financing costs	11,595,168	-	817,917	12,413,085
Sales cost	319,166,475	4,421,341	50,804,693	374,392,509
Selling and distribution expenses	5,640,310	-	422,714	6,063,024
General and administrative expenses	16,598,235	828,181	1,884,671	19,311,087
 March 31, 2021(audited)				
Net revenue	236,974,139	60,556,845	24,508,689	322,039,673
Net income for the period before zakat	14,950,146	2,476,975	(330,272)	17,096,849
Financing costs	5,576,070	456,796	381,986	6,414,852
Sales cost	250,969,490	5,729,148	22,039,327	278,737,965
Selling and distribution expenses	5,413,715	-	364,477	5,778,192
General and administrative expenses	17,530,145	741,864	1,855,598	20,127,607

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	March 31, 2022 (unaudited)	March 31, 2021 (audited)
Capital work in progress has been transferred to property, plant and equipment	529,518.14	-
Differences in the translation of property, plant and equipment - net	4,500,677	-
Differences in the translation of intangible assets - net	29,436	-
Excluding the effect of previous years' adjustments from accrued expenses and other credit balances	-	(2,219,472)
Differences in the translation right of use assets	207,500	-

20. Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, in a transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability will take place either:

- Through the principal market for the asset or liability, or
- By the most advantageous market for the asset or liability in the absence of the principal market.

The principal or most advantageous market must be accessible to the group.

The fair value of an asset or liability is measured using the assumptions that market parties use when pricing the asset or liability, assuming that market parties act in their best economic interests.

The fair value measurement of a non-financial asset takes into account the ability of market parties to provide economic benefits by using the asset for the best benefit from it, or by selling it to another party in the market to use it for the best benefit from it.

The Group uses valuation techniques that are appropriate to the circumstances and conditions and have sufficient data to measure fair value, maximize the use of relevant observable data, and minimize the use of unobservable data.

All assets and liabilities whose fair values are measured or whose fair values are disclosed in the consolidated financial statements are categorized within the fair value hierarchy set out below based on the lowest level inputs that are significant to the fair value measurement as a whole:

- First level: prices quoted in active markets for the same assets or liabilities.
- Level two: other valuation techniques in which the minimum amount of material data is directly or indirectly observable to the fair value measurement.
- Level 3: Other valuation techniques in which minimal inputs are material to the fair value measurement

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have taken place between levels in the above hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Consolidated financial statements.

The carrying amount of a financial asset that cannot be measured at fair value is the approximate value of its fair value. The financial liabilities are measured at amortized cost, which is a reasonable approximation of their fair value.

All financial assets and financial liabilities are measured at amortized cost except for investments carried at fair value through profit or loss. The carrying amounts of all other financial assets and financial liabilities measured at amortized cost approximate their fair values.

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	Fair value Level			
As on March 31, 2022	1	2	3	Total
Financial assets	-	85,639,196	-	85,639,196
Investments at fair value through profit or loss	379,800	-	-	379,800

	Fair value Level			
As on December 31, 2021	1	2	3	Total
Financial assets	-	85,639,196	-	85,639,196
Investments at fair value through profit or loss	379,800	-	-	379,800

21.Subsequent events

Management believes that there have no significant subsequent events since the year ended that would require additional disclosure or adjustment in these financial statements.

22.Date of approval of the financial statements

These financial statements have been approved and issued on 24 May 2022 AD (corresponding to 23 Shawwal 1443 AH) by the company's board of directors.