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**Bahrain Telecommunications Company BSC**

**Consolidated Financial Statements**

**31 December 2023**

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**Bahrain Telecommunications Company BSC**

**Consolidated Financial Statements  
For the year ended 31 December 2023**

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## Bahrain Telecommunications Company BSC

### CHAIRMAN'S REPORT

For the year ended 31 December 2023

#### Chairman's Statement

On behalf of the Board of Directors, it gives me great pleasure to present the 42nd Annual Report of the Bahrain Telecommunications Company BSC (Beyon) and its subsidiaries and affiliates, for the year ended 31st December 2023.

Beyon achieved a number of milestone achievements during 2023, accomplished in line with its continuous transformation journey with a vision to be a digital powerhouse recognised in the region and internationally.

Beyon ended 2023 with strong financial results with a 2% year-on-year increase in net profit attributable to equity holders of BD72.0M (US\$191.0M). Gross revenues for the year of BD424.9M (US\$1,127.1M) are 5% above 2022, while EBITDA of BD171.1M (US\$453.8M) increased by 3% YoY with a healthy margin of 40%. Operating profit in 2023 stood at BD104.0M (US\$275.9M), 11% above the prior year.

Beyon's balance sheet remains strong with total assets of BD1,165.4M (US\$3,091.2M) and net assets of BD582.5M (US\$1,545.1M) as of 31 December 2023. The Company ended the year with substantial cash and bank balances of BD235.8M (US\$625.5M) and a robust Net Debt to EBITDA ratio of 0.7x.

#### Proposed Appropriations

Based on the financial results, the Board of Directors has recommended for the approval of shareholders, the following appropriations for the year 2023.

BD millions	2023	2022
Final cash dividends proposed	31.55	31.60
Exceptional one time cash dividend	10.80	-
Interim cash dividends paid	22.35	22.33
Donations	3.60	1.98
Transfer to statutory reserve	-	-

Beyon is committed to delivering excellent returns to its shareholders and accordingly, the Board of Directors has recommended a full year cash dividend of BD64.7M (US\$171.6M), at a value of 39.0 fils per share which includes the regular dividend of 32.5 fils per share plus an additional special dividend of 6.5 fils per share, to be agreed at the Annual General Meeting. The 2023 interim dividend of 13.5 fils per share was already paid during the third quarter of 2023 with the remaining 25.5 fils to be paid following the AGM in March 2024.

# Bahrain Telecommunications Company BSC

## CHAIRMAN'S REPORT

For the year ended 31 December 2023

### Board and Management Remuneration

#### 1. Board remuneration

The total Board remuneration received during the year 2023 amounted to BD 586,611, this includes the annual board remuneration of the Company, its subsidiaries, sitting fees and other amounts paid to the Board of Directors. The table below includes the details of the Board remuneration for the year 2023:

(All amounts in BD)

Name	Fixed remunerations				Variable remunerations				End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Others	Total	Remunerations of the chairman and BOD	Incentive plans	Others	Total			
First: Independent Directors:											
*Shaikh Abdulla bin Khalifa Al Khalifa - Chairman	100,910	5,250	-	106,160	-	-	-	-	-	106,160	-
*Shaikh Ali bin Khalifa Al Khalifa – Deputy Chairman	54,773	2,000	-	56,773	-	-	-	-	-	56,773	-
*Khalid Husain Taqi – Director	50,455	14,250	-	64,705	-	-	-	-	-	64,705	-
Abdulla Abdulrazak Bukhowa – Director	52,955	3,250	-	56,205	-	-	-	-	-	56,205	-
Ahmed Abdulwahed Abdulrahman – Director	50,455	8,000	-	58,455	-	-	-	-	-	58,455	-
*Ahmad Mazhar– Director	34,091	6,000	-	40,091	-	-	-	-	-	40,091	-
*Waleed bin Hindi– Director	28,409	1,000	-	29,409	-	-	-	-	-	29,409	-
**Previous Members											
*Raed Abdulla Fakhri – Deputy Chairman	5,682	2,500	-	8,182	-	-	-	-	-	8,182	-
Jean Christophe Durand – Director	13,864	1,500	-	15,364	-	-	-	-	-	15,364	-
*Major General Ali Saqer Al Noaimi – Director	12,614	2,000	-	14,614	-	-	-	-	-	14,614	-
Second: Non-Executive Directors:											
*Fatema Ghazi Alarayedh – Director	45,455	3,500	-	48,955	-	-	-	-	-	48,955	-
*Saleh Romeih– Director	30,743	3,000	-	33,743	-	-	-	-	-	33,743	-
*Daniel Ritz– Director	37,841	2,500	-	40,341	-	-	-	-	-	40,341	-
**Previous Members											
*Abdulla Abdulhameed Alhammedi – Director	12,614	1,000	-	13,614	-	-	-	-	-	13,614	-
Total	530,861	55,750	-	586,611	-	-	-	-	-	586,611	-
Notes: 1) The Board Remuneration included in the above table is inclusive of the Annual Board Remuneration for the Directors and any Remuneration paid to the Directors serving on any of the company's subsidiary Boards. 2) *Annual Board Remuneration shall be paid to the entity (shareholder) in which the board members represent. 3) **Previous Members have served on the Board of Directors until March 2023.											



**CHAIRMAN'S REPORT**

**For the year ended 31 December 2023**

**2. Executive Management Remuneration :**

Below is the total amount of remuneration paid to the 6 highest paid executives in the Company:

(All amounts in BD)

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2023	Aggregate Amount
*Top 6 remunerations for executives, including CEO and CFO	919,081	474,405	338,485	1,731,971

\*Any other cash/in kind remuneration includes shares given to the top 6 executive in line with the costs incurred by the Company during the year. The shares vested during the year amounted to BD 563,790.

The Board of Directors is pleased with the solid performance for 2023 reflected by a 5% increase in revenue year over year and improved Earnings per Share of 43.6 fils for the year compared to an EPS of 42.5 for 2022, emphasizing the importance that the Board places on meeting shareholders' expectations.

Beyon has an ambitious strategy to grow outside of Bahrain through strategic acquisitions and partnerships and by taking our digital brands into new regional and international markets. The Board of Directors is proud of the good progress achieved which includes acquisitions by Beyon Cyber and Beyon Solutions, while Beyon Connect established a joint venture in partnership with Egypt Post, and Beyon Money entered the UAE market.

To support the acceleration of Bahrain's digital transformation, Beyon undertook its biggest investment ever in advanced data centres and subsea cables, including becoming a consortium partner in the SMW6 cable. These achievements are possible due to the establishment of an ecosystem that encourages the growth of the digital sector and the economic prosperity in the Kingdom of Bahrain under the leadership of His Majesty King Hamad bin Isa Al Khalifa and with the support of His Royal Highness Prince Salman bin Hamad Al Khalifa, the Crown Prince and Prime Minister.


Whilst we engage in expansion and development of new services, sustainability continues to be important, and we remain committed to supporting the Kingdom's vision of achieving zero carbon neutrality by 2060. In line with this, we were pleased to announce the completion of the second phase of Beyon Solar Park, and our Data Centre at Beyon Data Oasis became the first in Bahrain to rely entirely on clean energy generated from our Solar Park.

On behalf of my colleagues on the Board, I extend appreciation to our shareholders for their trust. My personal thanks to my colleagues on the Board for their support during a very busy year as Beyon continues to elevate its growth and development plans. I also offer grateful thanks to all members of the Beyon family for their contributions leading to a strong performance for 2023.

Looking ahead we will continue our journey, focusing on implementing the next steps in our transformation strategy. The success of the past year gives us confidence that we are on the right path and that we have created a solid platform to achieve our goals.

**Auditors**

The Board of Directors will recommend the re-appointment of KPMG Fakhro as Beyon's auditors for the financial year ending 31st December 2024.



Abdulla bin Khalifa Al Khalifa  
Chairman of the Board  
Bahrain Telecommunications Company BSC  
February 27<sup>th</sup> 2024



Ali bin Khalifa Al Khalifa  
Deputy Chairman of the Board  
Bahrain Telecommunications Company BSC  
February 27<sup>th</sup> 2024



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CR No. 6220 - 2

## Independent auditors' report

### To the Shareholders of

*Bahrain Telecommunications Company BSC*  
*Manama, Kingdom of Bahrain*

#### Opinion

We have audited the consolidated financial statements of Bahrain Telecommunication Company BSC (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key audit matter 1: Revenue recognition	
Refer to the use of estimate and management judgement in note 5, the material accounting policies in note 8 (c) and disclosure in note 26 to the consolidated financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>We focused on this area because:</p> <ul style="list-style-type: none"> <li>— There is an inherent risk around the accuracy of revenue recorded given the complexity of systems involved in processing revenue transactions and the impact of changing pricing models to revenue recognition (tariff structures, incentive arrangements, discounts, etc.).</li> <li>— The application of revenue recognition accounting standards is complex and involves a number of key judgements and estimates.</li> </ul>	<p>Our audit approach included controls testing and substantive procedures for key revenue streams covering, in particular:</p> <ul style="list-style-type: none"> <li>— testing the IT environment in which rating, billing and other relevant support systems reside, including the change control procedures in place around systems that bill material revenue streams;</li> <li>— testing the controls and governance processes over reconciliation from business support systems to rating and billing systems to the general ledger;</li> <li>— performing tests on the accuracy of customer bill generation including credits and discounts applied to customer bills on a sample basis;</li> <li>— performing tests on allocation of revenue for bundled contracts and recognition of revenue on multi-element contracts;</li> <li>— performing tests on accuracy of allocation and recording unbilled revenue representing good and service obligations performed but not billed yet; and</li> <li>— evaluating the adequacy of the Group disclosures related to revenue recognition by reference to the relevant accounting standards.</li> </ul>

Key audit matter 2: Carrying value of goodwill	
Refer to the use of estimate and management judgement in note 5 and material accounting policy in note 8(n)(ii) and disclosure in note 11 to the consolidated financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>As at 31 December 2023, the Group's consolidated financial statements includes recognised goodwill of BD 137.8 million which arose from the acquisition of subsidiaries.</p> <ul style="list-style-type: none"> <li>— Impairment charges on goodwill have been recognized in the prior periods. An assessment is required annually to establish whether this goodwill should continue to be recognized or if any impairment is required. The impairment assessment relies on determining the recoverable amount of the investment in the subsidiary or a cash generating unit using valuation techniques such as discounted cash flows. The estimation of future cash flows and the rate at which they are discounted is inherently uncertain and requires significant judgement and hence has been identified as a key area of audit focus.</li> </ul>	<p>Our audit procedures, amongst others, included:</p> <ul style="list-style-type: none"> <li>— understanding of the Group's budgeting process upon which the forecasts are based;</li> <li>— we involved our own valuation specialists to assist us in: <ul style="list-style-type: none"> <li>• evaluating the appropriateness of the methodology used by the Group to assess impairment of goodwill; and</li> <li>• evaluating key inputs and assumptions in cash flow projections used by the Group in comparison to externally derived data as well as our own assessments of investee specific circumstances and experience in the related industry, in particular its derivation of discount rates, long term growth rates, revenue and EBITDA margins and comparing progress against stated business plans.</li> </ul> </li> <li>— evaluating the adequacy of the Group disclosures related to goodwill impairment by reference to the relevant accounting standards.</li> </ul>



**Key audit matter 3: Capitalisation and useful lives of network assets and telecom equipment, and other intangible assets**

Refer to the use of estimate and management judgement in note 5, material accounting policy in notes 8(d) and 8(f) and disclosures in note 9 and 12 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
<p>We focused on this area because there are a number of areas where management judgement impacts the carrying value of network assets and telecom equipment, and other intangible assets and their respective depreciation/ amortisation profiles. These include:</p> <ul style="list-style-type: none"> <li>— The decision to capitalise or expense costs;</li> <li>— The timeliness of the transfer from assets in the course of construction/ deployment to relevant capitalized asset categories; and</li> <li>— The annual review of the useful life of the assets including the impact of changes in the Group's strategy.</li> </ul>	<p>Our audit procedures, amongst others, included:</p> <ul style="list-style-type: none"> <li>— we tested controls in place over the fixed asset cycle, the acquisition process and evaluated the appropriateness of capitalisation policies, and assessed the timeliness of the transfer of assets in the course of construction;</li> <li>— we assessed the nature of costs incurred and capitalised in capital projects through testing of amounts recorded and assessing whether the expenditure incurred met capitalisation criteria;</li> <li>— we tested the controls over the annual review of useful life of assets. In addition, we tested whether the Group's decisions on useful life of asset are appropriate by considering our knowledge of the business and practice in the wider telecoms industry; and</li> <li>— evaluating the adequacy of the Group disclosures related to capitalisation and useful life of network assets and telecom equipment and other intangible assets by reference to the relevant accounting standards.</li> </ul>

**Other Information**

The board of directors is responsible for the other information. The other information comprises the annual report but does not include the consolidated financial statements and our auditors' report thereon. Prior to the date of this auditors' report, we obtained the chairman's report which forms part of the annual report, and the remaining sections of the annual report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Board of Directors for the Consolidated Financial Statements**

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



#### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



*Independent auditors' report (continued)*  
*Bahrain Telecommunications Company BSC*

#### **Report on Other Regulatory Requirements**

- 1) As required by the Commercial Companies Law, we report that:
  - a) the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
  - b) the financial information contained in the chairman's report is consistent with the consolidated financial statements;
  - c) we are not aware of any violations during the year of the Commercial Companies Law or the terms of the Company's memorandum and articles of association that would have had a material adverse effect on the business of the Company or on its financial position; and
  - d) satisfactory explanations and information have been provided to us by management in response to all our requests.
- 2) As required by the Ministry of Industry and Commerce in their letter dated 30 January 2020 in respect of the requirements of Article 8 of Section 2 of Chapter 1 of the Corporate Governance Code, we report that the Company has:
  - a) a corporate governance officer; and
  - b) a Board approved written guidance and procedures for corporate governance.

The engagement partner on the audit resulting in this independent auditors' report is Salman Manjlai.

KPMG Fakhro  
Partner Registration Number 213  
27 February 2024



**Bahrain Telecommunications Company BSC**

**Consolidated Statement of Financial Position  
As at 31 December 2023**

BD'000

	Note	2023	2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	9	366,838	304,210
Right-of-use assets	10	55,606	56,845
Goodwill	11	137,775	134,738
Other intangible assets	12	162,461	147,646
Equity accounted investees	13	8,541	7,160
Deferred tax assets	14	6,375	6,671
Investments	16	35,371	17,063
Other non-current assets		6,706	5,076
<b>Total non-current assets</b>		<b>779,673</b>	<b>679,409</b>
<b>Current assets</b>			
Inventories		7,433	5,582
Trade and other receivables	17	142,201	159,493
Investments	16	291	3,537
Cash and bank balances	18	235,767	253,844
<b>Total current assets</b>		<b>385,692</b>	<b>422,456</b>
<b>Total assets</b>		<b>1,165,365</b>	<b>1,101,865</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other payables	19	60,769	45,051
Lease liabilities	10	45,776	47,815
Loans and borrowings	21	244,198	229,603
Deferred tax liabilities	14	5,729	6,141
<b>Total non-current liabilities</b>		<b>356,472</b>	<b>328,610</b>
<b>Current liabilities</b>			
Trade and other payables	19	207,027	218,272
Lease liabilities	10	8,627	8,066
Loans and borrowings	21	10,696	4,595
<b>Total current liabilities</b>		<b>226,350</b>	<b>230,933</b>
<b>Total liabilities</b>		<b>582,822</b>	<b>559,543</b>
<b>Net assets</b>		<b>582,543</b>	<b>542,322</b>
<b>EQUITY</b>			
Share capital	23	166,320	166,320
Statutory reserve	24	86,188	84,060
General reserve	24	44,000	44,000
Other reserves		(28,173)	(47,602)
Treasury shares	25	(4,428)	(4,932)
Retained earnings		268,404	254,521
<b>Total equity attributable to equity holders of the Company</b>		<b>532,311</b>	<b>496,367</b>
Non-controlling interest		50,232	45,955
<b>Total equity (Page 13 - 14)</b>		<b>582,543</b>	<b>542,322</b>

The consolidated financial statements were approved by the Board of Directors on 27 February 2024 and signed on its behalf by:

Abdulla bin Khalifa Al Khalifa  
Chairman

Ali bin Khalifa Al Khalifa  
Deputy Chairman

Mikkel Vinter  
Chief Executive Officer

The accompanying notes 1 to 41 form an integral part of these consolidated financial statements.

Bahrain Telecommunications Company BSC

Consolidated Statement of Comprehensive Income  
For the year ended 31 December 2023

BD'000

	Note	2023	2022
<b>Revenue</b>	26	<b>424,904</b>	402,823
<b>Expenses</b>			
Network operating expenses	27	(150,040)	(130,242)
Staff costs		(55,518)	(53,246)
Depreciation, amortisation and intangible assets impairment	9,10,12	(67,088)	(71,758)
Impairment loss on trade receivables and contract assets	17	(1,877)	(2,881)
Other operating expenses	28	(46,416)	(51,066)
<b>Total expenses</b>		<b>(320,939)</b>	(309,193)
<b>Results from operating activities</b>		<b>103,965</b>	93,630
Finance and related income		8,265	5,142
Finance and related expenses		(23,403)	(15,633)
Other income - net	29	1,062	4,909
Share of profit from equity accounted investees (net)		1,079	21
<b>Profit before taxation</b>		<b>90,968</b>	88,069
Income tax expense	14	(8,932)	(7,711)
<b>Profit for the year</b>		<b>82,036</b>	80,358
<b>Other comprehensive income</b>			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences - foreign operations		3,375	(8,763)
Investment fair value changes (debt securities)		28	(162)
		<b>3,403</b>	(8,925)
<i>Items that will never be reclassified to profit or loss:</i>			
Investment fair value changes (equity securities)		16,171	(3,180)
		<b>16,171</b>	(3,180)
<b>Total other comprehensive income, net of tax</b>		<b>19,574</b>	(12,105)
<b>Total comprehensive income for the year</b>		<b>101,610</b>	68,253
<b>Profit for the year attributable to:</b>			
Equity holders of the Company		72,049	70,324
Non-controlling interest		9,987	10,034
		<b>82,036</b>	80,358
<b>Total comprehensive income for the year attributable to:</b>			
Equity holders of the Company		91,623	58,219
Non-controlling interest		9,987	10,034
		<b>101,610</b>	68,253
<b>Basic and diluted earnings per share (Fils)</b>	30	<b>43.6</b>	42.5

Abdulla bin Khalifa Al Khalifa  
Chairman

Ali bin Khalifa Al Khalifa  
Deputy Chairman

Mikkel Vinter  
Chief Executive Officer

The accompanying notes 1 to 41 form an integral part of these consolidated financial statements.



**Bahrain Telecommunications Company BSC**

**Consolidated Statement of Cash Flows**

**For the year ended 31 December 2023**

**BD'000**

	Note	2023	2022
<b>Operating Activities</b>			
Profit for the year		82,036	80,358
<b>Adjustment for:</b>			
Non-operating items, including tax		23,008	13,293
Share of profit from equity accounted investees (net)	13	(1,079)	(21)
Depreciation, amortisation and intangible asset impairment		67,088	71,758
Impairment loss on trade receivables and contract assets	17	1,877	2,881
		<b>172,930</b>	<b>168,269</b>
<b>Working capital changes:</b>			
Decrease / (increase) in trade and other receivables		6,499	(19,357)
(Increase) / decrease in inventories		(1,797)	3,104
(Decrease) / increase in trade and other payables		(801)	17,137
<b>Cash generated from operating activities</b>		<b>176,831</b>	<b>169,153</b>
Taxes paid		(8,600)	(7,512)
Payment to charities		(2,809)	(1,805)
<b>Net cash from operating activities</b>		<b>165,422</b>	<b>159,836</b>
<b>Investing Activities</b>			
Acquisition of property, equipment and intangibles, net of disposals		(125,109)	(64,789)
Acquisition of business, net of cash acquired	35	(880)	-
Net cash from sale of investments		10,043	42,606
Interest and investment income received		9,043	7,551
<b>Net cash used in investing activities</b>		<b>(106,903)</b>	<b>(14,632)</b>
<b>Financing Activities</b>			
Dividend paid		(57,325)	(59,448)
Payment of lease liabilities		(11,744)	(11,614)
Interest paid		(17,171)	(10,047)
Borrowings drawn, net		21,704	6,435
Sale / (acquisition) of treasury shares, net		312	(260)
Sale / (purchase) of market making share, net		192	(94)
<b>Net cash used in financing activities</b>		<b>(64,032)</b>	<b>(75,028)</b>
<b>(Decrease) / increase in cash and cash equivalents during the year</b>		<b>(5,513)</b>	<b>70,176</b>
Cash and cash equivalents at 1 January	18	208,903	138,727
<b>Cash and cash equivalents at 31 December</b>	<b>18</b>	<b>203,390</b>	<b>208,903</b>

The accompanying notes 1 to 41 form an integral part of these consolidated financial statements.

Bahrain Telecommunications Company BSC

Consolidated Statement of Changes in Equity  
For the year ended 31 December 2023

BD'000

2023	Note	Equity attributable to equity holders of the Company											
		Other Reserves						Treasury shares					
		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	Retained earnings	Total	Non-controlling interest	Total equity
At 1 January 2023		166,320	84,060	44,000	(23,636)	(24,670)	704	(3,791)	(1,141)	254,521	496,367	45,955	542,322
Profit for the year		-	-	-	-	-	-	-	-	72,049	72,049	9,987	82,036
Other comprehensive income													
Foreign currency translation differences		-	-	-	3,375	-	-	-	-	-	3,375	-	3,375
Investment fair value changes		-	-	-	-	16,199	-	-	-	-	16,199	-	16,199
Total other comprehensive income		-	-	-	3,375	16,199	-	-	-	-	19,574	-	19,574
Total comprehensive income for the year		-	-	-	3,375	16,199	-	-	-	72,049	91,623	9,987	101,610
Contributions and distributions													
Final dividends declared for 2022	31	-	-	-	-	-	-	-	-	(31,447)	(31,447)	-	(31,447)
Interim dividend declared for 2023	31	-	-	-	-	-	-	-	-	(22,345)	(22,345)	-	(22,345)
Donations approved for 2022		-	-	-	-	-	-	-	-	(2,246)	(2,246)	-	(2,246)
Sale of market making shares	25	-	-	-	-	-	-	192	-	-	192	-	192
Acquisition of treasury shares		-	-	-	-	-	-	-	(453)	-	(453)	-	(453)
Equity-settled share-based payment	25	-	-	-	-	-	(145)	-	765	-	620	-	620
Transfer to statutory reserve	24	-	2,128	-	-	-	-	-	-	(2,128)	-	-	-
Non-controlling interest recognised on acquisition	35	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to non-controlling interest		-	-	-	-	-	-	-	-	-	-	828	828
		-	-	-	-	-	-	-	-	-	-	(6,538)	(6,538)
Total contributions and distributions		-	2,128	-	-	-	(145)	192	312	(58,166)	(55,679)	(5,710)	(61,389)
At 31 December 2023		166,320	86,188	44,000	(20,261)	(8,471)	559	(3,599)	(829)	268,404	532,311	50,232	582,543

The accompanying notes 1 to 41 form an integral part of these consolidated financial statements.



# Bahrain Telecommunications Company BSC

## Consolidated Statement of Changes in Equity For the year ended 31 December 2023

BD'000

2022	Note	Equity attributable to equity holders of the Company									
		Share capital	Statutory reserve	General reserve	Foreign currency translation reserve	Other Reserves				Share based payment treasury shares	Non-controlling interest
						Investment fair value reserve	Share based payment reserve	Market making shares	Retained earnings		
At 1 January 2022		166,320	83,285	44,001	(14,873)	(21,328)	533	(3,697)	236,236	(881)	41,087
Profit for the year		-	-	-	-	-	-	-	70,324	-	10,034
Other comprehensive income											
Foreign currency translation differences		-	-	-	(8,763)	-	-	-	-	-	-
Investment fair value changes		-	-	-	-	(3,342)	-	-	-	-	-
Total other comprehensive income		-	-	-	(8,763)	(3,342)	-	-	-	-	-
Total comprehensive income for the year		-	-	-	(8,763)	(3,342)	-	-	70,324	-	10,034
Contributions and distributions											
Final dividends declared for 2021	31	-	-	-	-	-	-	-	(27,443)	-	-
Interim dividend declared for 2022	31	-	-	-	-	-	-	-	(22,175)	-	-
Donations approved for 2021		-	-	-	-	-	-	-	(1,647)	-	-
Purchase of market making shares	25	-	-	-	-	-	-	(94)	-	-	-
Acquisition of treasury shares		-	-	-	-	-	-	-	(94)	-	-
Equity-settled share-based payment	25	-	-	-	-	-	171	-	-	(361)	-
Transfer from General reserve	24	-	1	(1)	-	-	-	-	272	-	-
Transfer to Statutory reserve	24	-	774	-	-	-	-	-	-	-	-
Dividends to non-controlling interest		-	-	-	-	-	-	-	(774)	-	-
Total contributions and distributions		-	775	(1)	-	-	171	(94)	(52,039)	(260)	(5,166)
At 31 December 2022		166,320	84,060	44,000	(23,636)	(24,670)	704	(3,791)	254,521	(1,141)	45,955
									496,367		542,322

The accompanying notes 1 to 41 form an integral part of these consolidated financial statements.

## Bahrain Telecommunications Company BSC

### Notes to the consolidated financial statements For the year ended 31 December 2023

BD'000

#### 1. Reporting Entity

Bahrain Telecommunications Company BSC (the "Company", the "Parent") was incorporated as public shareholding company registered under commercial registration number 11700 in the Kingdom of Bahrain in the year 1981 and is engaged in the provision of public telecommunications and associated products and services. The consolidated financial statements for the year ended 31 December 2023 comprise the financial statements of the Company, and its subsidiaries (together referred to as the "Group", "Beyon" and individually as "Beyon entities") and the Beyon's interest in associates. The registered office of the Company is P.O. Box 14, Manama, Kingdom of Bahrain. Unless otherwise stated, the subsidiaries as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals to the voting rights held by Group. The country of incorporation or registration is also their principal place of business. The significant subsidiaries and equity accounted investees of the Group included in these consolidated financial statements are as follows:

Company	Country of incorporation	Principal activity	2023 Share Holding (%)	2022 Share Holding (%)
<b>Subsidiaries</b>				
Bahrain Network (BNET) B.S.C Closed	Kingdom of Bahrain	Telecommunication services	100	100
Batelco Financial Services Company B.S.C (c)	Kingdom of Bahrain	Digital financial services	100	100
Batelco Remittance Service B.S.C (c)	Kingdom of Bahrain	Digital financial services	100	100
Beyon Connect Company B.S.C (c)	Kingdom of Bahrain	Digital services	100	100
Beyon Cyber W.L.L.	Kingdom of Bahrain	Digital security services	100	100
Beyon Solutions W.L.L.	Kingdom of Bahrain	Digital solution services	100	100
Beyon Money Investments B.S.C. Closed	Kingdom of Bahrain	Investment Business Firm	100	100
Batelco International Infrastructure Company W.L.L	Kingdom of Bahrain	Selling and buying shares and securities	100	100
Call Center Company C3 W.L.L	Kingdom of Bahrain	Call center activities	100	100
Batelco Financial Services Ltd	United Arab Emirates	Digital financial services	100	100
Public Square KSA	Kingdom of Saudi Arabia	Digital financial services	100	100
Digital Transformation Solution Holding	United Arab Emirates	Transformation Solution Holding	60*	-
DTS Solution LLC	Republic of Armenia	IT Services	60*	-
DTS Solution Cyber Security Limited	United Kingdom	Information technology consultancy activities	60*	-
DTS Solution for Computer and Electronic Equipment Company WLL	Kuwait	Computer devices and electric devices	60*	-
		Computer Infrastructure		
Delta Information Technologies LLC	United Arab Emirates	Establishment, Institution and Maintenance	60*	-
		Computers and peripheral equipment trading		
DTS Solution LLC	United Arab Emirates	Computers and peripheral equipment trading	60*	-
Digital City Company W.L.L	Kingdom of Bahrain	Real estate services	100	100
Batelco Middle East Holding Co. B.S.C (c)	Kingdom of Bahrain	Holding Company	100	100
Batelco International Company B.S.C (c)	Kingdom of Bahrain	Holding Company	100	100
Batelco Middle East Jordan LLC	Hashemite Kingdom of Jordan	Holding Company	100	100
Umniah Mobile Company PSC	Hashemite Kingdom of Jordan	Telecommunication services	96	96
Batelco Jordan PSC	Hashemite Kingdom of Jordan	Telecommunication services	96	96
Urcell Telecom & Technologies Services LLC	Hashemite Kingdom of Jordan	Telecommunication services	96	96
Umniah for Renewable energy	Hashemite Kingdom of Jordan	Renewable energy	96	96
Al-Huloul Al-Malyeh Leldafea Belhatef Anaqal ("Alhuloul")	Hashemite Kingdom of Jordan	Digital services	63.36	63.36
Delmon for Telecommunications and Internet Services	Hashemite Kingdom of Jordan	Telecommunications and Internet Services	100	100
Dhivehi Raajjeyge Gulhun Plc (Dhiraagu)	Republic of Maldives	Telecommunication services	52	52



## Bahrain Telecommunications Company BSC

### Notes to the consolidated financial statements For the year ended 31 December 2023

BD'000

#### 1. Reporting Entity (continued)

Company	Country of incorporation	Principal activity	2023 Share Holding (%)	2022 Share Holding (%)
Dhiraagu Fintech PVT Limited	Republic of Maldives	Digital financial services	52**	-
Sure (Guernsey) Limited	Guernsey	Telecommunication services	100	100
Sure (Jersey) Limited	Bailiwick of Jersey	Telecommunication services	100	100
Foreshore Limited	Bailiwick of Jersey	Telecommunication services	100	100
Sure (Isle of Man) Limited	Isle of Man	Telecommunication services	100	100
Sure (Diego Garcia) Limited	Bermuda	Telecommunication services	100	100
Sure South Atlantic Limited	Falkland Islands	Telecommunication services	100	100
BMIC Limited	Republic of Mauritius	Holding Company	100	100
Batelco Egypt Communications (S.A.E.)	Arab Republic of Egypt	Telecommunication services	100	100
Batelco International Group Holding Limited	Bailiwick of Jersey	Holding Company	100	100
Batelco International Finance No1 Limited	Cayman Islands	Holding Company	100	100
BTC Islands Limited	United Kingdom	Holding Company	100	100
BTC Sure Group Limited	United Kingdom	Holding Company	100	100
<b>Equity accounted investees</b>				
Yemen Company for Mobile Telephony Y.S.C ('Sabafon')	Republic of Yemen	Telecommunication services	26.94	26.94
The Jordanian Company for Advanced Optical Fiber - (FiberTech)	Hashemite Kingdom of Jordan	Telecommunication services	49	49
Advanced Regional Communication Solutions Holding Limited (ARC)	United Arab Emirates	Telecommunication services	50	50
Post Connect for Information Technology and communication S.A.E.	Arab Republic of Egypt	Digital Services	20***	-

\*Refer note 35 for the acquisition of Digital Transformation Solutions

\*\*Pertains to new subsidiary formed on 31 December 2023 in Maldives

\*\*\*Refer note 13 for the investment in Post Connect for Information Technology

#### 2. Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and the requirements of the Commercial Company Law and Central Bank of Bahrain's Disclosure requirements for listed entities. They were authorised for issue by the Company's board of directors on 27 February 2024.

Details of the Group's material accounting policies, including changes thereto, are included in note 8.

#### 3. Functional and presentation currency

The consolidated financial statements are presented in Bahraini Dinars ("BD"), which is also the Company's functional currency. All amounts have been rounded to the nearest thousand (BD '000), unless otherwise indicated.

#### 4. Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except for measurement of certain investments that are stated at their fair values.

## 5. Use of estimates and judgment

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of the Group's material accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognised prospectively.

### a) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

- Note 8 (c) Revenue recognition: estimates of expected returns;
- Note 8 (a)(v) Impairment of carrying value of associates;
- Note 8 (n)(ii) Impairment of intangible assets and goodwill: key assumptions underlying recoverable amounts;
- Note 8 (n)(i) Measurement of Expected Credit Loss ("ECL") allowance for trade receivables and contract assets: key assumptions underlying ECL allowance calculation;
- Note 8 (m) Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and
- Note 8 (r) Recognition of deferred tax assets: availability of future taxable profits against deductible temporary difference and tax losses carried forward can be utilised.

### b) Judgements

Information about judgements made in applying material accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 8 (c) Revenue recognition, identification of performance obligation and whether revenue from contracts with customers should be recognised over time or at a point in time;
- Note 8 (a) Equity-accounted investees: whether the Group has significant influence over an investee;
- Note 8 (a) Consolidation: whether the Group has de facto control over an investee;
- Note 8 (d),(f) Useful life of property, equipment, and other intangible assets; and
- Note 8 (g) Lease term Right-of-use assets: whether the Group is reasonably certain to exercise extension options.

### c) Measurement of fair values

A number of the Group's material accounting policies and disclosure require the measurement of fair values, for both financial and non-financial assets and liabilities.

Significant valuation issues are reported to the Group's audit committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted market price (unadjusted) in an active market for an identical assets and liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the assets and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).



**5. Use of estimates and judgements (continued)**

- *Level 3:* inputs for the asset and liability that are not based on observable market data (unobservable inputs).

If the input used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 32 & 33              Financial instruments
- Note 16                    Investments
- Note 15 (c)                Share based payment arrangements

**6. Changes in material accounting policies**

The details of the material accounting policies are set out in note 8. There were no significant changes in the material accounting policies during the year.

**7. New standards, amendments and interpretations issued but not yet effective**

A number of new standards, amendments and interpretations to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted, however; the Group has not early applied the following new standards, amendments and interpretations in preparing these consolidated financial statements.

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- *IFRS 17 Insurance Contracts*
- *Definition of Accounting Estimates – Amendments to IAS 8*
- *Disclosure Initiative: Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements*
- *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes*

## 8. Material accounting policies

The material accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements by the Group entities.

### a) Basis of consolidation

#### i) *Business combinations*

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset of group of similar assets.

The consideration transferred in acquisition is generally measured at its fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in the consolidated profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

#### ii) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

#### iii) *Non-controlling interests (NCI)*

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### iv) *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

#### v) *Interest in equity-accounted investees*

The Group interest in equity-accounted investees comprises interest in associates and a joint venture.



**8. Material accounting policies (continued)**

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interest in associates and joint venture are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of income and expenses and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases. Associates are assessed for impairment.

The net investment in an associate or joint venture is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated.

**vi) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains and losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**b) Foreign currency**

**(i) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Exchange differences arising on the settlement of monetary items and on retranslation are recognised in profit or loss.

Non-Monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translations of an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI) are classified to profit or loss.

**(ii) Financial statements of foreign operations**

The assets and liabilities of the Group's subsidiaries and associates based outside the Kingdom of Bahrain ("foreign operations"), including goodwill and fair value adjustments arising on acquisition, are translated into Bahraini Dinars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Bahraini Dinars at average exchange rates prevailing during the year.

*8. Material accounting policies (continued)*

Foreign currency differences are recognised in the other comprehensive income and presented in equity as a foreign currency translation reserve. Foreign currency differences are accumulated into foreign currency translation reserve in owners' equity, except to the extent the translation difference is allocated to NCI.

When foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve is reclassified to consolidated profit or loss as part of the gain or loss on disposal.

**c) Revenue from contracts with customers**

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

**Nature of goods and service**

*(i) Sale of equipment*

Revenue from handset and other equipment sales is recognised when the product is delivered, and on transfer of control to the customer.

If revenue arrangements from bundled contracts include more than one Performance Obligation (PO), the arrangement consideration is allocated to each performance obligation based on their relative standalone selling price (SSP).

For equipment sold with the right of return after the control has been passed onto the customer, the Group defers revenue based on the expected returns per the historical return data for the last 24 months. Such revenue will need to be recognized only when the related return period expires.

*(ii) Provision of Network Services*

Revenue for access charges, airtime usage and messaging by contract customers is recognised as services are performed, with unbilled revenue resulting from services already provided accrued at the end of each period and unearned revenue from services to be provided in future periods deferred.

Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires. Deferred revenue related to unused airtime is recognised when utilised by the customer. Upon termination of the customer contract, all deferred revenue for unused airtime is recognised in the profit or loss.

Revenue from interconnect fees is recognised at the time the services are performed. Revenue from data services is recognised when the Group has performed the related service and, depending on the nature of the service, is recognised either at the gross amount billed to the customer or the amount receivable by the Group as commission for facilitating the service.

*(iii) Contract Costs*

Contract costs that are incremental in obtaining a contract with a customer are capitalized and amortised over the period of related revenues. Applying the practical expedient per IFRS15, the Group recognises incremental cost of obtaining a contract as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

*(iv) Contract assets*

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.

## 8. Material accounting policies (continued)

## (v) Contract liabilities

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.

## d) Property and equipment

## (i) Recognition and measurement

Items of property and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

The cost includes expenditures that are directly attributable to the acquisition cost of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing an asset to its working condition for their intended use;
- when the Group has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they were located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Where parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Any gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised in profit or loss.

## (ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. On-going repair and maintenance are expensed as incurred.

## (iii) Depreciation and useful life assessment

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of a property and equipment. Assets are depreciated from the date they are available for use or, in respect of self-constructed assets, from the time an asset is completed and ready for service. Freehold land, projects in progress and inventories held for capital projects are not depreciated. The estimated useful lives for the current and comparative period are as follows:

Asset class	Current Estimated useful life (Years)
Buildings	5 - 50
Network assets & telecom equipment	2 - 40
Motor vehicles, furniture, fittings & office equipment	2 - 10

Depreciation methods, useful lives and residual values, are reassessed and adjusted, if appropriate, at the year end.

## (iv) Impairment

Where there has been an indication of impairment in value such that the recoverable amount of an asset falls below its net book value, provision is made for such impairment. Wherever possible, individual assets are tested for impairment. However, impairment can often be tested only for groups of assets because the cash flows upon which the calculation is based do not arise from the use of a single asset.

In these cases, impairment is measured for the smallest group of assets (the cash generating unit) that produces a largely independent income stream, subject to constraints of practicality and materiality.



*8. Material accounting policies (continued)***e) Investment property**

Investment property is property held either to earn rental income or for capital appreciation or for both and that is not occupied by the Group for use in rendering of its services or for administrative purposes. Investment property is initially measured at cost (using the cost model), including related transaction costs and borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying investment property, less accumulated depreciation and impairment losses, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably.

Rental income from investment property is recognised as other income in straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

**f) Goodwill and other intangible assets****Goodwill**

Goodwill arising on the acquisition of subsidiaries is measured at cost less any accumulated impairment losses. Goodwill is not amortised but tested for impairment annually at the balance sheet date.

**Research and development**

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

**Other intangible assets**

License fees, trade name, customer relationships & associated assets, non-network software and Indefeasible Rights of Use (IRUs), acquired or incurred by the Group have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases future economic benefits embodied in specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill is recognised in profit or loss as incurred.

*(i) Amortisation and useful life assessment*

Amortisation is recognised in the profit or loss on a straight line basis over the estimated useful lives of the intangible assets from the date they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Asset class	Estimated useful life (Years)
License fees	7 - 20
Trade name, customer relationships, non-network software and IRUs	3 - 20

*8. Material accounting policies (continued)*

Amortisation methods, useful lives and residual values, are reviewed at each reporting date and adjusted, if appropriate.

**g) Leases**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**As a lessee**

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

*8. Material accounting policies (continued)*

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

*Short term leases and lease of low-value assets*

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

*Extension options*

Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

**Leases as lessor**

The Group leases out its investment property consisting of its owned commercial properties as well as leased property (see Note 10). All leases are classified as operating leases from a lessor perspective.

**h) Operating profit**

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, impairment and share of profit of equity-accounted investees and income taxes.

**i) Financial instruments**

*(i) Recognition and initial measurement*

All "regular way" purchases and sales of financial assets are recognised on the settlement date, i.e. the date that the Group receives or delivers the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe generally established by regulation or convention in the market place.

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is measured initially at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financial component is initially measured at the transaction price.



8. Material accounting policies (continued)

(ii) Classification and subsequent measurement

**Financial assets**

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL).

A financial asset (which is not an equity instrument) is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All other financial assets are classified as measured at FVTPL.

The Group currently classified all its receivables and financial liabilities at amortised cost except for contingent consideration payable which is measured at FVTPL and investments (debt and equity) which are carried at either FVTPL or FVOCI.

**Business model assessment**

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

*8. Material accounting policies (continued)*

- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

**Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- Features that modify consideration of the time value of money - e.g. periodical reset of interest rates.

**Reclassifications**

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

**Financial liabilities**

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost.

*Derecognition*

**Financial assets**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of ownership or (b) when it has neither transferred or retained substantially all the risks and rewards and when it no longer has control over the financial asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/ loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

*8. Material accounting policies (continued)*

**Write-off**

A financial asset is written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the obligor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

**Financial liabilities**

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Group currently has certain debt securities measured at FVOCI and equity investment designated as at FVOCI. For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- Interest expense using the effective interest method;
- Expected Credit Losses (ECL) and reversals; and
- Foreign exchange gains and losses.

When debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable. Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss, unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

**j) Government grant**

Government grants that compensate the Group for expenses incurred are recognised in profit or loss as a reduction of associated cost in the periods in which the expenses are recognised.

**k) Share capital**

The Company has one class of equity shares. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

**l) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes expenditure incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. Inventories comprise of mobile handsets, cable and wires and other inventories.



8. *Material accounting policies (continued)*

m) **Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the year end and are discounted to present value where the effect is material.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

n) **Impairment**

(i) *Financial assets*

The Group measures loss allowances for its trade and other receivables arising from its revenue generating activities at an amount equal to lifetime Expected Credit Loss (ECL) using the simplified approach permitted under Financial Instruments ("IFRS 9"). For other financial instruments, the Group applies the general approach, where if credit risk has not increased significantly since their initial recognition, impairment is measured as 12-month ECL and for all other instances lifetime ECL is recognised.

For trade and other receivables including contract asset, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Under the general approach, the Group applies three-stage approach to measuring ECL on financial assets carried at amortised cost (including long term loans included within the carrying value of investment in associates) and debt instruments classified as FVOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

a) *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

b) *Stage Classification: General approach*

**Stage 1: 12 months ECL**

For exposures where there has not been a significant increase in credit risk since initial recognition, the portion of the lifetime ECL associated with the probability of default events occurring within next 12 months is recognised.

**Stage 2: Lifetime ECL – not credit impaired**

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

**Stage 3: Lifetime ECL – credit impaired**

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred.

**8. Material accounting policies (continued)**

**(ii) Non-financial assets**

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**o) Employee benefits**

**(i) Short term employee benefits**

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(ii) Local employees**

Pension rights and other social benefits for the Group's employees are covered by the applicable social insurance scheme of the countries in which they are employed are considered as a defined contribution scheme. The employees and employers contribute monthly to the scheme on a fixed-percentage-of-salaries basis.

**(iii) Expatriate employees**

Expatriate employees on limited-term contracts are entitled to leaving indemnities payable under the respective labour laws of the countries in which they are employed, based on length of service and final remuneration. Provision for this unfunded commitment has been made by calculating the notional liability had all employees left at the reporting date.

**(iv) Defined benefit scheme**

The Group's net obligation of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

*8. Material accounting policies (continued)*

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when settlement occurs.

*(v) Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

*(vi) Employee savings scheme*

The Company has a voluntary employees saving scheme. The employees and employers contribute monthly on a fixed-percentage-of-salaries-basis to the scheme. The scheme is a defined contribution plan.

*(vii) Employee share awards*

The fair value of share awards granted under the Group Employee Share Awards Plan ("Plan") is recognised as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the awards granted.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of awards that are expected to vest. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The Plan is administered by the Employee Share Trust ("Trust"), which is consolidated in accordance with the principles defined in note 15. When the shares are granted at the end of vesting period, the Trust transfers the appropriate amount of shares to the employee. The difference between the value of shares transferred to the employee and treasury shares purchased earlier for this purpose is credited or debited to retained earnings.

*(viii) Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.



*8. Material accounting policies (continued)*

**p) Finance and related income**

The Group's finance and related income includes:

- interest income;
- dividend income;
- foreign currency gain on financial assets and financial liabilities;
- net gain on financial assets at FVTPL; and
- gain on remeasurement to fair value of any pre-existing interest in an acquiree in a business combination.

Interest income is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

In calculating interest income, the effective interest rate is applied to the gross carrying amount of asset (when the asset is not credit-impaired).

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

**q) Finance and related expenses**

The Group's finance and related expense includes:

- interest expense;
- foreign currency loss on financial liabilities; and
- net loss on financial assets at FVTPL.

Interest expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the gross carrying amount of the financial liability.

In calculating interest expense, the effective interest rate is applied to the gross carrying amount of the amortised cost of the liability.

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where borrowing costs are directly attributable to the construction of an asset that takes a substantial period to get ready for its intended use or sale, in which case borrowing costs are capitalised as part of that asset.

**r) Tax**

Tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or other comprehensive income.

*(i) Current tax*

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at reporting date, and any adjustment to tax payable in respect of previous years.

8. *Material accounting policies (continued)*

(ii) *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be realised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

s) **Earnings per share**

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. The diluted earnings per share is the same as the basic earnings per share as the Group does not have any dilutive instruments in issue.

t) **Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed by the Group's Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available (refer to note 40). The Group primarily identifies its segment on the basis of geographical operations that are managed as a single performance unit for the purpose of internal reporting to its Board of Directors.

u) **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

8. *Material accounting policies (continued)*

**v) Asset held-for-sale**

*(i) Classification*

The Group classifies non-current assets as held-for-sale if its carrying amount is expected to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable in accordance with IFRS 5 "Non-current Assets Held-for-Sale and Discontinued Operations".

*(ii) Measurement*

Non-current assets classified as held-for-sale are measured at the lower of its carrying amount and fair value less costs to sell.

If the criteria for classification as held-for-sale are no longer met, the Group ceases to classify the asset as held-for-sale and measures the asset at the lower of its carrying amount before the asset was classified as held-for-sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held-for-sale and its recoverable amount at the date of the subsequent decision not to sell.

**w) Asset under management**

Beyond entity acts as a trustee in other fiduciary capacities that result in the holding and placing of assets on behalf of individuals. These assets and income arising thereon are excluded from these consolidated financial statements, as they are not assets or income of the Group.



## 9. Property and Equipment

2023	Land and buildings	Network assets & telecom equipment	Motor vehicles, furniture, fittings & office equipment	Assets under construction	Total
<b>Cost</b>					
At 1 January	84,214	547,162	95,679	80,473	807,528
Additions	-	35,985	1,968	65,804	103,757
Projects completed	408	30,293	6,295	(36,996)	-
Acquisition through business combination (note 35)	-	-	9	-	9
Disposals	(284)	(35,950)	(3,975)	(2)	(40,211)
Reclassification to other intangible assets	-	-	-	(2,120)	(2,120)
Effect of movements in exchange rates	251	2,337	1,295	350	4,233
<b>At 31 December</b>	<b>84,589</b>	<b>579,827</b>	<b>101,271</b>	<b>107,509</b>	<b>873,196</b>
<b>Depreciation</b>					
At 1 January	(57,964)	(367,224)	(78,130)	-	(503,318)
Charge for the year	(933)	(32,656)	(5,405)	-	(38,994)
Disposals	246	34,796	3,927	-	38,969
Effect of movements in exchange rates	(218)	(1,755)	(1,042)	-	(3,015)
<b>At 31 December</b>	<b>(58,869)</b>	<b>(366,839)</b>	<b>(80,650)</b>	<b>-</b>	<b>(506,358)</b>
<b>Net book value</b>					
<b>At 31 December</b>	<b>25,720</b>	<b>212,988</b>	<b>20,621</b>	<b>107,509</b>	<b>366,838</b>

For a list of properties owned and rented by the Company, please refer to note 41.

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Notes to the consolidated financial statements  
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9. Property and Equipment (continued)

2022	Land and buildings	Network assets & telecom equipment	Motor vehicles, furniture, fittings & office equipment	Assets under construction	Total
Cost					
At 1 January	84,389	672,130	52,570	60,863	869,952
Additions	-	9,238	484	51,116	60,838
Projects completed	354	22,744	3,106	(26,204)	-
Disposals	(37)	(10,083)	(1,341)	(62)	(11,523)
Reclassification from/ (to) other intangible assets	46	(141,715)	43,586	(4,822)	(102,905)
Effect of movements in exchange rates	(538)	(5,152)	(2,726)	(418)	(8,834)
At 31 December	84,214	547,162	95,679	80,473	807,528
Depreciation					
At 1 January	(57,222)	(473,002)	(39,234)	-	(569,458)
Charge for the year	(1,043)	(33,171)	(5,379)	-	(39,593)
Disposals	25	8,927	1,297	-	10,249
Reclassification (from)/ to other intangible assets	(62)	126,266	(36,919)	-	89,285
Effect of movements in exchange rates	338	3,756	2,105	-	6,199
At 31 December	(57,964)	(367,224)	(78,130)	-	(503,318)
Net book value					
At 31 December	26,250	179,938	17,549	80,473	304,210

**10. Right-of-Use Assets and Lease Liabilities**

The Group leases telecom sites, retail shops and others, with an option to renew the lease after that date. Lease payments are renegotiated at the time of signing the new contract to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indicators. For certain leases, the Group is restricted from entering into any sub-lease arrangement.

**a) Right-of-Use Assets**

Information about leases for which the Group is a lessee is presented below. Right-of-use assets relate to leased properties that do not meet the definition of investment property.

	Land and buildings	Network assets and telecom equipment	Motor vehicles, furnitures, fittings & office equipment	Total
<b>2023</b>				
Balance at 1 January	56,132	407	306	56,845
Additions	7,807	38	-	7,845
Amortisation charge for the year	(8,680)	(122)	-	(8,802)
Adjustments*	(504)	-	(306)	(810)
Effect of movements in exchange rates	528	-	-	528
<b>Balance at 31 December</b>	<b>55,283</b>	<b>323</b>	<b>-</b>	<b>55,606</b>

	Land and buildings	Network assets and telecom equipment	Motor vehicles, furnitures, fittings & office equipment	Total
<b>2022</b>				
Balance at 1 January	54,319	545	306	55,170
Additions	12,164	-	41	12,205
Amortisation charge for the year	(8,671)	(113)	(41)	(8,825)
Adjustments*	(585)	(25)	-	(610)
Effect of movements in exchange rates	(1,095)	-	-	(1,095)
<b>Balance at 31 December</b>	<b>56,132</b>	<b>407</b>	<b>306</b>	<b>56,845</b>

\*These balances represent cancellations of leases before the contract expiry.

**b) Lease Liabilities**

	2023	2022
Non-current	45,776	47,815
Current	8,627	8,066
<b>Balance at 31 December</b>	<b>54,403</b>	<b>55,881</b>

**Amounts recognised in profit or loss**

	2023	2022
Interest on leases liabilities	3,397	3,424
Expenses relating to short-term leases/ low value leases (note 27)	4,650	5,017

**c) Leases as Lessor**

The Group leases out its owned commercial properties on agreed commercial terms, and leases are classified as operating leases.



## 11. Goodwill

	2023	2022
At 1 January	134,738	137,259
Goodwill recognized during the year*	1,972	-
Exchange rate adjustments	1,065	(2,521)
At 31 December	137,775	134,738

\* Goodwill recognized during the year relates to the acquisition of a group of companies by the Group. See note 35.

## a) Analysis of Goodwill

Goodwill has been allocated to the following operating segments/ cash generating units (CGUs):

	2023	2022
Bahrain (note 35)	1,972	-
Jordan	91,710	91,757
Maldives	21,871	21,871
Sure Group	22,188	21,077
Others	34	33
	137,775	134,738

## b) Impairment of Goodwill

- (i) The Group tests for impairment of goodwill annually or more frequently if there are any indications that impairment may have arisen. The recoverable amount of a Cash Generating Unit (CGU) has been determined based on fair value less costs to sell. Fair value less costs to sell is estimated by using a combination of the capitalised earnings approach and a market approach comparing the same with those of other telecom companies within the region.
- (ii) The key assumptions for the fair value less costs to sell calculations are those relating to discount rates, the long-term growth rates, penetration and market share assumptions, average revenues per user, earnings before interest, taxation, depreciation and amortisation ("EBITDA") and capital expenditure to sales ratio. These calculations use cash flow projections based on financial budgets approved by management, covering the period of the validity of the telecom license (typically 5 years). Cash flows are extrapolated using the estimated growth rate of 1.2% to 2.6%. The weighted average growth rates are consistent with forecasts. The post-tax discount rates used for the calculations range between 8% to 15.5%.
- (iii) The above estimates were tested by the Group for sensitivity in the following areas:
- An increase / decrease in the discount rate and the long-term growth rates used
  - A change in market share
  - A decrease in future planned revenues and EBITDA margins
  - An increase in capex to sales ratio forecasts

The results of the sensitivity testing revealed that the fair values less costs to sell calculations is sensitive to changes in the above variables, and any adverse change in key assumptions could result in a materially significant change in the carrying value of the goodwill and related assets. The recoverable amount of the CGUs was more than the carrying value and accordingly no impairment loss has been recognised in 2023 (2022: Nil) in respect of goodwill allocated to the CGUs. Refer note on segment reporting (note 40) for details of net assets (including goodwill and intangibles) attributable to each CGU.

**12. Other Intangible Assets****2023****Cost**

At 1 January

Additions during the year

Projects completed

Acquisition through business combination (note 35)

Disposals during the year

Reclassification from property and equipment

Effect of movements in exchange rates and others

**At 31 December****Amortisation**

At 1 January

Charge for the year

Disposals during the year

Effect of movements in exchange rates and others

**At 31 December****Net book value****At 31 December**

Licenses	Others	Total
225,487	239,266	464,753
13,489	16,666	30,155
2,542	(2,542)	-
-	1,108	1,108
-	(4,983)	(4,983)
-	2,120	2,120
1,717	1,509	3,226
<b>243,235</b>	<b>253,144</b>	<b>496,379</b>
(123,739)	(193,368)	(317,107)
(7,852)	(11,440)	(19,292)
-	4,983	4,983
(1,279)	(1,223)	(2,502)
<b>(132,870)</b>	<b>(201,048)</b>	<b>(333,918)</b>
<b>110,365</b>	<b>52,096</b>	<b>162,461</b>

**2022****Cost**

At 1 January

Additions during the year

Disposals during the year

Impairment

Reclassification from property and equipment

Effect of movements in exchange rates and others

**At 31 December****Amortisation**

At 1 January

Charge for the year

Disposals during the year

Reclassification from/ (to) property and equipment

Effect of movements in exchange rates and others

**At 31 December****Net book value****At 31 December**

Licenses	Others	Total
213,221	118,658	331,879
16,239	17,185	33,424
(70)	(251)	(321)
-	(24)	(24)
50	102,855	102,905
(3,953)	843	(3,110)
<b>225,487</b>	<b>239,266</b>	<b>464,753</b>
(114,914)	(91,083)	(205,997)
(11,503)	(11,837)	(23,340)
70	155	225
11	(89,296)	(89,285)
2,597	(1,307)	1,290
<b>(123,739)</b>	<b>(193,368)</b>	<b>(317,107)</b>
<b>101,748</b>	<b>45,898</b>	<b>147,646</b>

Others includes trade name, customer relationship and associated assets, non-network softwares, capital work in progress and indefeasible right to use (IRU) including those recognised as part of acquisition accounting.

## Bahrain Telecommunications Company BSC

### Notes to the consolidated financial statements For the year ended 31 December 2023

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#### 13. Equity Accounted Investees

	2023	2022
Investment in ARC	(i) 1,208	1,446
Investment in FiberTech	(ii) 7,027	5,714
Investment in Post Connect	(iii) 306	-
	<b>8,541</b>	<b>7,160</b>

- i. This represents a joint venture with another regional operator to provide telecom infrastructure services within the GCC region. During the year, the Group recorded a loss of BD 237 (2022: BD 786) as its share of losses of this joint venture.
- ii. This represents 49% of share capital of The Jordanian Company for Advanced Optical Fiber ("FiberTech"). The principal activities of FiberTech are to provide mass high-speed internet services to telecommunications companies and internet service providers operating in Jordan. During the year, the Group made no additional capital contribution (2022: BD Nil) to this venture and also recognized a gain of BD 1,316 (2022: BD 807) in respect of its share of gain from this associate.
- iii. This represents Group's 20% ownership in Post Connect for Information Technology and Communication S.A.E ("Post Connect"). The principal activities of Post Connect is to characterize, analyse and design work for software, databases, and applications of all kinds and producing electronic content in different forms of voice, image, and data. The amount represents the investment value as at 31 December 2023. Company has not started the operations therefore no gain / loss is recognized during 2023.

#### 14. Income Taxes

##### Amounts recognised in profit or loss for the year

	2023	2022
Current tax expense	9,703	8,892
Deferred tax credit (net)	(771)	(1,181)
<b>Tax expense for the year</b>	<b>8,932</b>	<b>7,711</b>

Corporate income tax is not levied in the Kingdom of Bahrain for telecommunication companies and accordingly the effective tax rate for the corporate income tax is 0% (2022: 0%). The table below reconciles the difference between expected tax expense of Nil (2022: Nil) and the Group's tax charge for the year. Subsidiaries are taxed at the combination of various tax rates ranging from 15% to 27%.

##### Reconciliation of actual to expected tax charge

	2023	2022
Profit before tax	90,968	88,069
Corporation tax rate of 0% in Bahrain (2022: 0%)	-	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	(8,932)	(7,711)
<b>Tax expense for the year</b>	<b>(8,932)</b>	<b>(7,711)</b>
<b>Profit after tax for the year</b>	<b>82,036</b>	<b>80,358</b>

The following represent the movements in deferred tax liabilities recognised by the Group:

	2023	2022
At 1 January	6,141	7,701
Credit to the consolidated profit or loss	(610)	(1,042)
Other movements	2	-
Exchange differences	196	(518)
<b>At 31 December</b>	<b>5,729</b>	<b>6,141</b>



**14. Income Taxes (continued)**

The recognised deferred tax asset of BD 6,375 (2022: BD 6,671) is attributable to the temporary differences related to Group's operations in Jordan, Maldives and Channel Islands jurisdictions.

**Global Minimum Tax**

To address concerns about uneven profit distribution and the tax challenges of the large multinational corporations, various agreements have been reached at the global level, including an agreement by over 135 jurisdictions to introduce a global minimum tax of 15%. In December 2021, the Organization for Economic Cooperation and Development (OECD) released a draft legislation framework, followed by detailed guidance released in March 2022, that is expected to be used by individual jurisdictions that signed the agreement to amend their local tax laws. Management is closely monitoring the progress of the legislation in the Kingdom of Bahrain as well as other jurisdiction where it operates.

As at 31 December, the Group did not have sufficient information to determine the potential quantitative impact.

**15. Post-Employment Benefit Assets**

**a) Unfunded defined benefits**

The provision for leaving indemnity in respect of employees amounted to BD 1.5 million (2022: BD 1.5 million) and is included under Trade and Other Payables.

**b) Defined contribution plan**

The Group's contributions during the year in respect of employees against their pension rights and other social benefits amounted to BD 5.3 million (2022: BD 4.6 million).

**c) Share-based payments**

During 2020, the Group established the Employee Option Plan ("Plan"). The Plan is designed to provide long-term incentives for selected management personnel to deliver long-term financial KPIs. Under the Plan, participants are granted shares (awards), which only vest if certain performance standards are met. Participation in the Plan is at the board's discretion, and no individual has a guaranteed contractual right to participate in the Plan or to receive any guaranteed benefits.

Shares are granted under the Plan for no consideration and carry no dividend or voting rights. The grant share price is the average of Beyon's share price quoted on Bahrain Bourse for each trading day during the month of January preceding the grant date of 1 April. Shares granted to participants are held by a trustee in a trust established solely for these share awards until vesting. The number of shares that will vest after 3 years ("Vesting Period") depends on cumulative achievement of Group's financial targets over a three-year period. The vesting date relating to every Vesting Period is 1 April following the completion of the Vesting Period. All awards are vested to participants on the vesting date.

During the year, the Group awarded 711,984 shares (2022: 744,883 shares) to its employees under the Plan. The assessed fair value at grant date of shares granted during the year ended 31 December 2023 was BD 0.463 per share (2022: BD 0.580 per share). The number of shares forfeited during the year was Nil (2022: Nil). Weighted average remaining contractual life of shares outstanding at end of the year was 1.43 years (2022: 1.21 years).

**16. Investments**

		2023	2022
I.	Investments securities		
a.	At Fair Value Through Other Comprehensive Income (at FVOCI)		
-	Debt securities (i)	291	3,537
-	Equity securities (ii)	28,224	11,805
b.	At Fair Value Through Profit and Loss (at FVTPL)		
-	Equity securities (iii)	1,900	11
		30,415	15,353
II.	Investment properties (iv)	5,247	5,247
		<b>35,662</b>	<b>20,600</b>

Investments are classified as follows:

	2023	2022
Non-current assets	35,371	17,063
Current assets	291	3,537
	<b>35,662</b>	<b>20,600</b>

(i) Debt securities comprise Group's investment in:

- Bahrain Sovereign Bonds amounting to BD Nil (2022: BD 3.4 million). These bonds have matured during 2023 and were carrying a fixed semi-annual coupon interest at 6.125% per annum on the face value.
- Treasury bills amounting to BD 0.3 million (2022: BD 0.1 million). These bills have maturity dates up to 3 months and carry interest ranging from 6.0% to 6.6% per annum on the face value. At 31 December 2023, all of these bills were classified under current assets as maturing within 12 months.

(ii) Equity securities at FVOCI include:

- BD 23.0 million (2022: BD 6.3 million) representing market value of equity investment in Etihad Atheeb Telecommunications Company ("Atheeb"), a company listed on Saudi Stock Exchange.
- BD 5.3 million (2022: BD 5.5 million) representing Group's investment in Al Waha Venture Capital Fund of Funds, which is closed ended Bahrain domiciled PIU managed by Bahrain Development Bank. The carrying value represents the net asset value of the fund which approximates its fair value.

(iii) Equity securities at FVTPL include Group's investment in certain funds and other investments which are fair valued through profit and loss

(iv) Investment properties comprise Group's investment in certain land plots in an overseas territory that were acquired during 2018 as part of an exchange transaction and are fair valued at 31 December 2023 based on management estimates.

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### Notes to the consolidated financial statements For the year ended 31 December 2023

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#### 17. Trade Receivables and Other Assets

	2023	2022
Trade receivables	78,167	84,679
Contract assets (unbilled revenue)	31,031	32,660
Less impairment allowance	(24,210)	(26,136)
	<b>84,988</b>	91,203
Prepaid expenses	10,014	8,853
Other receivables	47,199	59,437
	<b>142,201</b>	159,493

The maximum exposure to credit risk for trade and other receivables at the reporting date by type of counterparty was as follows:

	2023	2022
Customer accounts	37,104	40,681
Telecom operators	16,853	17,862
Contract assets (unbilled revenue) (note 26)	31,031	32,660
	<b>84,988</b>	91,203

The movement on the allowance for impairment was as follows:

	2023	2022
At 1 January	26,136	28,047
Impairment loss recognized for the year	1,877	2,881
Effect of movements in exchange rates	63	(77)
Written-off during the year	(3,866)	(4,715)
<b>At 31 December</b>	<b>24,210</b>	26,136

The impairment allowances as at 31 December 2023 and 2022 represent life-time ECL on trade receivables and contracts assets (refer to note 33 (b)).

#### 18. Cash and Bank Balances

	2023	2022
Cash in hand	415	875
Bank balances	235,352	252,969
	<b>235,767</b>	253,844
<b>Less:</b>		
Short-term deposits with maturities exceeding three months	(22,828)	(31,017)
Unclaimed Dividends	(481)	(3,909)
Other restricted cash and bank balances	(9,068)	(10,015)
<b>Cash and cash equivalents</b>	<b>203,390</b>	208,903



# Bahrain Telecommunications Company BSC

## Notes to the consolidated financial statements For the year ended 31 December 2023

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### 19. Trade Payables and Other Liabilities

	2023	2022
Trade payables	131,242	128,468
Amounts due to telecommunications operators	2,961	5,972
Provisions, accrued expenses and other payables	97,768	85,529
Contract liabilities (note 26 (b))	27,602	19,343
Customer deposits and billings in advance	3,215	19,698
Current tax liability	5,008	4,313
	<b>267,796</b>	<b>263,323</b>

Trade and other payables are classified as follows:

	2023	2022
Non-current liabilities	60,769	45,051
Current liabilities	207,027	218,272
	<b>267,796</b>	<b>263,323</b>

Significant changes in the contract liabilities balances during the year are as follows:

	2023	2022
At 1 January	19,343	9,481
Contract liabilities recognized during the year	53,294	112,883
Transferred to revenue during the year	(45,054)	(102,965)
Effect of movements in exchange rates	19	(56)
<b>At 31 December</b>	<b>27,602</b>	<b>19,343</b>

### 20. Provisions

Included within provisions, accrued expenses and other payables are amounts provided for voluntary employee retirement program and asset retirement obligation. The movement in provisions is as follows:

	Voluntary employee retirement program		Asset retirement obligation	
	2023	2022	2023	2022
At 1 January	-	2,120	3,548	3,417
Amounts provided during the year	-	-	104	131
Amounts paid during the year	-	(2,120)	-	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>3,652</b>	<b>3,548</b>

### Asset Retirement Obligation

The provision for asset retirement obligations represents the provisions made for the best estimate of the present value of the unavoidable future cost of dismantling and removing the items of property and equipment and restoring the sites on which they are located. The following assumptions have been used to calculate the asset retirement obligation at reporting date:

	2023	2022
Expected rate of increase of the dismantling cost	3.5%	3.5%
Discount rate	10%	10%

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## Notes to the consolidated financial statements For the year ended 31 December 2023

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### 21. Loans and Borrowings

		2023	2022
a) <b>Non-current</b>			
Term financing facilities	(i)	244,198	229,603
		<b>244,198</b>	<b>229,603</b>
b) <b>Current</b>			
Term financing facilities	(i)	7,853	1,206
Import loan facility	(ii)	2,843	3,389
		<b>10,696</b>	<b>4,595</b>
		<b>254,894</b>	<b>234,198</b>

#### (i) Term financing facilities include:

- Long term loan facility with a total available amount of BD 58.5 million (2022: BD 58.5 million) has been utilised by a Beyon entity to fund the company's working capital and license fees and is due to be settled by 2031. As at 31 December 2023, a total amount of BD 24.4 million (2022: BD 24.4 million) is outstanding against this facility out of which BD 3.5 million (2022: BD Nil) is classified under current liabilities being due within the next 12 months;
- Long term loan facility with a total available amount of BD 8.0 million (2022: BD 8.0 million) has been obtained by a Beyon entity to fund the company's infrastructure and network requirements and is due to be settled by 2031. As at 31 December 2023, a total amount of BD 6.8 million (2022: BD 6.8 million) is outstanding against this facility out of which BD 1.0 million (2022: BD Nil) is classified under current liabilities being due within the next 12 months;
- Long term loan facility with a total available amount of BD 12.8 million (2022: BD 12.8 million) has been obtained by a Beyon entity to fund the company's license fees and is due to be settled by 2031. As at 31 December 2023, a total amount of BD 12.7 million (2022: BD 12.7 million) is outstanding against this facility of which BD 1.8 million (2022: BD Nil) is classified under current liabilities being due within the next 12 months;
- Long term loan facility with a total available amount of BD 8.0 million (2022: BD 8.0 million) has been obtained by a Beyon entity to fund the company's share in a joint venture and is due to be settled by 2031. As at 31 December 2023, a total amount of BD 8.0 million (2022: BD 8.0 million) is outstanding against this facility of which BD 1.1 million (2022: BD Nil) is classified under current liabilities being due within the next 12 months;
- Long term loan facility with a total available amount of BD 3.0 million (2022: BD 3.0 million) has been obtained by a Beyon entity in 2021 to finance the deferred capital payments and is due to be settled by May 2024. As at 31 December 2023, a total amount of BD 0.5 million (2022: BD 1.6 million) is outstanding against this facility of which BD 0.5 million (2022: BD 1.2 million) is classified under current liabilities being due within the next 12 months;
- Long term loan facility with a total available amount of BD 6.0 million (2022: BD 6.0 million) has been obtained by a Beyon entity in 2022. As at 31 December 2023, a total amount of BD 6.0 million (2022: BD 5.0 million) is outstanding against this facility of which full amount is classified under non-current liabilities being due from April 2025;
- Long term loan facility with a total available amount of BD 3.4 million (2022: BD 3.4 million) has been obtained by a Beyon entity in 2022. As at 31 December 2023, a total amount of BD 3.4 million (2022: BD 2.1 million) is outstanding against this facility of which full amount is classified under non-current liabilities being due from April 2025;

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## Notes to the consolidated financial statements For the year ended 31 December 2023

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### 21. Loans and borrowings (continued)

- h) Long term loan facilities with a total available amount of BD 11.3 million (2022: Nil) has been obtained by a Beyon entity in 2023. As at 31 December 2023, a total amount of BD 7.2 million (2022: Nil) is outstanding against this facility of which full amount is classified under non-current liabilities being due from April 2025.
- i) Long term loan facility with a total available amount of BD 169.4 million (2022: 169.7 million), of which BD 169.7 million is outstanding as of 31 December 2023 (2022: BD 169.7 million) was obtained by the Company to fund its bond repayment in May 2020 and is due to be settled by one bullet payment in 2025; and
- j) Long term loan facility with a total available amount of BD 75.4 million (2022: Nil), of which BD 14.1 million is outstanding as of 31 December 2023 (2022: Nil) was obtained by the Company to fund its project for regional connectivity starting from May 2023. 55% of the principal amount is to be repaid on quarterly basis starting from end of the Grace period of 3 years and 45% of the principal amount is to be settled by bullet payment in 2033.
- (ii) Import loan facility include:
- a) The import loan facility with a total available amount of BD 4.5 million (2022: BD 4.5 million) is obtained by a Beyon entity to support its capital expenditure requirements and is due to be settled within 365 days from the amounts drawn down. The amount drawn at the balance sheet date amounted to BD 2.8 million (2022: BD 3.4 million) and is classified under current liabilities.

The above facilities carry interest rate at SOFR or relevant benchmarks plus margins. The interest rates ranged from 7.3% to 12.0% at 31 December 2023 (2022: 6.2% to 11.2%).

### 22. Reconciliation of Movements of Liabilities to Cash Flows Arising from Financing Activities

2023	Liabilities		Equity		NCI	Total
	Bank overdrafts used for cash management purposes	Other loans and borrowings	Share capital	Retained earnings, other reserves and treasury shares		
<b>Balance at 1 January</b>	3,389	230,809	166,320	330,047	45,955	776,520
<b>Changes from financing cash flows</b>						
Borrowings (net)	(582)	22,286	-	-	-	21,704
Sale of market making shares	-	-	-	192	-	192
Grant of treasury shares	-	-	-	312	-	312
Dividend paid	-	-	-	(53,792)	(6,961)	(60,753)
<b>Total changes from financing cash flows</b>	<b>(582)</b>	<b>22,286</b>	<b>-</b>	<b>(53,288)</b>	<b>(6,961)</b>	<b>(38,545)</b>
Effect of changes in foreign exchange rates	36	(543)	-	3,375	-	2,868
Other liability-related changes	-	(501)	-	-	423	(78)
Profit for the year	-	-	-	72,049	9,987	82,036
Other equity-related changes (net)	-	-	-	13,808	828	14,636
<b>Balance at 31 December</b>	<b>2,843</b>	<b>252,051</b>	<b>166,320</b>	<b>365,991</b>	<b>50,232</b>	<b>837,437</b>

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2022	Liabilities		Equity		NCI	Total
	Bank overdrafts used for cash management purposes	Other loans and borrowings	Share capital	Retained earnings, other reserves and treasury shares		
Balance at 1 January	2,516	224,357	166,320	323,276	41,087	757,556
Changes from financing cash flows						
Borrowings (net)	860	5,575	-	-	-	6,435
Purchase of market making shares	-	-	-	(94)	-	(94)
Purchase of treasury shares	-	-	-	(361)	-	(361)
Equity settled share-based payment	-	-	-	101	-	101
Dividend paid	-	-	-	(49,618)	(6,338)	(55,956)
Total changes from financing cash flows	860	5,575	-	(49,972)	(6,338)	(49,875)
Effect of changes in foreign exchange rates	13	94	-	(8,763)	-	(8,656)
Other liability-related changes	-	783	-	-	1,172	1,955
Profit for the year	-	-	-	70,324	10,034	80,358
Other equity-related changes (net)	-	-	-	(4,818)	-	(4,818)
Balance at 31 December	3,389	230,809	166,320	330,047	45,955	776,520

### 23. Share Capital

#### a) Authorised

2,000 (2022: 2,000) million shares of 100 fils each

#### b) Issued and fully paid:

1,663 (2022: 1,663) million shares of 100 fils each

- Names and nationalities of the major shareholders and the number of equity shares held in which they have an interest of 5% or more of outstanding shares are as follows:

Name	Nationality	Number of shares (thousands)	% of share holding
Bahrain Mumtalakat Holding Company BSC (c)	Bahrain	609,840	37
Amber Holdings Limited	Cayman Islands	332,640	20
Social Insurance Organisation	Bahrain	337,836	20

#### Distribution schedule of equity shares:

Categories	Number of shares (thousands)	Number of shareholders	% of total outstanding shares
Less than 1%	314,485	10,578	19
1% up to less than 5%	68,399	2*	4
20% up to less than 50%	1,280,316	3	77
	1,663,200	10,583	100

\* Includes Group holdings of the treasury shares



**24. Statutory and General Reserve****a) Statutory reserve**

The Commercial Companies Law 2001 (as amended) requires all companies incorporated in Bahrain to transfer 10% of net profit for the year to a statutory reserve, until such reserve reaches a minimum of 50% of the paid-up capital. Transfer to statutory reserve, effected by the subsidiaries in accordance with the applicable law of the country of incorporation, is retained in the subsidiary concerned and included as part of Group statutory reserve. The reserve is not available for distribution, except in the circumstances stipulated in the applicable law of each country.

For the year ended 31 December 2023 (2022: nil), no transfer to statutory reserves was proposed by the Board of Directors. However, a net transfer of BD 2,128 (2022: 775) was made to statutory reserve by the Group companies which is reflected in these consolidated financial statements.

**b) General reserve**

The general reserve is distributable only upon a resolution of the shareholders at the Annual General Meeting. During the year no transfer was made from general reserve by any of the Group Companies.

**25. Treasury Shares**

	2023	2022
<b>a) Market making shares</b>		
As at 31 December (Amount)	<u>3,599</u>	<u>3,791</u>
Number of market making shares as at 31 December	<u>8,778,766</u>	<u>9,263,711</u>
<b>b) Share based payment treasury shares</b>		
As at 31 December (Amount)	<u>829</u>	<u>1,141</u>
Number of share based payment treasury shares as at 31 December	<u>1,656,110</u>	<u>2,174,071</u>
<b>Total treasury shares (Amount)</b>	<u><u>4,428</u></u>	<u><u>4,932</u></u>
<b>Total number of treasury shares</b>	<u><u>10,434,876</u></u>	<u><u>11,437,782</u></u>

Beyon is carrying out market making activities through a designated market maker, in accordance with the regulations promulgated by the Central Bank of Bahrain and the Bahrain Bourse. As per the regulations, the designated market maker of Beyon cannot hold more than 3% of Beyon's issued share capital at any time.

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**26. Revenue****a) Disaggregation of revenue from contracts with customers**

In the following table, revenue is disaggregated by major products/service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's four strategic divisions, which are its operating segments.

2023	Reportable segments					Total	
	Bahrain	Jordan	Maldives	Sure Group	Others	reportable segments	Total
<b>Major products/service lines</b>							
Mobile Telecommunication Services	85,393	62,294	33,660	19,033	-	200,380	200,366
Data Communication Circuits	37,572	5,845	14,085	7,572	-	65,074	65,037
Fixed Broadband	33,485	21,842	10,061	12,096	-	77,484	77,484
Fixed Line Telecommunication Services	9,295	-	2,358	6,887	-	18,540	18,540
Wholesale Services	24,613	3,343	735	2,549	-	31,240	30,436
Adjacent Services	14,741	6,580	3,459	8,581	-	33,361	33,041
	<b>205,099</b>	<b>99,904</b>	<b>64,358</b>	<b>56,718</b>	<b>-</b>	<b>426,079</b>	<b>424,904</b>
<b>Timing of recognition</b>							
Products transferred at a point in time (Equipment revenue)	25,124	5,486	1,209	3,905	-	35,724	35,724
Products and services transferred over time (Revenue from provision of network and long-term digital services)	179,975	94,418	63,149	52,813	-	390,355	389,180
	<b>205,099</b>	<b>99,904</b>	<b>64,358</b>	<b>56,718</b>	<b>-</b>	<b>426,079</b>	<b>424,904</b>

For a further break down of total revenue by the Group's key geographical segments, please refer to note 40

**Bahrain Telecommunications Company BSC**

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**26. Revenue (continued)**

**a) Disaggregation of revenue from contracts with customers (continued)**

2022	Reportable segments						Total reportable segments	Elimination	Total
	Bahrain	Jordan	Maldives	Sure Group	Others				
Major products/service lines									
Mobile Telecommunication Services	77,505	60,365	32,267	17,952	-	-	188,089	(20)	188,069
Data Communication Circuits	38,058	5,482	13,357	7,393	-	-	64,290	(31)	64,259
Fixed Broadband	34,029	22,740	9,478	11,486	13	-	77,746	-	77,746
Fixed Line Telecommunication Services	10,217	-	2,535	7,103	-	-	19,855	-	19,855
Wholesale Services	21,279	2,443	797	2,478	-	-	26,997	(29)	26,968
Adjacent Services	8,278	5,079	4,794	8,135	-	-	26,286	(360)	25,926
	189,366	96,109	63,228	54,547	13	-	403,263	(440)	402,823
Timing of recognition									
Products transferred at a point in time (Equipment revenue)	18,675	5,659	1,309	3,726	-	-	29,369	-	29,369
Products and services transferred over time (Revenue from provision of network services)	170,691	90,450	61,919	50,821	13	-	373,894	(440)	373,454
	189,366	96,109	63,228	54,547	13	-	403,263	(440)	402,823

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## 26. Revenue (continued)

## b) Contract Balances

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

	2023	2022
Trade receivables (before impairment allowance)	78,167	84,679
Contract assets	31,031	32,660
Contract liabilities	27,602	19,343

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.

## c) Contract cost

During the year, the Group capitalized incremental commission fees paid to intermediaries as a result of obtaining contracts as contract costs amounting BD 3,437 (2022: BD 1,355). Such capitalized commission fees are amortised when the related revenues are recognized. The amortisation amounted to BD 1,220 in 2023 (2022: BD 928).

## 27. Network Operating Expenses

	2023	2022
Outpayments to telecommunications operators	49,866	46,018
Cost of sales of equipment and services	63,855	53,428
Maintenance and support /others	22,344	17,195
License fee	9,325	8,584
Operating lease rentals	4,650	5,017
	<b>150,040</b>	<b>130,242</b>

## 28. Other Operating Expenses

	2023	2022
Marketing, advertising and publicity	16,212	16,382
IT operations and maintenance	11,602	17,125
Professional fees	4,842	4,192
Office rentals, office utilities and office expenses	5,025	4,897
Other expenses	8,735	8,470
	<b>46,416</b>	<b>51,066</b>



## Bahrain Telecommunications Company BSC

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#### 29. Other Income - net

	2023	2022
Other non-operating income	1,038	4,314
Foreign exchange (loss)/gain	(33)	55
Gain on disposal of assets	128	435
Other non-operating expenses	(460)	(308)
Rental income	389	413
	<b>1,062</b>	<b>4,909</b>

#### 30. Earnings Per Share ("EPS")

	2023	2022
Profit for the year attributable to equity holders of the Company	72,049	70,324
Weighted average number of shares outstanding during the year (in million)	1,653	1,653
Basic earnings per share (Fils)	<b>43.6</b>	<b>42.5</b>

Diluted earnings per share have not been presented separately as the Group has no commitments that would dilute earnings per share.

#### 31. Dividends

The dividends paid in 2023 were BD 53.7 million (BD 32.5 Fils per share) and in 2022 were BD 49.6 million (BD 30 Fils per share). The dividends paid in 2023 include BD 31.4 million relating to the final dividend for the year ended 31 December 2022 and interim dividend of BD 22.3 million for the year 2023. The total dividend in respect of the year ended 31 December 2023 of 39.0 Fils per share which includes the regular dividend of 32.5 Fils per share plus an additional special dividend of 6.5 Fils per share, amounting to BD 64.7 million (including final dividend of BD 42.4 million) is being proposed by the Board of Directors and is to be put forward for approval at the Annual General Meeting on 27 March 2024. These consolidated financial statements do not reflect the final dividend payable.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 32. Financial Instruments

## a) Accounting Classifications

The following table shows the carrying amounts and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

## 31 December 2023

## Financial assets

Investments at fair value	-
Trade receivables and contract assets - net	84,988
Other receivables	47,199
Cash and bank balances	235,767

At amortised cost	At FVOCI	At FVTPL	Total carrying amount
-	28,515	1,900	30,415
84,988	-	-	84,988
47,199	-	-	47,199
235,767	-	-	235,767
<b>367,954</b>	<b>28,515</b>	<b>1,900</b>	<b>398,369</b>

## Financial liabilities

Trade payables	131,242
Accrued expenses, contract liabilities and other payables	125,371
Amounts due to telecommunications operators	2,961
Lease liabilities	54,403
Loans and borrowings	254,894

-	-	-	131,242
-	-	-	125,371
-	-	-	2,961
-	-	-	54,403
-	-	-	254,894
<b>-</b>	<b>-</b>	<b>-</b>	<b>568,871</b>

## 31 December 2022

## Financial assets

Investments at fair value	-
Trade receivables and contract assets - net	91,203
Other receivables	59,437
Cash and bank balances	253,844

At amortised cost	At FVOCI	At FVTPL	Total carrying amount
-	15,342	11	15,353
91,203	-	-	91,203
59,437	-	-	59,437
253,844	-	-	253,844
<b>404,484</b>	<b>15,342</b>	<b>11</b>	<b>419,837</b>

## Financial liabilities

Trade payables	128,468
Accrued expenses, contract liabilities and other payables	104,872
Amounts due to telecommunications operators	5,972
Lease liabilities	55,881
Loans and borrowings	234,198

-	-	-	128,468
-	-	-	104,872
-	-	-	5,972
-	-	-	55,881
-	-	-	234,198
<b>-</b>	<b>-</b>	<b>-</b>	<b>529,391</b>

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32. *Financial Instruments - Classification and Measurement (continued)***b) Fair Value Hierarchy**

The Group's financial assets and financial liabilities are measured at amortised cost except for certain investments which are carried at fair value.

The table below analyses financial instruments that are measured at fair value, by the level in the fair value hierarchy into which the fair value measurement is categorised:

31 December 2023	Fair value				Total carrying amount
	Level 1	Level 2	Level 3	Total fair value	
Financial assets at fair value through Profit and Loss (FVTPL)					
Investments - equity securities	-	-	1,900	1,900	1,900
Financial assets at fair value through OCI					
Investments - debt and equity securities	22,952	295	5,268	28,515	28,515

31 December 2022	Fair value				Total carrying amount
	Level 1	Level 2	Level 3	Total fair value	
Financial assets at fair value through Profit and Loss (FVTPL)					
Investments - equity securities	-	-	11	11	11
Financial assets at fair value through OCI					
Investments - debt and equity securities	9,729	148	5,465	15,342	15,342

There was no transfer from level 3 or level 2 to level 1 in either direction during the year and there was transfer from level 3 to level 1 during 2022 for Group's investment in an equity securities. The debt securities have been fair valued using its quoted prices. Other loans and borrowings are repriced at frequent intervals and hence the carrying value is a reasonable approximation of its fair value. The Group has not disclosed the fair value for financial instruments such as short-term trade and other receivables, trade and other payables and cash and bank balances, because their carrying amounts are a reasonable approximation of fair values.

The following table shows a reconciliation from the opening balances to closing balances for Level 3 fair values for debt and equity securities:

	2023	2022
Balance at 1 January	5,476	4,133
Additions to equity securities	2,141	735
(Decrease) / increase in fair value of equity securities	(449)	608
<b>Balance at 31 December</b>	<b>7,168</b>	<b>5,476</b>

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**33. Financial Risk Management**

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Capital management

**a) Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors of the Group, through its various committees, oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group has established an Audit Committee which is assisted by Group's Internal Audit Department. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Group has also established a centralised Group treasury function which works under the overall supervision of the Board of Directors of the Group and provides support to the Group for funding, foreign exchange, interest rate management and counterparty risk management. Treasury operations are conducted within a framework of policies and guidelines authorised and reviewed by the Group's Board of Directors. The Group's accounting function provides regular reports of the treasury activity to the Board of Directors. The Group's internal auditors review the internal control environment regularly. There has been no significant change during the financial year, or since the end of the year, to the types of financial risks faced by the Group or the Group's approach to the management of those risks.

**b) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally and materially from the Group's trade receivables, contract assets, other receivables, long term financing to associates, debt investment securities and cash at bank.

*(i) Trade receivables and contract assets*

The Group's trade receivables are monitored based on its customer segmentation and geographical areas. The Group has an established credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Credit limits are established for each customer, which represents the maximum open amount without requiring approval. Strict credit control is maintained for both credit period and credit limits, both of which are monitored continuously by management. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being large and unrelated. The majority of the Group's net trade receivables are due for payment within 90 days and largely comprise amounts receivable from consumers and business customers. The Group obtains deposits for providing services to some customers.



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**33. Financial Risk Management (continued)**

The Group establishes an allowance for impairment that represents its estimate of life time expected losses in respect of trade receivables and contract assets. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets aggregated based on customer segment and days past due. For receivables from telecom operators and government accounts in the customer segment, the net position after considering payables is assessed based on a variety of data that are determined to be predictive of the risk of loss (including external credit ratings, financial statements and available external information) and applying experienced credit judgement. For receivables and contract assets from customers, accounts are segmented by type of exposure such as consumer, enterprise, and others accounts and collective life-time ECL allowance is determined based on historical flow rates, data on payment statistics, actual credit loss experience and management estimates of recoveries based on current status of negotiations and settlement with the customers. The historic loss experience is adjusted to reflect differences between economic conditions during the period over which historic data has been collected, current conditions and the Group's view of economic conditions over the remaining life-time of the receivables. Management believes there is no further credit risk provision required in excess of the normal impairment on receivables and contract assets (refer to note 17).

**(ii) Other receivables**

Other receivables primarily include receivables on sale of certain investments and financial assets representing contractual rights and claims by the Group. The Group evaluates the recoverable amount of each receivable and recognizes a provision where the expected present value of the cash flow from the financial asset is below the carrying value of the financial asset and has been fully impaired.

**(iii) Debt investments and bank balances**

The Group manages credit risk on its debt investments and bank balances by ensuring that these are made only after credit evaluation of the issuer. Term deposits are placed with commercial banks after credit evaluation of those banks and considering their external credit ratings. The Group limits its exposure to credit risk by investing in liquid securities, which offers low risk returns.

The calculated expected credit loss of bank balances and sovereign debt issuances is not material for recognition purposes.

**(iv) Exposure to credit risk and credit quality**

The carrying amount of financial assets (excluding equity investments) represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2023	2022
Trade receivables - customer accounts	37,104	40,681
Contract assets - customer accounts	31,031	32,660
Total trade receivables and contract assets - customer accounts	<b>68,135</b>	<b>73,341</b>
Trade receivables - telecom operators	16,853	17,862
Other receivables	47,199	59,437
Investments (debt securities)	287	3,537
Cash at bank	235,767	253,844
	<b>368,241</b>	<b>408,021</b>

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## 33. Financial Risk Management (continued)

	2023		2022	
	Gross carrying amount	Specific Life-time ECL, credit impaired	Gross carrying amount	Specific Life-time ECL, credit impaired
<b>Trade receivables - telecom operators</b>				
Externally rated				
Low risk (BBB- to AAA)	6,694	(395)	5,521	(283)
Medium risk (B- to BB+)	13,255	(3,620)	14,690	(3,443)
Higher risk (below C)	139	(27)	816	(86)
Unrated	874	(67)	707	(60)
	<b>20,962</b>	<b>(4,109)</b>	<b>21,734</b>	<b>(3,872)</b>

Movement in impairment allowance in respect of trade receivables and contract assets during the year are as follows:

	2023			2022		
	Collective life-time ECL	Specific life-time ECL, credit impaired	Total	Collective life-time ECL	Specific life-time ECL, credit impaired	Total
At 1 January	3,778	22,358	26,136	2,981	25,066	28,047
Written off during the year	-	(3,866)	(3,866)	-	(4,715)	(4,715)
Impairment loss recognised during the year	(314)	2,191	1,877	805	2,076	2,881
Effect of movements in exchange rates and other movements	(90)	153	63	(8)	(69)	(77)
Balance at 31 December	<b>3,374</b>	<b>20,836</b>	<b>24,210</b>	<b>3,778</b>	<b>22,358</b>	<b>26,136</b>

Receivables from government, enterprise customers/telecom operators and other receivables beyond 365 days, 180 days and 90 days past due respectively are considered triggers for credit impairment and are specifically assessed for establishing ECL.

## (v) Customer accounts including contract assets

The maximum exposure to credit risk classified by operating segment sharing common economic characteristics with respect to credit risk is as follows:

Operating segment	2023	2022
Bahrain	39,863	47,599
Jordan	14,560	14,485
Maldives	10,941	9,126
Sure	2,737	2,088
Other countries	34	43
	<b>68,135</b>	<b>73,341</b>

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33. *Financial Risk Management (continued)*

The maximum exposure to credit risk classified by customer segments sharing common economic characteristics (except government accounts) with respect to credit risk is as follows:

Customer segment	2023	2022
Consumer	23,267	30,745
Enterprise	24,347	22,003
Government	9,717	13,247
Others	10,804	7,346
	<b>68,135</b>	<b>73,341</b>

Customer accounts	2023			2022		
	Gross exposure	Life-time ECL	Net amount	Gross exposure	Life-time ECL	Net amount
Current (0 - 30 days)	47,149	(806)	46,343	50,501	(899)	49,602
31 - 90 days	13,747	(1,501)	12,246	12,182	(1,495)	10,687
91 - 365 days	13,025	(4,916)	8,109	15,410	(4,456)	10,954
More than 1 year	14,315	(12,878)	1,437	17,512	(15,414)	2,098
<b>Balance as at 31 December</b>	<b>88,236</b>	<b>(20,101)</b>	<b>68,135</b>	<b>95,605</b>	<b>(22,264)</b>	<b>73,341</b>

Consumer and other receivables balances that are past due for more than 90 days are considered to be in default and credit impaired. Receivables from government and enterprise customers/telecom operators beyond 365 days and 180 days past due respectively are considered triggers for credit impairment and are specifically assessed for establishing ECL. The gross exposure for credit impaired amounts in the customer accounts as at 31 December 2023 is BD 22,707 (2022: BD 23,035) carrying a life-time ECL provision of BD 17,488 (2022: BD 18,622).

(vi) *Amounts due from telecom operators including contract assets*

The maximum exposure to credit risk (net of ECL provisions) for amounts due from telecommunications operators by type of customer is as follows:

	2023	2022
<b>Telecom operators</b>		
International operators	2,864	8,272
Local operators	13,989	9,590
	<b>16,853</b>	<b>17,862</b>

**c) Liquidity Risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Liquidity risk may result from an inability to sell a financial asset quickly at close to its

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 33. Financial Risk Management (continued)

fair value. A major portion of the Group's funds are invested in cash and cash equivalents which are readily available to meet expected operational expenses, including the servicing of financial obligations.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements:

Non-derivative financial liabilities at 31 December 2023	Carrying amount	Contractual cash flows	Within one year	1-5 Years	More than five years
Trade payables	131,242	131,242	80,089	-	51,153
Accrued expenses, contract liabilities and other payables	125,371	125,371	119,937	-	5,434
Amount due to telecommunications operators	2,961	2,961	2,961	-	-
Lease liabilities	54,403	62,091	11,111	20,635	30,345
Loans and borrowings	254,894	273,005	184,548	66,816	21,641
	<b>568,871</b>	<b>594,670</b>	<b>398,646</b>	<b>87,451</b>	<b>108,573</b>

Non-derivative financial liabilities at 31 December 2022	Carrying amount	Contractual cash flows	Within one year	1-5 Years	More than five years
Trade payables	128,468	128,468	91,447	-	37,021
Accrued expenses, contract liabilities and other payables	104,872	104,872	101,323	-	3,549
Amount due to telecommunications operators	5,972	5,972	5,972	-	-
Lease liabilities	55,881	75,344	11,540	34,396	29,408
Loans and borrowings	234,198	258,019	9,135	217,035	31,849
	<b>529,391</b>	<b>572,675</b>	<b>219,417</b>	<b>251,431</b>	<b>101,827</b>

## d) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The Group incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Group Treasury Function.

## (i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group entities are exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Bahraini Dinar, Jordanian Dinar, Maldivian Rufiyaa (which are pegged to the US Dollar) and British Pounds. The Group's exposures to currency risk is limited as the majority of its investments, due to and from international operators are denominated in US Dollar or denominated in currencies which are pegged to US Dollar. The net exposure to other foreign currencies is not significant.

The Group seeks to manage currency risk by continually monitoring exchange rates and by maintaining an adequate level of foreign currencies to cover its expected commitment to international telecommunication



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## 33. Financial Risk Management (continued)

operators. These amounts are placed significantly in short-term fixed deposit accounts. In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

**Interest Rate Benchmark Reform:**

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. The majority of LIBOR and other Interbank Offer Rates are discontinued after 31 December 2022 and replaced with certain Alternative Reference Rates ("ARRs"), with the exception of certain USD LIBOR rates where cessation is delayed until 30 June 2023. As at 31 December 2023, there were no USD LIBOR based contracts.

The Group's Investment in its subsidiaries is not hedged as those currency positions are considered to be long-term in nature. In respect of other monetary assets and liabilities denominated in foreign currencies, considering the nature of its financial instruments, the Group currently is not engaged in hedging of foreign currency risk. Please refer to note 21 for details of Group's outstanding loan contracts linked to benchmark rated and related outstanding amounts.

*(ii) Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Under the Group's interest rate management policy, interest rates on monetary assets and liabilities denominated in Bahraini Dinars and Jordanian Dinars are maintained on a floating rate basis. The average interest rate yield from bank deposits and debt securities during 2023 was 4.43% (2022: 2.82%). At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

**Fixed rate instruments**

Financial assets

Financial liabilities

**2023**

7,019

-

**2022**

3,537

-

**Variable rate instruments**

Financial assets

Financial liabilities

82,528

254,894

111,298

233,494

*Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through the profit or loss. Therefore, a change in interest rates at the reporting date would not affect the profit or loss. Increase or decrease in equity resulting from variation in interest rates will be insignificant.

*Cash flow sensitivity analysis for variable rate instrument*

A change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) equity and profit or loss by BD 1,695 (2022: BD 1,221). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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**33. Financial Risk Management (continued)**

*(iii) Other price risk*

The primary goal of the Group's investment strategy is to ensure risk free returns and invest surplus fund available with the Group in risk free securities. Market price risk arises from investments held by the Group. The Group Treasury Function monitors its investment portfolio based on market expectations and credit worthiness of the underlying investees. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Group's Board of Directors.

**e) Capital Management**

The Board's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and sustain future development of the Group. The Board seeks to maintain a balance between the higher returns and growth that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Board of Directors monitors the returns on capital, which the Group defines as total equity and the level of dividends to shareholders. The Group's objectives for managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. There were no significant changes in the Group's approach to capital management during the year.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing borrowings in the current period.

**34. Commitments and Contingencies**

**a) Capital commitments**

The Group has capital commitments at 31 December 2023 amounting to BD 67.9 million (2022: BD 27.3 million).

**b) Guarantees**

- (i) As at 31 December 2023, the Group's banks have issued guarantees, amounting to BD 3.0 million (2022: BD 6.7 million) and letters of credit amounting to BD 5.0 million (2022: BD 16.5 million).
- (ii) The Company has furnished a comfort letter for BD 1.9 million (2022: BD 1.9 million) to Telecommunications Regulatory Commission, Jordan for providing a financial guarantee for the subsidiary companies operating in Jordan.

**c) Staff housing loans**

The Company offers loan assistance to its Bahraini employees for the acquisition of residential properties. The loans are funded through a local commercial bank and secured by a guarantee issued by the Company. The policy of providing staff housing loan guarantees was discontinued in 2007. The Company bears 75% (2022: 75%) of the loan interest. At 31 December 2023, the Company has an outstanding guarantee of BD 0.2 million (2022: BD 0.2 million) towards housing loans to staff.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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## 34. Commitments and Contingencies (continued)

## d) Other contingencies

In the normal course of business, legal cases are filed by staff and counterparties against the Group and also by the Group against their suppliers/ vendors. The Group's legal department engages with in-house legal counsel and external legal counsel depending on the nature of the cases. A periodic assessment is carried out to determine the likely outcome of these legal cases and is reported to the senior management and the Board of Directors. In addition to this, due to the complexity of operations, the Group also received notification for penalty, deemed breach of relevant telecommunication regulations and other relevant legislations in the given jurisdiction where the Group operates.

As of the year end, the Group is defending these legal cases including penalties. Based on the advice of the Group's legal counsel including external legal counsel, as applicable, sufficient appropriate provisions have been recorded. No further detailed disclosures regarding contingent liabilities arising from any such claims are being made by the Group as the Directors believe that such disclosures may be prejudicial to the Group's legal position.

## 35. Acquisition of business

On 30 April 2023, Beyon Cyber acquired 60% stake in Digital Transformation Solutions Holding ("DTS") in the UAE through a total implied consideration amounting to USD 8.5 Mn (BD 3.2 Mn) includes various payments components such as upfront, deferred and earn-out considerations attached to specific EBITDA and revenue earnout expectations.

The acquisition of DTS will broaden Beyon's regional presence and service offerings in the region's market, UAE. The business combination has been accounted for using the acquisition method.

*Consideration transferred*

The following table summarizes the acquisition-date fair value of each major class of consideration transferred:

	Amount
Consideration paid	1,580
Consideration payable	128
Contingent consideration	424
Deferred consideration	1,081
<b>Total fair value of consideration transferred</b>	<b>3,213</b>

*Acquisition related costs*

Transaction costs of BD 90 were expensed during 2023 under other operating expenses.

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*35 Acquisition of business (continued)*

*Identifiable assets acquired and liabilities assumed*

The fair value of the identifiable assets and liabilities of DTS at the date of acquisition is summarized as below:

<b>Assets</b>	<b>Amount</b>
Cash and bank balances	700
Trade and accounts receivables	798
Property and intangible assets	24
<b>Total assets</b>	<b>1,522</b>
Trade and other liabilities	546
<b>Total liabilities</b>	<b>546</b>
<b>Net asset value</b>	<b>976</b>
Identifiable Intangible assets	1,093
<b>Total identifiable net assets acquired</b>	<b>2,069</b>
Non-controlling interest	828
Group share of net assets (60%)	1,241
Fair Value of consideration	3,213
<b>Goodwill</b>	<b>1,972</b>

*Recognition of non-controlling interest*

Non-controlling interest in DTS has been estimated by applying the proportionate method of fair value of identifiable net assets.

*Fair value measured on a provisional basis*

As per IFRS 3 – Business Combinations, adjustments are allowed for a period of one year following the acquisition date if related to facts and circumstances that existed as of that date.

*Impact on Group's results*

The acquisition of DTS resulted in increase in assets of the Group as at 31 December 2023 by BD 2,333, increase in liabilities of the Group by BD 1,155. If DTS was consolidated since beginning of the reporting period, the incremental net profits would amount to BD 179.

**36. Assets under management**

Assets under management represents discretionary customer investments in a product launched by a Beyon entity. The funds of BD 3,055 are transferred to SICO by the Beyon entity in its capacity as an agent, and hence these are recorded off-balance sheet.



**37. Non-Controlling Interest (NCI)**

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests before any intra-group eliminations:

Entity NCI Share	2023	2022
	Dhiraagu 48%	Dhiraagu 48%
Non-current assets (excluding goodwill)	82,872	78,023
Current assets	84,099	75,117
Non-current liabilities	(29,222)	(21,154)
Current liabilities	(40,572)	(41,054)
<b>Net assets</b>	<b>97,177</b>	<b>90,932</b>
Carrying amount of NCI	46,645	43,647
Revenue	64,358	63,228
<b>Profit &amp; total comprehensive income</b>	<b>19,866</b>	<b>20,328</b>
Profit allocated to NCI	9,536	9,757
Cash flows from operating activities	32,887	30,002
Cash used in investing activities	(12,217)	(7,290)
Cash used in financing activities, before dividends to NCI	(5,549)	(1,249)
Cash used in financing activities – cash dividends to NCI	(6,959)	(6,337)
<b>Net increase in cash and cash equivalents</b>	<b>8,162</b>	<b>15,126</b>

**38. Transactions with Related Parties**

- (i) The Company qualifies as a government related entity under the definitions provided in the IAS 24. The Company provides telecommunication services to various Government and semi government organisation and companies in the Kingdom of Bahrain. The Company 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.
- (ii) *Transactions with key management personnel:* Key management personnel of the Group comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing, and controlling the activities of the Group.

The key management personnel compensation is as follows:

	2023	2022
Short-term employee benefits	1,313	1,217
Long-term employee benefits	338	188
Post-employment benefits	80	67
<b>Total key management personnel compensation</b>	<b>1,731</b>	<b>1,472</b>

	2023	2022
Post-employment benefits outstanding	160	173
Directors' remuneration (including sitting fees)	587	608

Transactions with related parties where independent directors have an interest have been disclosed in Corporate Governance report.

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*38. Transactions with Related Parties (continued)*

(iii) Directors' interests in the shares of the Company at the end of the year were as follows:

	2023	2022
Total number of shares held by Directors	-	5,240
As a percentage of the total number of shares issued	0.00%	0.00%

(iv) Executive management interests in the shares of the Company at the end of the year were as follows:

	2023	2022
Total number of shares held by executive management	974,817	12,987
As a percentage of the total number of shares issued	0.06%	0.00%

**39. Comparatives**

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

#### 40. 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 year ended is as follows:

Segment revenue & profit	Year ended 31 December 2023						
	Bahrain	Jordan	Maldives	Sure Group	Others	Inter-segment elimination	Total
Revenue (external customers)	204,593	99,235	64,358	56,718	-	-	424,904
Inter segment revenues	506	669	-	-	-	(1,175)	-
Depreciation, amortisation and tangible assets impairment	28,162	19,152	11,239	8,535	-	-	67,088
Finance income	5,726	1,603	648	289	332	(333)	8,265
Finance expenses	243	8,454	2,724	254	12,069	(341)	23,403
Other income/(expense) (net)	351	607	95	16	-	(7)	1,062
Share of income/(loss) from equity accounted investees	-	1,316	-	-	(237)	-	1,079
Income tax expense	-	(2,435)	(4,296)	(2,200)	(1)	-	(8,932)
Profit for the year	42,164	8,294	19,866	11,725	(13)	-	82,036

Year ended 31 December 2022						
Bahrain	Jordan	Maldives	Sure Group	Others	Inter-segment elimination	Total
189,332	95,703	63,228	54,547	13	-	402,823
34	406	-	-	-	(440)	-
28,463	22,005	11,271	10,019	-	-	71,758
3,480	982	586	95	525	(526)	5,142
287	7,579	1,762	237	6,260	(492)	15,633
2,249	724	2,008	(100)	1	27	4,909
-	807	-	-	(786)	-	21
-	(2,149)	(4,145)	(1,417)	-	-	(7,711)
43,921	7,020	20,328	9,111	(22)	-	80,358

	As at 31 December 2023						
Segment assets & liabilities	Bahrain	Jordan	Maldives	Sure Group	Others	Inter-segment elimination	Total
Non-current assets	283,902	324,686	104,743	74,540	6,490	(14,688)	779,673
Current assets	221,736	68,156	84,099	23,188	2,956	(14,443)	385,692
<b>Total assets</b>	<b>505,638</b>	<b>392,842</b>	<b>188,842</b>	<b>97,728</b>	<b>9,446</b>	<b>(29,131)</b>	<b>1,165,365</b>
Non-current liabilities	189,885	143,419	29,222	13,673	-	(19,727)	356,472
Current liabilities	92,261	94,480	38,405	16,296	117	(15,209)	226,350
<b>Total liabilities</b>	<b>282,146</b>	<b>237,899</b>	<b>67,627</b>	<b>29,969</b>	<b>117</b>	<b>(34,936)</b>	<b>582,822</b>
<b>Net assets</b>	<b>223,492</b>	<b>154,943</b>	<b>121,215</b>	<b>67,759</b>	<b>9,329</b>	<b>5,805</b>	<b>582,543</b>

As at 31 December 2022						
Bahrain	Jordan	Maldives	Sure Group	Others	Inter-segment elimination	Total
230,024	286,005	99,894	67,628	6,726	(10,868)	679,409
271,765	62,222	75,821	25,135	1,165	(13,652)	422,456
501,789	348,227	175,715	92,763	7,891	(24,520)	1,101,865
181,358	138,324	21,858	12,295	-	(25,225)	328,610
132,646	63,085	41,054	14,688	112	(20,652)	230,933
314,004	201,409	62,912	26,993	112	(45,877)	559,543
187,785	146,818	112,803	65,780	7,779	21,357	542,322

**Bahrain Telecommunications Company BSC****Notes to the consolidated financial statements****For the year ended 31 December 2023**

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**41. List of properties owned and rented by the Company in Bahrain**

<b>Description</b>	<b>Usage</b>	<b>Owned/Rented</b>
Hamala Headquarter	Offices and centraal	Owned
Diplomat Building	Offices & Telecoms	Owned
Salmaniya complex	Offices & Telecoms	Owned
Batelco Commercial Centre	Offices & Exchanges	Owned
Earth Station	Satellite station and solar park	Owned
Abul Land Car Park	Car Park	Owned
Sales Site (in BCC)	Customer Service Centre & Offices	Owned
14 Sales Site	Customer & Business Service Centre	Rented
66 different sites used for GSM base stations and exchanges	GSM & fixed telephone network	Owned
394 different sites used for locating Remote Line Units (RLUs) Plus MNE Sites.	GSM & fixed telephone network	Rented