



Al Yah Satellite Communications Company PJSC

Condensed consolidated interim financial statements

For the six months ended 30 June 2021

Al Yah Satellite Communications Company PJSC

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For the six months ended 30 June 2021



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Al Yah Satellite Communications Company PJSC

Board of Directors' Report

30 June 2021

The Directors have pleasure in presenting their report, together with the reviewed condensed consolidated interim financial statements of Al Yah Satellite Communications Company PJSC (the "Company") and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2021.

Principal activity

The Group's principal activities include leasing of satellite communication capacity, end-to-end integrated satellite communication and managed services, and providing fixed and mobile telecommunication services via satellites to customers.

Results for the period

For the six months ended 30 June 2021, the Group reported revenue of USD 190,183 thousand (30 June 2020: USD 197,914 thousand) and profit of USD 26,525 thousand (30 June 2020: USD 27,072 thousand).

Going concern basis

The Board of Directors has reasonable expectation that the Group has adequate resources and support to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements for the period ended 30 June 2021.

Transactions with related parties

Related party transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations. Related party transactions are disclosed in note 16 of the condensed consolidated interim financial statements.

Directors

Musabbeh Al Kaabi
 H.E. Tareq Abdul Raheem Al Hosani
 H. E. Rashed Al Ghafri
 Badr Alolama
 Masood M. Sharif Mahmood
 H.E. Maryam Eid Khamis AlMheiri (from 12 July 2021)
 Peng Xiao (from 12 July 2021)
 Gaston Urda (from 12 July 2021)
 Adrian Georges Steckel (from 12 July 2021)
 H.E. Dr. Mohammed Al Ahbabi (until 12 July 2021)
 H.E. Sara Musallam (until 12 July 2021)
 H.E. Hisham Malak (until 12 July 2021)
 Amal Al Ameri (until 12 July 2021)
 Mounir Barakat (until 12 July 2021)

Auditors

The condensed consolidated interim financial statements for the six months ended 30 June 2021 have been reviewed by KPMG Lower Gulf Limited.

On behalf of the Board of Directors

DocuSigned by:

Musabbeh Al Kaabi

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Chairman of the Board
Musabbeh Al Kaabi

Date: 10 August 2021



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Corniche Road, P.O. Box 7613
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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

To the Shareholder of Al Yah Satellite Communication Company PJSC

Introduction

We have reviewed the accompanying 30 June 2021 condensed consolidated interim financial information of Al Yah Satellite Communication Company PJSC ("the Company") and its subsidiaries (together referred to as "the Group"), which comprises:

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

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.



Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2021 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other matter – comparative information

The consolidated financial statements of the Group as at and for the year ended 31 December 2020 were audited by another auditor, who expressed an unmodified audit opinion on those consolidated financial statements dated 4 April 2021 and that the condensed consolidated interim financial information for the three-month and six-month periods ended 30 June 2020 was neither reviewed nor audited.

KPMG Lower Gulf Limited

Richard Ackland
Registration No.: 1015
Abu Dhabi, United Arab Emirates
Date: 10 August 2021

Al Yah Satellite Communications Company PJSC

Condensed consolidated interim statement of profit or loss



	Notes	Three months ended 30 June		Six months ended 30 June	
		2021	2020	2021	2020
		\$ 000	\$ 000	\$ 000	\$ 000
Revenue	4	99,968	100,599	190,183	197,914
Cost of revenue		(8,505)	(6,743)	(13,416)	(12,853)
Staff costs		(20,776)	(21,024)	(40,768)	(44,793)
Other operating expenses ⁽¹⁾		(9,915)	(10,698)	(21,245)	(21,553)
Other income		709	1,896	1,137	2,310
Adjusted EBITDA ⁽²⁾		61,481	64,030	115,891	121,025
Depreciation, amortisation and impairment		(36,473)	(37,233)	(73,484)	(74,454)
Fair value adjustments on investment property		(209)	-	(209)	-
Operating profit		24,799	26,797	42,198	46,571
Finance income		35	1,047	200	2,515
Finance costs		(9,767)	(5,196)	(12,904)	(11,444)
Net Finance costs		(9,732)	(4,149)	(12,704)	(8,929)
Share of results of equity-accounted investments	7	(2,543)	(4,920)	(2,849)	(10,457)
Profit before income tax		12,524	17,728	26,645	27,185
Income tax expense		(72)	(61)	(120)	(113)
Profit for the period		12,452	17,667	26,525	27,072
Loss for the period attributable to non-controlling interests		(1,750)	(1,672)	(3,575)	(3,460)
Profit for the period attributable to the Shareholder		14,202	19,339	30,100	30,532
Earnings per share					
Basic and diluted (\$ per share)	19	0.006	0.008	0.012	0.013

⁽¹⁾ Other operating expenses include impairment loss on trade receivables and contract assets of \$847 thousand and \$2,227 thousand for three-month and six-month periods ended 30 June 2021, respectively (\$389 thousand and \$954 thousand for the three-month and six-month periods ended 30 June 2020, respectively).

⁽²⁾ Earnings before interest, tax, depreciation, amortisation, impairment, fair value adjustments on investment property and share of results of equity-accounted investments. Refer to note 3 for a reconciliation of Adjusted EBITDA to profit for the period. Adjusted EBITDA is a non-GAAP measure.

Condensed consolidated interim statement of comprehensive income

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	\$ 000	\$ 000	\$ 000	\$ 000
Profit for the period	12,452	17,667	26,525	27,072
Other comprehensive income:				
Items that may be reclassified to profit or loss:				
Cash flow hedge - effective portion of changes in fair value	2,312	1,745	(49)	(4,818)
Cash flow hedge - loss reclassified to profit or loss	7,326	2,467	9,706	4,989
Foreign operations - currency translation differences	13,685	(5,394)	4,231	(33,614)
Total comprehensive income for the period	35,775	16,485	40,413	(6,371)
Total comprehensive loss attributable to non-controlling interests	(1,748)	(1,665)	(3,565)	(3,496)
Total comprehensive income attributable to the Shareholder	37,523	18,150	43,978	(2,875)

The results for the period ended 30 June 2021 are reviewed. The comparatives for the period ended 30 June 2020 are neither reviewed nor audited.

The notes on pages 8 to 19 form part of these condensed consolidated interim financial statements.

The independent auditor's report is set out on pages 2 to 3.

Al Yah Satellite Communications Company PJSC

Condensed consolidated interim statement of financial position



	Notes	30 June 2021 \$ 000	31 December 2020 \$ 000
Assets			
Property, plant and equipment	5	958,423	1,018,003
Capital work in progress	6	168,064	98,531
Investment property		21,928	22,137
Right-of-use assets		17,957	20,645
Intangible assets		11,215	13,083
Equity-accounted investments	7	134,673	125,574
Trade and other receivables	8	11,389	11,227
Deferred income tax assets		107	94
Total non-current assets		1,323,756	1,309,294
Inventories		8,632	13,291
Trade and other receivables	8	159,233	127,296
Income tax assets		182	182
Cash and short-term deposits*	9	325,335	224,915
Total current assets		493,382	365,684
Total assets		1,817,138	1,674,978
Liabilities			
Trade and other payables	10	90,664	88,539
Borrowings	11	6,684	129,114
Derivative financial instruments	12	596	8,016
Deferred revenue	13	24,010	22,095
Income tax liabilities		210	288
Total current liabilities		122,164	248,052
Trade and other payables	10	291,000	291,000
Borrowings	11	408,604	143,655
Derivative financial instruments	12	-	1,641
Provision for employees' end of service benefits		10,842	10,515
Total non-current liabilities		710,446	446,811
Total liabilities		832,610	694,863
Net assets		984,528	980,115
Equity			
Share capital	14	664,334	2,722
Additional paid-in capital	14	-	661,612
Hedging reserve	12	-	(9,657)
Statutory reserve		4,103	4,103
Translation reserve		(17,981)	(22,202)
Retained earnings		254,046	259,946
Equity attributable to the Shareholder		904,502	896,524
Non-controlling interests		80,026	83,591
Total equity		984,528	980,115

*Cash and short term deposits include cash and cash equivalents of \$305,335 thousand (31 December 2020: US\$ 104,915 thousand).

To the best of our knowledge, the financial information included in these condensed consolidated interim financial statements presents fairly, in all material respects, the financial position, results of operations and cash flows of the Group as of, and for, the periods presented therein.

These condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 9 August 2021 and approved on their behalf by:

DocuSigned by:

 700A64D757D740Z
Chairman of the Board
Musabbeh Al Kaabi

DocuSigned by:

 13AA0BE7E75B451...
Chief Executive Officer
Ali Hashem Al Hashemi

DocuSigned by:

 A6BF0B65FED14B7...
Chief Financial Officer
Andrew Francis Cole

The financial position as of 30 June 2021 is reviewed. The comparative financial position of as of 31 December 2020 is audited.

The notes on pages 8 to 19 form part of these condensed consolidated interim financial statements.

The independent auditor's report is set out on pages 2 to 3. 5

Al Yah Satellite Communications Company PJSC
Condensed consolidated interim statement of changes in equity

for the six months ended 30 June



	Attributable to the Shareholder							
	Share capital	Additional paid-in capital	Hedging reserve	Other Reserves ⁽¹⁾	Retained earnings	Total	Non-controlling interests	Total equity
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
At 1 January 2020	2,722	661,612	(15,839)	9,903	246,044	904,442	91,104	995,546
Profit for the period	-	-	-	-	30,532	30,532	(3,460)	27,072
Other comprehensive income:								
Currency translation differences	-	-	-	(33,578)	-	(33,578)	(36)	(33,614)
Cash flow hedge - effective portion of changes in fair value	-	-	(4,818)	-	-	(4,818)	-	(4,818)
Cash flow hedge - loss reclassified to profit or loss	-	-	4,989	-	-	4,989	-	4,989
Other comprehensive income for the period	-	-	171	(33,578)	-	(33,407)	(36)	(33,443)
Total comprehensive income for the period	-	-	171	(33,578)	30,532	(2,875)	(3,496)	(6,371)
Transactions with the Shareholder:								
Dividends (Note 18)	-	-	-	-	(15,000)	(15,000)	-	(15,000)
At 30 June 2020	2,722	661,612	(15,668)	(23,675)	261,576	886,567	87,608	974,175
At 1 January 2021	2,722	661,612	(9,657)	(18,099)	259,946	896,524	83,591	980,115
Profit for the period	-	-	-	-	30,100	30,100	(3,575)	26,525
Other comprehensive income:								
Currency translation differences	-	-	-	4,221	-	4,221	10	4,231
Cash flow hedge - effective portion of changes in fair value	-	-	(49)	-	-	(49)	-	(49)
Cash flow hedge - loss reclassified to profit or loss ⁽²⁾	-	-	9,706	-	-	9,706	-	9,706
Other comprehensive income for the period	-	-	9,657	4,221	-	13,878	10	13,888
Total comprehensive income for the period	-	-	9,657	4,221	30,100	43,978	(3,565)	40,413
Conversion of additional paid-in capital to share capital (Note 14)	661,612	(661,612)	-	-	-	-	-	-
Transactions with Yahsat Owner:								
Dividends (Note 18)	-	-	-	-	(36,000)	(36,000)	-	(36,000)
At 30 June 2021	664,334	-	-	(13,878)	254,046	904,502	80,026	984,528

⁽¹⁾ Other reserves include translation reserve and statutory reserve.

⁽²⁾ The amount includes \$5,156 thousand on account of discontinuance of hedge accounting (Note 12) and \$4,550 thousand relating to periodic reclassifications to profit or loss.

The changes in equity for the period ended 30 June 2021 are reviewed. The comparatives for the period ended 30 June 2020 are neither reviewed nor audited.

The notes on pages 8 to 19 form part of these condensed consolidated interim financial statements.

The independent auditor's report is set out on pages 2 to 3.

Al Yah Satellite Communications Company PJSC
Condensed consolidated interim statement of cash flows
for the six months ended 30 June



	Notes	2021 \$ 000	2020 \$ 000
Operating activities			
Profit before income tax		26,645	27,185
Adjustments for:			
Share of results of equity-accounted investments		2,849	10,457
Depreciation, amortisation and impairment		73,484	74,454
Allowance for expected credit losses		2,227	954
Loss allowance for inventories		260	320
Fair value adjustment to investment property		209	-
Finance income		(200)	(2,515)
Finance costs		12,904	11,444
Gain on disposal of property, plant and equipment		(31)	-
Provision for employees' end of service benefits		972	946
Operating profit before working capital changes		119,319	123,245
Working capital changes:			
Trade and other receivables		(34,325)	7,607
Inventories		4,399	(1,682)
Trade and other payables		(9,453)	(19,269)
Deferred revenue		1,915	(3,742)
Employee end of service payments		(654)	(837)
Income tax paid		(211)	(125)
Net cash from operating activities		80,990	105,197
Investing activities			
Purchases of property, plant and equipment		(4,658)	(2,649)
Purchases of capital work in progress		(62,277)	(7,996)
Additions to intangible assets		(57)	(391)
Return of investment in an associate		2,080	-
Investment in an associate		(9,880)	(10,000)
Receipt of short-term deposits with original maturity of over three months		100,000	-
Proceeds on disposal of property, plant and equipment		49	-
Interest received		200	2,515
Net cash from/(used in) investing activities		25,457	(18,521)
Financing activities			
Proceeds from borrowings, net of transaction costs paid		397,000	-
Repayment of borrowings		(256,137)	(65,380)
Interest paid		(2,397)	(9,878)
Settlement of derivative contract liabilities		(8,555)	-
Dividend paid to the Shareholder	18	(36,000)	(15,000)
Net cash from/(used in) financing activities		93,911	(90,258)
Net increase/(decrease) in cash and cash equivalents		200,358	(3,582)
Net foreign exchange difference		62	(239)
Cash and cash equivalents at the beginning of the period		104,915	147,432
Cash and cash equivalents as at the end of the period		305,335	143,611

The cash flows for the period ended 30 June 2021 are reviewed. The comparatives for the period ended 30 June 2020 are neither reviewed nor audited.

The notes on pages 8 to 19 form part of these condensed consolidated interim financial statements.

The independent auditor's report is set out on pages 2 to 3.

Al Yah Satellite Communications Company PJSC

Notes to the condensed consolidated interim financial statements

for the six months ended 30 June 2021

1 General information

Al Yah Satellite Communications Company (the "Company") was incorporated on 23 January 2007 as a private joint stock company in Abu Dhabi, United Arab Emirates (UAE). UAE Federal Law No. 2 of 2015 (Companies Law) is applicable to the Company and has come into effect on 1 July 2015. On 16 June 2021, the Company was converted into a public joint stock company and on 14 July 2021, the Company's shares were listed on the Abu Dhabi Securities Exchange (refer to Note 22).

The Company is a subsidiary of Mubadala Investment Company PJSC (the "Parent Company" or the "Shareholder"), an entity wholly owned by the Government of Abu Dhabi.

This condensed consolidated interim financial statements include the financial performance and position of the Company, its subsidiaries (collectively referred to as the "Group") and the Group's interest in its equity-accounted investees.

The Group's principal activity is the leasing of satellite communication capacity and providing telecommunication services via satellite to customers.

2 Significant accounting policies

2.1 Basis of preparation

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and comply where appropriate, with the Articles of Association and applicable requirements of the laws of the UAE and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2020 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The same accounting policies and methods of computation are followed in the condensed interim financial statements as compared with the most recent annual financial statements.

Basis of measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis, except for derivative financial instruments and investment property, which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional and presentation currency

These condensed consolidated interim financial statements are presented in United States Dollars ("USD" or "\$"), the functional currency of the Company and the presentation currency of the Group. Subsidiaries and its equity-accounted investees determine their own functional currency and items included in the financial statements of these companies are measured using that functional currency. All financial information presented in USD has been rounded to the nearest thousand ("\$ 000"), unless stated otherwise.

Use of judgements and estimates

In preparing these condensed consolidated interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

2.2 New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments require additional disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed and how the entity manages those risks.

The amendments will have an impact on the existing term loan and interest rate swap (IRS) contracts (derivative used for hedging) after 30 June 2023, the date when the USD LIBOR rates are expected to be discontinued. The term loan and IRS agreements provide for a mechanism for transition from LIBOR to an agreed replacement benchmark. The Group will be in a position to assess the potential impact of the transition on the consolidated financial statements when the replacement benchmark is notified by the lenders and the hedge counterparty.

Al Yah Satellite Communications Company PJSC

Notes to the condensed consolidated interim financial statements

for the six months ended 30 June 2021

2 Significant accounting policies (continued)

2.2 New and amended standards and interpretations (continued)

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. In March 2021, the IASB has extended, by one year, the May 2020 amendment. The amendment is effective for annual reporting periods beginning on or after 1 April 2021 with earlier adoption permitted. The amendments did not have a material impact on the Group.

2.3 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's condensed consolidated interim financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. This standard is not applicable to the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and are to be applied retrospectively. The Group is assessing the potential impact of this amendment.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The IASB also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the IASB decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The Group is assessing the potential impact of these amendments.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

The amendment specifies which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendment is not expected to have a material impact on the Group.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendment is not expected to have a material impact on the Group.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendment clarifies how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendment is effective for annual periods beginning on or after 1 January 2023 with earlier adoption permitted. The amendment is not expected to have a material impact on the Group.

Al Yah Satellite Communications Company PJSC

Notes to the condensed consolidated interim financial statements

for the six months ended 30 June 2021

3 Segment information

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 Operating Segments.

Accounting policies

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

Information on segments

The CODM monitors the operating results of the segments for the purpose of making decisions, allocating resources and assessing performance. The segments are based on lines of business as follows:

- Infrastructure segment, which primarily provides long-term satellite capacity leases, and satellite operation services. This is the largest operating segment.
- Managed Solutions segment includes end-to-end managed solutions provided mainly to government customers (Yahsat Government Solutions) and other industry solutions.
- Data Solutions (BCS) segment represents the group's Yahclick business providing broadband satellite solutions in Africa, Middle East and Asia.
- Mobility Solutions segment provides narrow-band satellite solutions under the trade name Thuraya.
- 'Others' include two segments: a) Data Solutions - Brazil representing the Group's Brazilian associate HPE and b) Broadcast segment representing the Group's associate Al Maisan.

Segment revenue is measured in a manner consistent with that in the condensed consolidated interim statement of profit or loss. The performance of the segments are evaluated on the following basis:

- Infrastructure and Managed Solutions segments are evaluated based on segment Adjusted EBITDA, a measure broadly consistent with Group Adjusted EBITDA.
- Data Solutions (BCS) and Mobility Solutions segments are evaluated based on segment Adjusted EBITDA and segment profit or loss which is measured consistently with profit for the year in the consolidated financial statements.
- Data solutions (Brazil) and Broadcast segments are evaluated based on the Group's share of results in the respective equity accounted investments (associates).

Elimination of inter-segment revenue and other consolidation adjustments, if any, are presented under the column 'reconciliations'.

Capital expenditure includes additions during the period to property, plant and equipment, capital work in progress, right-of-use assets and intangible assets.

The breakdown of revenue from external customers by nature of business activity is provided in Note 4.

The segment information for the six months ended 30 June 2021 is as follows:

	Infra- structure	Managed solutions	Data solutions (BCS)	Mobility solutions	Other	Recon- ciliation	Total
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
External revenue	119,928	29,050	11,839	29,366	-	-	190,183
Inter-segment revenue	539	-	455	-	-	(994)	0
Total revenue	120,467	29,050	12,294	29,366	-	(994)	190,183
Adjusted EBITDA	92,418	15,672	(842)	8,643	-	-	115,891
Depreciation, amortisation and impairment	(45,640)	(51)	(16,380)	(11,413)	-	-	(73,484)
Fair value losses on investment property	-	-	-	(209)	-	-	(209)
Finance income	225	-	1,305	3	-	(1,333)	200
Finance costs	(13,616)	-	(102)	(519)	-	1,333	(12,904)
Share of results - HPE	-	-	-	-	(3,526)	-	(3,526)
Share of results - Al Maisan	-	-	-	-	677	-	677
Income tax expense	(31)	-	(76)	(13)	-	-	(120)
Profit/(loss) for the period	33,356	15,621	(16,095)	(3,508)	(2,849)	-	26,525
Capital expenditure	72,148	130	3,698	2,898	-	-	78,874

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3 Segment information (continued)

The segment information for the six months ended 30 June 2020 is as follows:

	Infra- structure	Managed solutions	Data solutions (BCS)	Mobility solutions	Other	Recon- ciliation	Total
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
External revenue	118,586	32,499	13,390	33,439	-	-	197,914
Inter-segment revenue	650	-	299	-	-	(949)	-
Total revenue	119,236	32,499	13,689	33,439	-	(949)	197,914
Adjusted EBITDA	93,214	17,927	(2,568)	12,452	-	-	121,025
Depreciation, amortisation and impairment	(45,357)	(69)	(15,713)	(13,315)	-	-	(74,454)
Finance income	412	-	2,099	4	-	-	2,515
Finance costs	(10,562)	-	(245)	(637)	-	-	(11,444)
Share of results - HPE	-	-	-	-	(8,616)	-	(8,616)
Share of results - Al Maisan	-	-	-	-	(1,841)	-	(1,841)
Income tax expense	-	-	(112)	(1)	-	-	(113)
Profit/(loss) for the period	37,707	17,858	(16,539)	(1,497)	(10,457)	-	27,072
Capital expenditure	7,548	340	2,030	1,117	-	-	11,035

Geographical information

The information on Group's revenue by geography has been compiled based on the principal location of the customers. The Group's principal place of operations is the United Arab Emirates.

Information on significant revenues from a single customer is provided in Note 16.

	Six months ended 30 June	
	2021	2020
	\$ 000	\$ 000
United Arab Emirates	159,139	162,506
Europe	12,126	15,667
Asia	9,940	11,241
Africa	5,801	3,941
North America	2,728	4,012
Others	449	547
Revenue	190,183	197,914

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4 Revenue

	Notes	Three months ended 30 June		Six months ended 30 June	
		2021	2020	2021	2020
		\$ 000	\$ 000	\$ 000	\$ 000
Services rendered		94,746	95,612	184,004	190,523
Sale of equipment and accessories		5,222	4,987	6,179	7,391
	3	99,968	100,599	190,183	197,914
Revenue from related parties is disclosed in Note 16.					
Revenue includes:					
Revenue from contracts with customers (IFRS 15)		67,473	67,201	124,253	131,081
Income from operating leases (IFRS 16)		32,495	33,398	65,930	66,833
		99,968	100,599	190,183	197,914
Disaggregation of revenue by operating segment:					
Services rendered:					
Infrastructure		59,972	59,247	119,928	118,586
Managed solutions		16,997	16,773	29,050	32,499
Data solutions - BCS		6,181	6,687	11,644	13,075
Mobility solutions		11,596	12,905	23,382	26,363
Sale of equipment and accessories (recognised at a point in time)					
Data solutions - BCS		154	-	195	315
Mobility solutions		5,068	4,987	5,984	7,076
		99,968	100,599	190,183	197,914
Timing of recognition of revenue from contracts with customers:					
Over time		61,646	61,810	117,469	122,769
At a point in time		5,827	5,391	6,784	8,312
		67,473	67,201	124,253	131,081

Revenue by geography is disclosed in note 3.

	Notes	30 June	31 December
		2021	2020
		\$ 000	\$ 000
Contract balances:			
Trade receivables, net of loss allowance	8	116,222	94,448
Contract assets	8	19,005	19,827
Contract liabilities:			
Advances from a related party		128,040	128,040
Advances from other customers	10	5,070	5,999
Deferred revenue	13	24,010	22,095

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5 Property, plant and equipment

	Notes	30 June 2021 \$ 000	31 December 2020 \$ 000
At the beginning of the period/year		1,018,003	1,146,331
Additions		4,658	8,644
Depreciation		(68,780)	(139,286)
Disposal/write-off		(18)	(7)
Exchange differences		28	132
Transfer from capital work in progress	6	4,621	2,665
Impairment		-	(213)
Other movements		(89)	(263)
At the end of the period/year		958,423	1,018,003

Additions to property, plant and equipment during the six-month period ended 30 June 2020 amounted to \$2.6 million.

6 Capital work in progress

	Notes	30 June 2021 \$ 000	31 December 2020 \$ 000
At the beginning of the period/year		98,531	19,180
Additions		74,154	82,016
Transfers to property, plant and equipment	5	(4,621)	(2,665)
At the end of the period/year		168,064	98,531

Additions during the period mainly relate to the Thuraya 4 satellite (T4-NGS) under construction. The cumulative cost of T4-NGS as of 30 June 2021 amounted to \$145 million (31 December 2020: \$76.8 million). Additions to capital work in progress during the period ended 30 June 2020 amounted to \$8 million.

7 Equity-accounted investments

		30 June 2021 \$ 000	31 December 2020 \$ 000
At the beginning of the period/year		125,574	151,285
Contributions made during the period/year		9,880	18,558
Return of investment		(2,080)	-
Share of results for the period/year		(2,849)	(16,360)
Exchange differences		4,148	(27,909)
At the end of the period/year		134,673	125,574
of which Investment in HPE		115,707	105,205
of which Investment in Al Maisan		18,966	20,369

During the period, Al Maisan repaid \$2,080 thousand of the total \$89,826 thousand shareholder loan which Star contributed in the previous years in proportion to its share of ownership. The shareholder loan is repayable at the discretion of Al Maisan hence is akin to an equity contribution and is accounted for as investment in associate rather than a loan receivable. The remaining amount of such loan as at 30 June 2021 is \$87,746 thousand (31 December 2020: \$89,826 thousand).

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8 Trade and other receivables

	Notes	30 June 2021 \$ 000	31 December 2020 \$ 000
Trade receivables		143,169	119,312
Allowance for expected credit losses		(26,947)	(24,864)
Trade receivables, net of allowance		116,222	94,448
Contract assets - accrued income		19,005	19,827
Prepayments - orbital services		10,000	10,000
Prepayments - others		10,023	2,647
Advances		8,911	5,348
Other receivables		6,461	6,253
Total trade and other receivables		170,622	138,523
of which non-current		11,389	11,227
of which current		159,233	127,296

9 Cash and short term deposits

	Notes	30 June 2021 \$ 000	31 December 2020 \$ 000
Cash on hand and in banks		295,332	94,912
Short-term deposits with banks		3	3
Short-term deposits with related parties		30,000	130,000
Cash and short-term deposits		325,335	224,915
Less: Short-term deposits with original maturities of over three months		(20,000)	(120,000)
Cash and cash equivalents		305,335	104,915

During the period, the Group withdrew an amount of \$100 million from the \$130 million short-term deposits placed with related parties in the previous year.

10 Trade and other payables

	Notes	30 June 2021 \$ 000	31 December 2020 \$ 000
Trade payables		45,679	40,287
Accruals		29,982	32,197
Advance from a related party		291,000	291,000
Advances from other customers		5,070	5,999
Other payables		9,933	10,056
Total trade and other payables		381,664	379,539
of which non-current		291,000	291,000
of which current		90,664	88,539

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11 Borrowings

	30 June 2021 \$ 000	31 December 2020 \$ 000
The carrying amount of borrowings are as follows:		
A) Term loans:		
Principal amounts	402,128	255,716
Unamortised transaction costs	(4,606)	(2,744)
Term loans - net of unamortised transaction costs	397,522	252,972
B) Lease liabilities	17,766	19,797
Total borrowings	415,288	272,769
of which current	6,684	129,114
of which non-current	408,604	143,655

A) Term loans

The breakdown of the carrying amounts of the term loans is as follows:

	Repayment tenor Year	Principal amount \$ 000	Unamortised transaction costs \$ 000	Carrying amount \$ 000
At 30 June 2021				
Term loan 4	2015-2021	2,128	(9)	2,119
Term loan 5	2022-2026	400,000	(4,597)	395,403
		402,128	(4,606)	397,522
At 31 December 2020				
Term loan 1	2012-2022	251,461	(2,726)	248,735
Term loan 4	2015-2021	4,255	(18)	4,237
		255,716	(2,744)	252,972

	30 June 2021 \$ 000	31 December 2020 \$ 000
The movements in term loans are as follows:		
At the beginning of the period/year	252,972	367,736
Additions	400,000	-
Transaction costs	(4,620)	-
Amortisation of transaction costs	2,759	1,837
Payments	(253,589)	(116,601)
At the end of the period/year	397,522	252,972
The principal amounts of the term loans are repayable as follows:		
Within one year	2,128	125,484
1 - 2 years	205,000	130,232
2 - 5 years	195,000	-
	402,128	255,716

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11 Borrowings (continued)

A) Term loans (continued)

On 14 June 2021, the Group entered into a new Term Facility Agreement for a facility amount of \$400 million (Term loan 5 or New Term Loan Facility). Term loan 5 has a tenor of five years and is repayable in eight semi-annual installments starting from 14 December 2022. Term loan 5 bears interest at LIBOR plus margin of 1.30% per annum.

On 22 June 2021, the Term loan 5 was drawn in full and was partially used to acquire the outstanding borrowings of Term Loan 1 amounting to \$251,461 thousand on the same date. Upon acquisition of Term loan 1, the remaining unamortised transaction cost of \$1,858 thousand was charged to profit or loss under finance costs and is included in the line item 'Amortisation of transaction costs' above.

On 14 June 2021, the Group entered into an export credit agency facility through a BPIFAE Facility Agreement (ECA Facility). The ECA Facility will be used to partly fund the capital expenditure relating to the T4-NGS. The amount of the ECA Facility is up to \$300.5 million with a tenor of 8.5 years and an availability period starting 14 June 2021 for the ECA Facility until the date falling 5 months after the starting point of credit. The ECA Facility bears interest at LIBOR plus margin of 0.60% per annum. As of 30 June 2021, no amounts have been drawn out of this facility.

Both Term loan 5 and ECA Facility contain customary representations, warranties, covenants and undertakings including limitations on incurrence of financial indebtedness, mergers, acquisitions, disposals and negative pledge in relation to certain assets of the Group save, in each case, as permitted under the terms of the facility documents. In both facilities, the Group is required to maintain an interest cover ratio of not less than 4.00:1 and a net leverage ratio of no more than 3.00:1, in each case on a calculation date (which occurs on 30 June and 31 December in each financial year).

Additions and repayments of term loans during the six-month period ended 30 June 2020 amounted to \$Nil and \$56.8 million, respectively.

B) Lease liabilities

	30 June 2021 \$ 000	31 December 2020 \$ 000
The movements in lease liabilities are as follows:		
At the beginning of the period/year	19,797	31,502
Accretion of interest	517	1,216
Payments	(2,548)	(10,945)
Additions	-	446
Modification	-	(2,384)
Retirement	-	(38)
At the end of the period/year	17,766	19,797

12 Derivative financial instruments

On 15 June 2021, the Group entered into interest rate swap (IRS) agreements to hedge the variability in interest rates with respect to Term loan 5 and the ECA Facility. The effective date for both IRS agreements is 14 July 2021.

On 22 June 2021, the Group terminated all, but one, IRS agreements relating to Term Loan 1 resulting in a total settlement of \$8.6 million. Consequently, the Group discontinued hedge accounting which resulted in the reclassification of the related balance in the accumulated hedging reserve to profit or loss amounting to \$5.2 million. The remaining IRS would form part of the new hedging arrangement relating to Term loan 5.

13 Deferred revenue

	30 June 2021 \$ 000	31 December 2020 \$ 000
Unutilized airtime balances from prepaid scratch cards	14,747	12,469
Others	9,263	9,626
Total deferred revenue	24,010	22,095

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14 Share capital

	30 June 2021		31 December 2020	
	Shares (000)	\$ 000	Shares (000)	\$ 000
At the beginning of the period/year	10,000	2,722	10,000	2,722
Conversion of additional paid-in capital	2,429,770	661,612	-	-
At the end of the period/year	2,439,770	664,334	10,000	2,722

On 17 June 2021, the Company's share capital increased from AED 10,000,000 to AED 2,439,770,265 by conversion of additional paid-in capital into share capital. Share capital is converted into USD at the rate of AED 3.6725 to USD 1.

15 Capital commitments and contingent liabilities

	30 June	31 December
	2021	2020
	\$ 000	\$ 000
Capital commitments - committed and contracted	204,012	267,440
Contingent liabilities - performance bonds provided by banks in the normal course of business	33,259	31,479

During 2020, the Group entered into a contract for procurement of a next generation satellite known as Thuraya 4 (T4-NGS), with an option to procure an additional satellite known as Thuraya 5 (T5-NGS).

As at the reporting date the costs relating to T4-NGS satellite are committed, hence included under capital commitments - committed and contracted.

16 Related party transactions

Transaction with related parties	Notes	Six months ended 30 June	
		2021	2020
		\$ 000	\$ 000
Revenue			
Entities under common control*		142,627	142,498
Associate		686	660
Total		143,313	143,158
Interest income on short term deposits			
Entities under common control		184	2,784
Interest expense on term loans			
Entities under common control		1,607	2,534
Outsourced expenses, office lease rent, systems support			
Entities under common control		524	451
Parent Company		-	16
Total		524	467
Cost of sales			
Entities under common control		275	773
Associate		1,259	72
Total		1,534	845
Key management personnel compensation			
Short term employment benefits		2,031	1,940
Post-employment benefits		151	143

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16 Related party transactions (continued)

* Revenue from entities under common control includes \$137.8 million (six months ended 30 June 2020: \$139.8 million) from a single customer. Revenue from such customer is recorded under infrastructure, managed solutions and mobility solutions segments. On 17 June 2021, the Company signed the T4-NGS capacity services agreement with such customer (T4-NGSA) for a total contract value of \$708.4 million (AED 2.6 billion). The term of the T4-NGSA is 15 years from the date of commencement of commercial services of T4-NGS which is expected in the second half of 2024.

There are no revenues from an individual customer, except as disclosed above, that represent 10 percent or more of the Group's total revenue.

17 Fair value disclosures

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes as explained below.

The fair value of the derivative financial instruments is based on broker quotes, which are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Derivatives fall into Level 2 of the fair value hierarchy.

The fair value measurement for the investment property is classified as Level 2. The fair value has been determined by an external valuer based on transactions observable in the market.

There were no transfers between Level 1 and Level 2 during current and previous periods.

The fair values of the Group's current financial assets and liabilities are equal to their carrying amounts. The fair values of the Group's borrowings, which bear interest at variable rates, approximate their carrying amounts. These are determined using discounted cash flows.

18 Dividends

During the period ended 30 June 2021, the Company paid a dividend of \$36 million representing \$3.6 per fully paid share. Such dividend was paid prior to the increase in the Company's share capital (refer to Note 14). During the period ended 30 June 2020, the Company paid a dividend \$15 million representing \$1.50 per fully paid share.

19 Earnings per share

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Profit for the period attributable to the Shareholder (in \$'000)	14,202	19,339	30,100	30,532
Weighted average number of ordinary shares outstanding ('000)	2,439,770	2,439,770	2,439,770	2,439,770
Basic and diluted earnings per share (\$)	0.006	0.008	0.012	0.013
Basic and diluted earnings per share (AED)	0.021	0.029	0.045	0.046

On 17 June 2021, the Company's share capital increased from AED 10,000,000 to AED 2,439,770,265 by conversion of additional paid-in capital into share capital (Note 14). As the increase in the number of shares outstanding did not have a corresponding change in resources, the number of shares for 2020 have been adjusted for the purpose of calculating the weighted average number of ordinary shares.

20 Seasonality and cyclicity of interim operations

There are no items of seasonal or cyclical nature in the interim operations during the period ended 30 June 2021 and 2020.

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21 Impact of COVID-19 pandemic

The outbreak of the novel coronavirus (COVID-19) pandemic continues to evolve and, to date, has resulted in the implementation of significant measures by governments globally, including lockdowns, closures, quarantines and travel bans intended to control the spread of the virus.

The Group's activity has demonstrated a certain resilience compared to other industries. The Group's major source of revenue is secured through long term contracts with governments. However, some of the Group's operations relating to Mobility, Data and Managed Solutions were slightly affected mainly due to supply chain disruption. While COVID-19 does have an indirect exposure to customer segments on these operations, there is no evidence that there is a pervasive impact on the ability of the Group's customers to pay. On another note, the pandemic resulted in reduced business travel, marketing and other operating expenses.

Based on the overall assessment, the Group's business remains largely unaffected and significant changes are not required as of 30 June 2021 in its key accounting judgements and estimates from those applied in the last annual consolidated financial statements as of 31 December 2020.

The extent and duration of the impact of these conditions remain uncertain and depend on future developments that cannot be accurately predicted at this stage. Notwithstanding, these developments could impact future financial results, cash flows and financial position.

22 Events after the reporting period

i) On 6 July 2021, the Company declared a final dividend of \$44 million relating to the financial year 2020 and an interim dividend of \$52.5 million relating to the financial year 2021, both payable to the Parent Company. The total dividend of \$96.5 million was paid on 7 July 2021.

ii) On 14 July 2021, the Parent Company completed the secondary offering to the public of 975,908,106 shares representing 40% of the Company's share capital, upon which all of the Company's shares were listed on the Abu Dhabi Securities Exchange. Subsequent to the listing, the Parent Company continues to own 60% of the Company's share capital.