THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, it is recommended that you seek your own independent financial adviser licensed by the Authority.

If you have sold or otherwise transferred all of your Bayanat Shares or Yahsat Shares, please send this document as soon as possible to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. However, this document should not be forwarded or transmitted in or into or to any Restricted Jurisdiction. If you have sold or transferred only part of your holding of Bayanat Shares or Yahsat Shares, you should retain this document and consult the financial adviser licensed by the Authority.

This document is not being published or distributed, and should not be forwarded or transmitted, in or into or to any Restricted Jurisdiction. Implementation of the Merger is conditional upon, amongst other things, each of special resolutions 1 to 7 (inclusive) set out in the notice of the Bayanat GM (set out in Annex I to this document) receiving a vote in favour by holders of at least 75% of the Bayanat Shares represented at the Bayanat GM and each of special resolutions 1 to 6 (inclusive) set out in the notice of the Yahsat GM (set out in Annex II to this document) receiving a vote in favour by holders of at least 75% of the Yahsat Shares represented at the Yahsat GM (together the **Merger Resolutions**). The conditions to, and process for, implementing the Merger are set out in full in Section 9 of this document.

Shareholder Circular

in respect of the merger of

Bayanat AI PLC
and
Al Yah Satellite Communications Company PJSC

by way of a merger pursuant to

Article 285(1) of the UAE Decree by Federal Law No. (32) of 2021 Concerning Commercial Companies

and

Parts 25 and 26 of the

Companies Regulations 2020 (ADGM)

For a discussion of certain risk factors which should be taken into account when considering whether to vote in favour of the Merger Resolutions to be considered at the Bayanat GM and the Yahsat GM, see Section 7 of this document.

Unless the context requires otherwise, capitalised terms used in this document have the meanings given in Appendix I of this document. References to times and dates in this document are to Abu Dhabi time and the Gregorian calendar, respectively, unless otherwise stated.

Notices of the Bayanat GM, to be held at Al Nahyan Camp Area, Sheikha Fatima bint Mubarak Street (No.13), Abu Dhabi, United Arab Emirates at 3:00 pm on Thursday 25 April 2024, and the Yahsat GM, to be held at the Four Seasons Hotel Abu Dhabi at 4:00 pm on Thursday 25 April 2024, are set out in Annex I and Annex II, respectively, to this document.

The approval of the Securities and Commodities Authority permitting the publication of this document does not constitute an endorsement of the merits of the Merger, or of the accuracy, completeness or adequacy of the information contained herein. The Securities and Commodities Authority is not responsible for any damages or losses suffered or incurred by any person as a result of reliance on this document or any part thereof. Members of the Bayanat Board are jointly and severally responsible for the correctness of the information and data relating to Bayanat contained in this document. Members of the Yahsat Board are jointly and severally responsible for the correctness of the information and data relating to Yahsat contained in this document. The Bayanat Board and the Yahsat Board each confirm that, after due diligence and reviews, there is no omission of any facts or material information the inclusion of which may result in any statement contained herein to be misleading or which may adversely impact the investment decision with respect to the Merger.

CONTENTS

SECTION

IMPORTANT NOTICE

Statements contained in this document are made only as at the date of this document, unless some other time is specified in relation to them, and the publication of this document (or any action taken pursuant to it) shall not give rise to any implication that there has been no change in the facts, affairs, business, financial condition, results of operations or prospects of Bayanat, Yahsat or the Combined Group as set out in this document since such date. Nothing contained in this document is intended to be or shall be deemed to be a forecast, projection or estimate of the future financial performance or prospects of Bayanat, Yahsat or the Combined Group and no statement in this document should be interpreted to mean that earnings per share for current or future financial periods of Bayanat, Yahsat or the Combined Group will necessarily match or exceed historical published earnings per share.

No person has been authorised to give any information or to make any representations other than those contained in this document and, if different or additional information or representations are given or made, such information or representations must not be relied on as having been authorised by Bayanat, Yahsat, Houlihan Lokey, FTICA or any of the other advisers in connection with the Merger.

No person should construe the contents of this document as legal, financial or tax advice. If you are in any doubt as to the action you should take, it is recommended that you seek your own independent financial advice from an independent financial adviser licensed by the Authority.

This document will not be posted to Bayanat Shareholders or Yahsat Shareholders but copies can be obtained (without charge) from the head office of Bayanat and the head office of Yahsat, from the Bayanat/Yahsat/ merger site at asharedambition.com and from each of Bayanat's or Yahsat's websites at www.bayanat.ai/investor-relations and www.yahsat.com/ar/investor-relations respectively. Except in respect of the foregoing and each of Bayanat's and Yahsat's financial statements for the financial years ended 31 December 2021 and 31 December 2022, neither the content of any website of Bayanat (at www.bayanat.ai) or Yahsat (at www.yahsat.com) nor the content of any website accessible from hyperlinks on any of such websites is incorporated into, or forms part of, this document and no person is responsible for the contents of such websites.

Houlihan Lokey is acting exclusively as an independent financial adviser to the Bayanat Board for the provision of an opinion in relation to the fairness, from a financial point of view, of the Exchange Ratio to Bayanat and for no one else in connection with the Merger and will not be responsible to anyone other than the Bayanat Board for providing the protections afforded to clients of Houlihan Lokey nor for providing advice in relation to the Merger, the content of this document or any other matter referred to in this document.

FTICA is acting exclusively as an independent expert to the Yahsat Board for the provision of an opinion in relation to the fairness, from a financial point of view, of the Exchange Ratio to the Yahsat Shareholders and for no one else in connection with the Merger and will not be responsible to anyone other than the Yahsat Board for providing the protections afforded to clients of FTICA or for providing advice in relation to the Merger, the content of this document or matters referred to in this document.

PricewaterhouseCoopers Limited Partnership – Abu Dhabi was engaged by both Bayanat and Yahsat to prepare a valuation report in respect of each Company as at the valuation date. Ernst & Young Middle East (Abu Dhabi branch) was engaged by both Bayanat and Yahsat to conduct financial due diligence in respect of each Company.

None of the Independent Experts or advisors has verified the information contained in this document. Accordingly, (a) no representation or warranty is made or implied by any of the Independent Experts or advisors, or any of their respective affiliates, and (b) (other than Houlihan Lokey in respect of the fairness opinion set out in Annex III to this document (which such fairness opinion is issued on the basis of the terms and assumptions set out therein) and FTICA in respect of the fairness opinion set out in Annex IV to this document (which such fairness opinion is issued on the basis of the terms and assumptions set out therein)), none of the Independent Experts or advisors, nor any of their respective affiliates, accepts any responsibility as to the accuracy or completeness of the information contained in this document. The shareholder circular shall be published in the Arabic language. No reliance should be placed on this English translation which may not entirely reflect the official Arabic language shareholder circular, save in relation to the fairness opinions from Houlihan Lokey and FTICA which appear at Annex III and Annex IV to this document respectively, in relation to each of which the

English language version is the binding version and will prevail over any Arabic or other translation of the same prepared for convenience purposes, whether in the event of inconsistency or otherwise.

The directors of Bayanat, whose names are set out in Sub-section 4.4 of this document, accept responsibility for the information contained in this document other than that relating to Yahsat. To the best of the knowledge and belief of these directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

The directors of Yahsat, whose names are set out in Sub-section 5.4 of this document, accept responsibility for the information contained in this document other than that relating to Bayanat. To the best of the knowledge and belief of these directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements with respect to Bayanat, Yahsat, and the Combined Group. These forward-looking statements may be identified by the fact that they do not relate solely to historical or current facts. Words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "will", "goal", "believe", "aim", "may", "would", "could", "should", "forecast" or other words or phrases of similar meaning, expression or the negative thereof are meant to identify forward-looking statements. Forward-looking statements in this document include, without limitation, statements relating to the following: (i) preliminary synergy estimates, future capital expenditures, expenses, revenues, economic performance, financial conditions, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of the operations of the Combined Group; and (iii) the Merger, related matters and the dates on which events are expected to occur.

These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of any such person, industry results, strategies or events, to be materially different from any results, performance, achievements or other events or factors expressed, implied, anticipated, estimated or predicted by such forward-looking statements. Many of the risks and uncertainties relating to forward-looking statements are beyond the Companies' abilities to control, predict or estimate precisely, such as future market conditions and the behaviours of other market participants, and therefore undue reliance should not be placed on such statements. Forward-looking statements are not guarantees of future economic, operational, financial or other performance. They have not, unless otherwise indicated, been reviewed by the auditors of Bayanat or Yahsat. Forward-looking statements are based on numerous assumptions, including assumptions regarding the present and future business strategies of Bayanat, Yahsat and the Combined Group and the environment in which each will operate in the future. All subsequent oral or written forward-looking statements made by or attributable to Bayanat, Yahsat or the Combined Group or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above.

The risks and uncertainties include, but are not limited to:

- the economic and financial markets conditions in the UAE generally and in Abu Dhabi in particular;
- the performance of the geo-spatial and AI-powered data analytics sector and satellite communications sector in Abu Dhabi and the wider region;
- the Companies' relationship with the Government generally, including their ability to obtain requisite governmental or regulatory approvals and permits to undertake their activities;
- the Companies' ability to achieve and manage the growth of their businesses;
- the Companies' ability to obtain financing or maintain sufficient capital to fund their existing and future operations;
- changes in political, social, legal or economic conditions in the markets in which the Companies and their customers operate;
- changes in the competitive environment in which the Companies operate;
- failure to comply with regulations applicable to the Companies' businesses; and
- removal or adjustment of the fixed exchange rate between the USD and the AED.

Any forward-looking statements contained in this document speak only as of the date hereof unless otherwise specified. Bayanat and Yahsat do not intend to and specifically disclaim any obligation to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of such statements except as required pursuant to applicable law and regulation.

You are advised to read this document in its entirety, and in particular the risk factors discussed in Section 8 of this document, for a discussion of the factors that could affect the Combined Group's future performance and the industries in which it will operate.

PUBLICATION AND DISTRIBUTION RESTRICTIONS

This document is not being and must not be published or distributed, in whole or in part, in, into or from, any Restricted Jurisdiction.

Bayanat is not taking any action to permit an offering of the New Bayanat Shares in any Restricted Jurisdiction.

NOTICE TO YAHSAT SHAREHOLDERS IN THE UNITED STATES

The Merger of Bayanat and Yahsat relates to the shares of a UAE company and is proposed to be made by means of a merger pursuant to Article 285(1) of the Companies Law, Parts 25 and 26 of the Companies Regulations 2020 (ADGM) and the Merger Agreement. Accordingly, the Merger is subject to the disclosure requirements and practices applicable to statutory mergers in the UAE and ADGM, which differ from the disclosure requirements of the United States.

Financial information included in this document has been prepared in accordance with IFRS and other mandatory reporting requirements applicable in the UAE and thus may not be comparable to the accounting standards, financial statements or financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

It may be difficult for investors to enforce their rights and any claim they may have arising under US federal securities laws, since Bayanat is a company established in the ADGM, and some or all of its officers and directors are residents of countries other than the United States. Investors may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. It may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

Securities may not be offered or sold in the United States absent registration under the US Securities Act, or pursuant to an exemption from such registration. The New Bayanat Shares to be issued pursuant to the Merger are not, and will not be, registered under the US Securities Act or under the securities laws of any jurisdiction of the United States and will be issued to Yahsat Shareholders in the United States in reliance on the exemption from registration provided by Rule 802 under the US Securities Act and in reliance on available exemptions from any state law registration requirements. New Bayanat Shares issued pursuant to the Merger will be "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act to the same extent and proportion as the Yahsat Shares for which they were exchanged in the Merger.

Neither the US Securities and Exchange Commission nor any US state securities commission or other US regulatory body or authority has approved or disapproved of the New Bayanat Shares offered in connection with the Merger, or passed upon the accuracy or adequacy of this document or any other documents regarding the Merger. Any representation to the contrary is a criminal offence.

In accordance with the exemption from the registration requirements of the US Securities Act provided by Rule 802 thereunder with respect to the New Bayanat Shares to be issued in connection with the Merger, Bayanat will submit to the US Securities and Exchange Commission any informational document it publishes or otherwise disseminates to holders of Yahsat Shares related to the Merger.

The receipt of New Bayanat Shares pursuant to the Merger by a US Yahsat Shareholder may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each Yahsat Shareholder is urged to consult an independent professional adviser immediately regarding applicable tax consequences of the Merger.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Bayanat's financial statements for the financial years ended 31 December 2021 and 31 December 2022 are available on Bayanat's website at www.bayanat.ai and are attached to this document as Annex VI. Yahsat's financial statements for the financial years ended 31 December 2021 and 31 December 2022 are available on Yahsat's website at www.yahsat.com and are attached to this document as Annex VII.

Bayanat's and Yahsat's respective financial statements for the financial years ended 31 December 2021 and 31 December 2022 are prepared in accordance with IFRS. Save where expressly stated otherwise and, in particular, in Part D of Section 6 of this document, which specifies the basis of preparation of the financial information set out in such Part, financial information contained in this document other than in Section 6 is based on management estimates and has not been independently verified by auditors or otherwise. Save as disclosed otherwise, all financial information is set out in AED.

This document has been prepared for the purpose of complying with applicable laws and regulations of the UAE and the ADGM and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and/or regulations of jurisdictions outside the UAE and the ADGM. The New Bayanat Shares constitute securities of a company established in the ADGM and you should be aware that this document and any other documents relating to the Merger and the New Bayanat Shares have been or will be prepared in accordance with UAE and ADGM disclosure requirements, format and style, all of which may differ from those applicable in other jurisdictions.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The following dates are indicative only and will depend, amongst other things, on whether (and the dates on which) the conditions of the Merger (including, without limitation, the receipt of all applicable regulatory consents and the Bayanat Shareholders and the Yahsat Shareholders as at the relevant Record Date approving the Merger at the Bayanat GM and the Yahsat GM, respectively) are satisfied. The full conditions of the Merger are set out in Section 9 of this document.

Event	Time and/or Date
Record Date for the Bayanat GM	24 April 2024
Record Date for the Yahsat GM	24 April 2024
Bayanat GM(1)	25 April 2024
Yahsat GM(2)	25 April 2024
Filing of resolutions passed at the Bayanat GM with the ADGM Registration Authority	26 April 2024
Filing of resolutions passed at the Yahsat GM with the Commercial Registry	26 April 2024
Commencement of creditor objection period	26 April 2024
Expiry of creditor objection period	26 May 2024
Effective Date of Merger(3)	Q3 2024
Issue of New Bayanat Shares to Yahsat Shareholders(4)	Effective Date or next Business Day

Notes:

(1) The quorum for the Bayanat GM is at least two Bayanat Shareholders or their authorised representatives. If this quorum is not achieved, the Bayanat GM will be called to a second meeting to be held on 2 May 2024. If the Bayanat GM is called to a second meeting, the remaining dates in this expected timetable will be extended accordingly.

(2) The quorum for the Yahsat GM is Yahsat Shareholders representing at least 50% of Yahsat's share capital. If this quorum is not achieved, the Yahsat GM will be called to a second meeting to be held on 2 May 2024. The second meeting shall be considered valid irrespective of the number of present shareholders. If the Yahsat GM is called to a second meeting, the remaining dates in this expected timetable will be extended accordingly.

(3) Subject to the conditions of the Merger having been satisfied.

(4) Subject to the conditions of the Merger having been satisfied, it is expected that Listing will occur on, or on the Business Day immediately following, the Effective Date.

1. JOINT LETTER FROM THE CHAIRMEN OF BAYANAT AND YAHSAT

21 March 2024

Dear Bayanat Shareholders and Yahsat Shareholders,

Recommended Merger of Bayanat and Yahsat

On 19 December 2023, the Bayanat Board and the Yahsat Board announced that they had agreed the terms of a proposed merger between Bayanat and Yahsat (the **Merger**). Bayanat is a public limited company incorporated under ADGM law and Yahsat is a public joint stock company incorporated under UAE law. Therefore, the Merger is intended to be effected simultaneously under the laws of both the UAE and the ADGM.

For the purposes of UAE law, the Merger is intended to be effected by way of a merger pursuant to Article 285(1) of the Companies Law and the Merger Agreement. Subject to the satisfaction of the conditions to the Merger, upon the Effective Date, the assets and liabilities of Yahsat will be assumed by Bayanat in consideration of the issue of New Bayanat Shares to existing Yahsat Shareholders. Upon the Merger becoming effective, pursuant to the provisions of Article 293 of the Companies Law: (i) Yahsat will be dissolved; and (ii) Bayanat will become Yahsat's legal successor.

For the purposes of ADGM law, the Merger is intended to be effected by way of merger by absorption pursuant to Parts 25 and 26 of the Companies Regulations 2020, as modified for the purposes of the Merger by way of modification notice issued by the ADGM Registration Authority. Subject to the satisfaction of the conditions to the Merger, upon the Effective Date, Yahsat will merge into Bayanat by way of absorption within the meaning of section 810(1)(a) of the Companies Regulations 2020.

The Merger, which has the support of both the Bayanat Board and the Yahsat Board, will, if effected, create a group (the **Combined Group**) with scale and expertise to play a central role in the next stage of the UAE's economic development.

The Combined Group will be an AI-powered space technology champion in the MENA region with an implied market capitalisation of approximately AED 12 billion, based on both entities' closing share prices as at 20 March 2024, the last day of trading prior to the date of this letter. This would make it one of the most valuable publicly listed space companies in the world by market capitalisation, with additional potential for significant global growth and synergies. The Combined Group will be vertically integrated and optimally positioned to capture regional and international opportunities in geospatial and mobility solutions, satellite communications and business intelligence. With a strengthened financial position, enhanced AI-powered technological capabilities and a diversified product portfolio, the combination will also establish a platform for transformative technologies to enable space-based services with significant impact on societies and economies. The Combined Group is moreover expected to benefit from considerable revenue synergies and economies of scale that will best position the organisation for innovation and profitable growth. It is envisaged that, from completion of the Merger, the Combined Group will operate under the brand 'Space42' and the legal name of Bayanat will be changed to 'Space42 PLC'.

If effected, the Merger will result in New Bayanat Shares (which will be listed on the Abu Dhabi Securities Exchange) being issued to Yahsat Shareholders on the following basis:

for each Yahsat Share: (0.897821) New Bayanat Shares

corresponding to an estimated total of 2,190,476,191 New Bayanat Shares to be issued to existing Yahsat Shareholders based on current holdings of Yahsat Shares.

The terms of the Merger, including the Exchange Ratio, have been unanimously approved separately by the Bayanat Board and the Yahsat Board in their respective meetings held on 18 December 2023. In approving the terms of the Merger, the Bayanat Board and the Yahsat Board have, amongst other things, considered in detail the independent valuation report on Bayanat and Yahsat prepared by PricewaterhouseCoopers Limited Partnership – Abu Dhabi as at the valuation date, the fairness opinion from Houlihan Lokey (which has been considered solely by the Bayanat Board) in relation to the fairness, from a financial point of view, of the Exchange Ratio to Bayanat, and the independent fairness opinion of FTICA (which has been considered solely by the Yahsat Board) in relation to the fairness, from a financial point of view, of the Exchange Ratio to the Yahsat Shareholders.

The Merger and the Exchange Ratio have the unanimous support and recommendation of the Bayanat Board and the Yahsat Board. We urge you to attend the Bayanat GM and the Yahsat GM (as applicable) (as described in Section 2 of this document) and recommend that you vote in favour of the resolutions proposed at those meetings.

Chairman of Bayanat **Chairman of Yahsat**

2. GENERAL INFORMATION

2.1 INTRODUCTION

On 19 December 2023, Bayanat and Yahsat announced that they had agreed the terms of a proposed merger between Bayanat and Yahsat and that the Bayanat Board and the Yahsat Board had voted unanimously to recommend the Merger to their respective shareholders.

2.2 TERMS OF THE MERGER

2.2.1 Terms of the Merger

The Merger is intended to be effected by way of a merger by affiliation (otherwise known, for the purpose of ADGM law, as a merger by absorption). Subject to the satisfaction of the conditions to the Merger set out in Section 9 of this document, upon the Effective Date the assets and liabilities of Yahsat will be assumed by Bayanat in consideration for the issue of New Bayanat Shares to Yahsat Shareholders that appear on the share register of Yahsat immediately after close of trading on the trading day before the Effective Date. On the Effective Date: (i) all Yahsat Shares will be delisted from the Abu Dhabi Securities Exchange and Yahsat will be dissolved pursuant to the provisions of Article 293 of the Companies Law; and (ii) the merger by absorption of Yahsat and Bayanat will simultaneously occur for the purposes of the Companies Regulations 2020.

If effected, the Merger will result in New Bayanat Shares (which will be listed on the Abu Dhabi Securities Exchange) being issued to Yahsat Shareholders on the following basis:

for each Yahsat Share: (0.897821) New Bayanat Shares

corresponding to an estimated total of 2,190,476,191 New Bayanat Shares to be issued to existing Yahsat Shareholders based on current holdings of Yahsat Shares. The Exchange Ratio implies a premium to existing Yahsat Shareholders of approximately 15.5% against the closing price of Yahsat Shares on 18 December 2023 (being the date falling immediately prior to the announcement of the Merger).

In the event that the Exchange Ratio calculation set out in this Sub-section 2.2.1 produces a fractional share, the resulting figure will be rounded down to the nearest whole share.

The terms of the Merger, including the Exchange Ratio, have been unanimously approved separately by the Bayanat Board and the Yahsat Board in their respective meetings held on 18 December 2023. In approving the terms of the Merger, the Bayanat Board and the Yahsat Board have, amongst other things, considered in detail the: (i) financial due diligence reports on Bayanat and Yahsat prepared by Ernst & Young Middle East (Abu Dhabi branch); (ii) vendor legal due diligence reports prepared by Allen & Overy LLP (in respect of Yahsat) and Morgan Lewis & Bockius LLP (in respect of Bayanat); (iii) the independent valuation report on Bayanat and Yahsat prepared by PricewaterhouseCoopers Limited Partnership – Abu Dhabi as at the valuation date; (iv) the fairness opinion from Houlihan Lokey (which has been considered solely by the Bayanat Board) in relation to the fairness, from a financial point of view, of the Exchange Ratio to Bayanat; and (v) the independent fairness opinion of FTICA (which has been considered solely by the Yahsat Board) in relation to the fairness, from a financial point of view, of the Exchange Ratio to the Yahsat Shareholders. The full text of the Houlihan Lokey fairness opinion and the FTICA fairness opinion (including assumptions, limitations and qualifications on which each such opinion has been provided) appears at Annex III and Annex IV, respectively, to this document.

2.3 EFFECT OF THE MERGER

2.3.1 Effect of the Merger

Upon the Merger becoming effective, Yahsat Shareholders that appear on the share register of Yahsat immediately after close of trading on the trading day before the Effective Date will receive on, or on the Business Day immediately following, the Effective Date (without any action required on the part of the Yahsat Shareholders) New Bayanat Shares based upon the Exchange Ratio. If a Yahsat Shareholder has granted a pledge over all or part of his or her Yahsat Shares, the pledge registered with the Abu Dhabi Securities Exchange will automatically be replaced with a pledge of the New Bayanat Shares received by that Yahsat Shareholder pursuant to the Merger, without any further action by that Yahsat Shareholder. It is recommended that Yahsat Shareholders who have granted a pledge over all or part of their Yahsat Shares should, however, take any steps which may be required under the terms of the agreement governing such pledge.

Upon the Merger becoming effective, the assets and liabilities of Yahsat will be assumed by Bayanat on the Effective Date in consideration for the issue of New Bayanat Shares to Yahsat Shareholders. Following the Merger: (i) Yahsat will be dissolved and Bayanat will become Yahsat's legal successor pursuant to the provisions of Article 293 of the Companies Law and Parts 25 and 26 of the Companies Regulations 2020; and (ii) subject to the approval of relevant authorities, Bayanat's legal name will be changed to 'Space42 PLC'.

2.3.2 Statement of Bayanat directors' interests in the Merger

(a) **Interests as directors**

The following Bayanat directors will resign from their office and cease to be directors of Bayanat on the Effective Date:

Position	**Name**
Director	Mr. Xiaoping Zhang
Director	Mr. Ahmed Al Kuttab
Director	Ms. Elham Al Qasim
Director	Mr. Hasan Ahmed Rashed Ali Al Hosani

(b) **Interests as shareholders**

The following Bayanat directors hold shares in the capital of Bayanat:

Position	**Name**	**No. of Bayanat Shares**
Director	Mr. Hasan Ahmed Rashed Ali Al Hosani	3,260,000
Director	H.E. Tareq Abdulraheem Al Hosani	927,000
Director	Mr. Xiaoping Zhang	1,000,000
Director	Mr. Ahmed Al Kuttab	847,952

Such directors, in their capacity as shareholders of Bayanat, will be treated in the same manner as all other shareholders of Bayanat for the purpose of the Merger.

(c) **Other interests**

No Bayanat director stands to receive any special benefit or bonus in connection with the Merger.

2.3.3 Statement of Yahsat directors' interests

(a) **Interests as directors**

All directors of Yahsat will cease to hold office following the company's dissolution on the Effective Date. The following persons will continue, or be appointed, as directors of the Combined Group:

Position	**Name**
Director	H.E. Tareq Abdulraheem Al Hosani
Director	H.E. Maryam AlMheiri

(b) **Interests as shareholders**

The following Yahsat directors hold shares in the capital of Yahsat:

Position	**Name**	**No. of Yahsat Shares**
Director	Musabbeh Helal Musabbeh Ali Al Kaabi	266,710
Director	H.E Tareq Al Hosani	227,710
Director	H.E Rashed Al Ghafri	181,818
Director	Masood Mahmood	36,363
Director	Badr Al Olama	109,090
Director	Gaston Urda	199,950

Such directors, in their capacity as shareholders of Yahsat, will be treated in the same manner as all other shareholders of Yahsat for the purpose of the Merger and will therefore receive shares in the capital of Bayanat in accordance with the Exchange Ratio on or about the Effective Date.

(c) **Other interests**

No Yahsat director stands to receive any special benefit or bonus in connection with the Merger.

2.3.4 Statement in respect of trustees of deed securing issue of Yahsat debentures

Bayanat and Yahsat have not issued any debentures.

2.3.5 Statement in respect of valuation report and fees

PricewaterhouseCoopers Limited Partnership – Abu Dhabi received a fee of USD 465,000 for professional services (in addition to expenses of USD 5,712) in respect of the preparation of the valuation report.

2.4 RATIONALE OF THE DETERMINATION OF THE EXCHANGE RATIO

2.4.1 Rationale of the determination of the Exchange Ratio

The Exchange Ratio was agreed between Bayanat and Yahsat following detailed commercial negotiations between the Companies. In negotiating the Exchange Ratio, Bayanat and Yahsat referred to advice and assistance from their respective advisers and a review of due diligence information on each other's businesses.

In reaching agreement on the Exchange Ratio, Bayanat and Yahsat considered a number of valuation methodologies and other items, including: (a) relative historical share price analysis; (b) various market-based and fundamental valuation methodologies; and (c) the results of the Companies' respective financial and legal due diligence processes.

2.5 BENEFITS OF THE MERGER

2.5.1 Cautionary note

This Sub-section 2.5 contains the views of the Bayanat Board and the Yahsat Board on the benefits that they currently anticipate will result from the Merger becoming effective, including information and estimates compiled by the Bayanat Board and the Yahsat Board.

You should note, in particular, that this Sub-section 2.5 contains forward-looking statements, which are subject to risks and uncertainties, and that undue reliance should not be placed on such statements.

Nothing contained in this Sub-section 2.5 is intended to be or shall be deemed to be a forecast, projection or estimate of the current or future financial performance of Bayanat or Yahsat and no statement in this document should be interpreted to mean that earnings per share for current or future financial periods of Bayanat or Yahsat would necessarily match or exceed historical published earnings per share.

2.5.2 Overview

Both the Bayanat Board and the Yahsat Board believe that the Combined Group will bring significant benefit and value to the UAE, supporting its economic vision to grow and diversify its economy and positioning the UAE at the forefront of advanced technology globally. By combining both Companies, the Combined Group expects to realise synergies and economies of scale, thereby improving underlying profitability as well as expanding and strengthening the suite of products and services that it can offer, reinforcing its competitive position in the fast growing and disruptive sectors of artificial intelligence (AI) and space. Both the Bayanat Board and the Yahsat Board therefore believe that the Merger has significant potential to create enhanced shareholder value, as detailed below.

2.5.3 Benefits to shareholders

(a) **Creation of the largest space technology company in the UAE and one of the most valuable companies in the sector globally**

The proposed Merger will create an AI-powered space technology champion in the MENA region with an implied market capitalisation of approximately AED 12 billion, based on both entities' closing share prices as at 20 March 2024, the last day of trading prior to publication of this document. This would make it one of the most valuable publicly listed space companies in the world by market capitalisation, with additional potential for significant global growth and synergies. The Combined Group will be vertically integrated and optimally positioned to capture regional and international opportunities in geospatial and mobility solutions, satellite communications and business intelligence. With a strengthened financial position, enhanced AI-powered technological capabilities and a diversified product portfolio, the combination will also establish a platform for transformative technologies to enable space-based services with significant impact on societies and economies. The Combined Group is moreover expected to benefit from considerable revenue synergies and economies of scale that will best position the organisation for innovation and profitable growth.

(b) **Growth-focused investment**

The Combined Group will adopt a financial framework that balances investment for strong profitable growth and return of capital to shareholders. Underpinning this framework will be the combined entity's strengthened financial position along with a predictable, secure and long-term cash flow profile. With a strengthened financial position, enhanced AI-powered technological capabilities and a diversified product portfolio, the Combined Group will also operate as the leading UAE provider of AI-powered geospatial and mobility solutions, satellite communications and business intelligence.

(c) **Enhanced product offerings**

The Combined Group will develop and own a robust, world-class satellite portfolio with sovereign multi-orbit capabilities and global competitiveness, including a fleet of multi-mission communications satellites, and an Earth Observation satellite constellation.

The Combined Group’s space and atmospheric assets along with ground, subterranean and subsea data acquisition capabilities will provide comprehensive AI-powered geospatial solutions to multiple sectors. These advanced solutions will provide cutting-edge, data-driven insights for critical decision making.

The Combined Group will also harness existing and upcoming state-of-the-art infrastructure and manufacturing facilities in the UAE to establish the country as a leading global technology supplier.

(d) **Market consolidation and sectoral platform creation**

The greater scale of the Combined Group will provide an expanded scope of service offerings and vertical integration opportunities, enabling it to differentiate itself from its peers, secure more opportunities and capture a higher proportion of margin across the value chain.

The Combined Group is expected to generate a significant share of its revenues and EBITDA from UAE Government customers, providing the Combined Group with a platform of highly predictable and secure cash flows to support its efforts to realise the significant growth potential in the new business verticals identified. Additionally, the Combined Group will leverage its extended capabilities and resources to pursue growth opportunities beyond the UAE.

(e) **Higher value creation through significant cost and revenue synergy potential**

The Combined Group is expected to realise cost savings through:

- enhanced productivity and economies of scale;
- integration of systems, applications and operations;
- integration of information technology platforms; and
- a more efficient and lower cost of procurement across a range of different items including, IT and office equipment, marketing, satellite procurement, insurance, launch and ground segment.

The Combined Group is expected to realise substantial revenue synergy potential through:

- the UAE Earth Observation program;
- Satellite Communications-Aided IoT Applications; and
- AI-enabled government value-add services.

The Combined Group intends to achieve this by up-selling and cross-selling existing solutions, leveraging existing customer relationships and a broader distribution network and by having access to a broader technology platform that will enable the Combined Group to develop new products and solutions.

(f) **Centre of excellence for talent**

The Combined Group will benefit from a combined pool of technical expertise and specialisations spanning geospatial intelligence, artificial intelligence, space technology, and satellite communications. This cross-disciplinary interaction and exchange will serve as the driving force behind the creation of future cutting-edge solutions.

The Combined Group will unite its focus on comprehensive capability-building programs with an emphasis on knowledge transfer and local talent development to cultivate a highly skilled employee base.

2.6 LISTING OF THE NEW BAYANAT SHARES AND DE-LISTING OF THE YAHSAT SHARES

Applications will be made to the SCA and the Abu Dhabi Securities Exchange in due course for the New Bayanat Shares to be admitted to listing and trading on the Abu Dhabi Securities Exchange.

Subject to the conditions of the Merger having been satisfied, it is expected that listing of the New Bayanat Shares to be issued in respect of the Merger will occur on, or on the Business Day immediately following, the Effective Date. It is expected that the Yahsat Shares will be delisted by the Abu Dhabi Securities Exchange on the Effective Date.

2.7 GENERAL ASSEMBLY MEETINGS

The Merger is conditional upon, amongst other matters as set out in Section 9 of this document, separate approvals at the respective GMs by the Bayanat Shareholders and the Yahsat Shareholders as follows:

(a) a vote "in favour" of each of the Merger Resolutions proposed at the Bayanat GM by the holders of at least 75% of the Bayanat Shares represented in the Bayanat GM; and

(b) a vote "in favour" of each of the Merger Resolutions proposed at the Yahsat GM by the holders of at least 75% of the Yahsat Shares represented in the Yahsat GM.

Notices of the respective GMs of Bayanat and Yahsat are set out in Annex I and Annex II, respectively, to this document.

2.7.1 Bayanat GM

The Bayanat GM has been called for 3:00 pm on 25 April 2024 at Al Nahyan Camp Area, Sheikha Fatima bint Mubarak Street (No.13), Abu Dhabi, United Arab Emirates for reviewing and, if appropriate, approving the following::

(a) the authorisation of the chairman of the Bayanat GM to appoint a secretary to the meeting and a vote collector;

(b) the Merger, through the issuance of 0.897821 new shares in the capital of Bayanat for every one share in Yahsat, subject to the terms and conditions of the Merger Agreement;

(c) the Merger Agreement and the indicative timeline for the Merger;

(d) the increase of the issued share capital of Bayanat by an amount of up to AED 219,047,697.90 (corresponding to the issuance of up to 2,190,476,979 ordinary shares of AED 0.10 each in the capital of Bayanat), subject to the terms and conditions of the Merger Agreement and with effect from the Merger becoming effective;

(e) the adoption of the amended and restated articles of association of Bayanat and the change of Bayanat's legal name from 'Bayanat AI PLC' to 'Space42 PLC', subject to the approval of the relevant authorities;

(f) the appointment of seven members to the Bayanat Board, subject to the terms and conditions of the Merger with effect from the Merger becoming effective, such members being:

Position	Name
Chairman	H.E. Mansoor Al Mansoori
Vice Chairman	Dr Bakheet Al Katheeri
Managing Director	Karim Michel Sabbagh
Director	H.E. Tareq Al Hosani
Director	H.E. Maryam AlMheiri
Director	Ismail Ali Abdulla
Director	Kiril Evtimov

(g) the authorisation of the Bayanat Board, or any person so authorised by the Bayanat Board, to adopt any resolution or take any action as may be necessary to implement any of the above resolutions including, without limitation, to: (i) approach the TDRA for confirmation and registration of the amended and restated articles of association of Bayanat; (ii) apply for a certificate to be issued by the Securities and Commodities Authority to declare the merger of Bayanat and Yahsat and the increase in share capital effective; (iii) file the amended and restated articles of association of Bayanat with the ADGM Registration Authority; (iv) apply for the listing of new ordinary shares of Bayanat on the Abu Dhabi Securities Exchange; and (v) correspond and negotiate with any person, entity (official or otherwise) within and outside the United Arab Emirates (including, for the avoidance of doubt, the ADGM), adopt such resolutions and take any such action as may be necessary to obtain the necessary approvals to effect the Merger.

2.7.2 Yahsat GM

The Yahsat GM has been called for 4:00 pm on 25 April 2024 at the Four Seasons Hotel Abu Dhabi for reviewing and, if appropriate, approving the following:

(a) the authorisation of the chairman of the Yahsat GM to appoint a secretary to the meeting and a vote collector;

(b) the Merger, in accordance with the terms and conditions of the Merger Agreement;

(c) the Merger Agreement and the indicative timeline for the Merger;

(d) resolutions 1, 2, 3, 4, 5 and 6 adopted by the shareholders of Bayanat at the general assembly meeting held by Bayanat's shareholders;

(e) the dissolution of Yahsat, subject to the terms and conditions of the Merger and with effect from the Merger becoming effective, and termination of the corporate personality of the Company and for Bayanat to become the legal successor of the Company in all its rights and obligations.

(f) the authorisation of the Yahsat Board, or any person so authorised by the Yahsat Board, to adopt any resolution or take any action as may be necessary to implement any of the above resolutions including, without limitation, to apply for a certificate to be issued by the Securities and Commodities Authority to declare the Merger, and the dissolution of Yahsat, effective. The Yahsat Board be authorised to communicate with the Securities and Commodities Authority, TDRA, the Competent Authority to de-register Yahsat and further to be authorised to take all necessary action to amend the records and register the Merger with all persons and entities whether official or otherwise including the registration that Bayanat shall become the legal successor in all rights and obligations of Yahsat.

2.8 ROLES OF ADVISERS

2.8.1 "Fairness Opinion" and Independent Experts

Houlihan Lokey is acting as the exclusive independent financial adviser to the Bayanat Board for the provision of an opinion in relation to the fairness, from a financial point of view, of the Exchange Ratio to Bayanat and FTICA is acting as an exclusive independent expert to the Yahsat Board for the provision of an opinion in relation to the fairness, from a financial point of view, of the Exchange Ratio to the Yahsat Shareholders, in each case, in relation to the Merger.

Bayanat and Yahsat have each, in line with international best practice, obtained independent fairness opinions from Houlihan Lokey and FTICA (respectively), the full text of which (including the assumptions, limitations and qualifications on which such opinions have been provided) appears at Annex III and Annex IV, respectively, to this document. The Houlihan Lokey fairness opinion is in relation to the fairness, from a financial point of view, of the Exchange Ratio to Bayanat and the FTICA fairness opinion is in relation to the fairness, from a financial point of view, of the Exchange Ratio to the Yahsat Shareholders.

2.8.2 Role of independent valuation advisor

PricewaterhouseCoopers Limited Partnership – Abu Dhabi is accredited by the SCA and was jointly appointed by Bayanat and Yahsat to provide an independent valuation of each of Bayanat and Yahsat.

3. INFORMATION ABOUT THE COMBINED GROUP

3.1 DIRECTORS

The proposed members of the Bayanat Board (as nominated by Bayanat and Yahsat) upon the Merger becoming effective are listed below. The Chairman of Bayanat will be H.E. Mansoor Al Mansoori and the Vice Chairman will be Dr. Bakheet Al Katheeri.

Position	Name
Chairman	H.E. Mansoor Al Mansoori
Vice Chairman..	Dr. Bakheet Al Katheeri
Managing Director	Karim Michel Sabbagh
Director	H.E. Tareq Abdulraheem Al Hosani
Director	H.E. Maryam AlMheiri
Director	Ismail Ali Abdulla
Director	Kiril Evtimov

Brief biographical details of the proposed members of the Bayanat Board following implementation of the Merger are set out below:

H.E. Mansoor Al Mansoori

H.E. Mansoor Al Mansoori is a member of the Abu Dhabi Executive Council and the Chairman of the Department of Health in Abu Dhabi. He brings a diverse range of experience across government and the private sector including telecommunications, energy and technology. He was previously Chairman of Bayanat, overseeing its highly successful IPO as well as being Group Chief Operating Officer of G42. He currently serves on the boards of Injazat, Presight, MBZUAI, Etisalat and Multiply Group.

Dr. Bakheet Al Katheeri

Dr. Bakheet Al Katheeri is the Chief Executive Officer of Mubadala's UAE Investments platform, where he is responsible for building national world-class champions across multiple sectors, including aerospace, technology, infrastructure and more. He serves on various industry boards and committees, including Mubadala Energy, Emirates Global Aluminum (EGA), Abu Dhabi Future Energy Company (Masdar), and National Central Cooling Company (Tabreed).

Karim Michel Sabbagh

Karim Michel Sabbagh has a track record of leadership in the global space industry. Until recently, he was the Managing Director and lead for Europe and the Middle East at E-Space with the mission to create a global space company focused on hyperscale IoT. He is also the former President and CEO of SES, Chairman of SES ASTRA and a member of the Board of Directors of O3b Networks, prior to its acquisition by SES. He joined SES from consulting firm Booz & Co. where he served as practice leader and advised global satcom and telecom operators.

H.E. Tareq Abdulraheem Al Hosani

H.E. Tareq Abdulraheem Al Hosani is the Secretary General of Tawazun Council, with a track record of managing acquisition, industrial development and regulations for the defence and security industry. Currently, he holds Board positions at Bayanat, National Cooperation for Tourism & Hotels (NCTH), Tawazun Technology & Innovation (TTI), Al Forsan Holding, Royal Jet and Yahsat. He previously served as Deputy Director General for the National Electronic Security Authority (NESA), Associate Director at Mubadala Investment Company and CEO of Yahsat, having started his career in the UAE Armed Forces.

H.E. Maryam AlMheiri

H.E. Maryam AlMheiri is the Director General of the Abu Dhabi Media Office (ADMO), overseeing Abu Dhabi's media ecosystem, which includes the Creative Media Authority and Abu Dhabi Media Network under ADMO's umbrella. As such, she is responsible for the strategic direction of all forms of media in the emirate. Maryam is also Vice-Chair of the UAE Special Olympics' Board of Trustees and serves on the Board of Mohamed bin Zayed University for Humanities, Emirates Red Crescent, and Fatima Bint Mubarak Ladies Sports Academy.

Additionally, she is an Honorary Advisor to the Board of Abu Dhabi University. Prior to her current role, Maryam was CEO of the Media Zone Authority - Abu Dhabi and twofour54.

Ismail Ali Abdulla

Ismail Ali Abdulla is the Managing Director of Strata and Head of Clusters at Mubadala Investment Company, having been involved in finance and business development at Strata since its inception in 2009. As the Managing Director of Strata, Ismail is committed to enhancing the competitiveness of the UAE aerospace industry globally, developing capabilities for the 4th Industrial Revolution (4IR), and integrating local suppliers into the global aerospace supply chain. He also previously led the Nibras Al Ain Aerospace Park project.

Kiril Evtimov

Kiril Evtimov is a seasoned technology and business leader with extensive experience in start-ups and Fortune 500 companies. He is currently the CTO of Group42 and the CEO of Core42. He previously built FairSignals, where he was co-founder and CEO. Kiril has also held leadership roles as Vice President and General Manager of Unified Data Architecture Platform Technologies at Teradata, Vice President of Program Management at MicroStrategy, and eBay, where he delivered cutting-edge products and scalable data platforms across various industries.

3.2 MANAGING DIRECTOR

The proposed Managing Director of Bayanat following implementation of the Merger (with effect from the Effective Date) is Karim Sabbagh.

3.3 THE COMBINED GROUP'S STRATEGIC PRIORITIES

The Merger is expected to accelerate the growth trajectory of both Companies, with the aim being to build an AI-space powerhouse which will provide unique services to end customers in a rapidly changing and disruptive global environment.

Each of the two Companies will bring complementary and market-leading strengths to the Combined Group:

(a) Yahsat has a fleet of five satellites (and a sixth satellite to launch in 2024 with a further two satellites currently planned for launch in 2027 and 2028) with the potential to reach geographies representing more than 80% of the world’s population. Yahsat is a satellite operator with a well-diversified service offering, providing secured and value-added communications solutions to the UAE Federal Government, broadband, narrowband and broadcast solutions. It boasts one of the strongest balance sheets in the industry, with a negative net debt (as at 30 September 2023) and contracted future revenues of USD 6.9 billion (as at 30 September 2023), approximately 16 times its 2022 annual revenues; and

(b) Bayanat is one of the world’s leading AI and data analytics companies that is providing cutting edge geospatial solutions and transforming fast-growing industries with new, innovative and predictive capabilities. Bayanat offers a wide range of smart solutions spanning geospatial, ground, operations and mobility. Bayanat is well positioned for growth with four business divisions covering markets from Smart Geospatial Solutions, Smart Mobility Solutions, Smart Operations Solutions and Smart Space Solutions.

By combining the two Companies, the Combined Group will play a vital role in strengthening the UAE’s economic landscape, enhancing in-country innovation, and fostering talent whilst simultaneously expanding the scope of services and products to its end customers. Increased productivity and economies of scale are expected to improve the Combined Group’s profitability, enhancing its competitive position and accelerating its growth potential, thereby improving shareholder returns.

4. INFORMATION ABOUT BAYANAT

4.1 INTRODUCTION

4.1.1 Incorporation

Bayanat is a free zone public company limited by shares incorporated in the ADGM pursuant to the Companies Regulations 2020. Bayanat's head office is located at Al Nahyan Camp Area, Sheikha Fatima bint Mubarak Street (No.13), Abu Dhabi, United Arab Emirates.

4.1.2 Capital structure

The issued and fully paid-up share capital of Bayanat, as at the date of this document, is 2,571,428,572 shares of AED 0.10 each. The Bayanat Shares are admitted to listing and trading on the Abu Dhabi Securities Exchange.

4.1.3 Major shareholders

As at 15 March 2024 (being the last practicable date before the publication of this document), the shareholders known by Bayanat to own 5% or more of the share capital of Bayanat were:

Shareholder	Number of shares	Percentage of total issued share capital of Bayanat
Group 42 Holding Limited	1,980,000,000	77.00%
International Tech Group – Sole Proprietorship LLC	385,714,286	15.00%

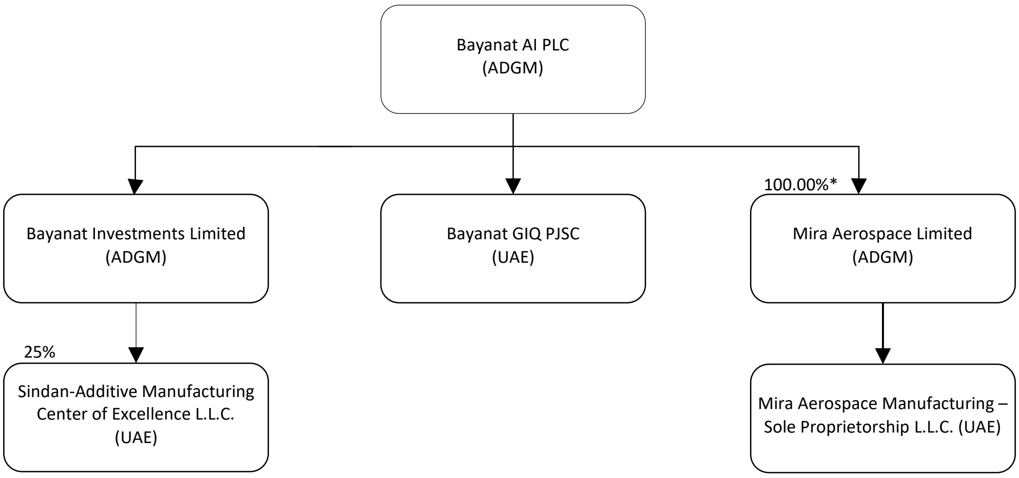
4.1.4 Financial year and auditors

The financial year of Bayanat is the calendar year ending on 31 December.

The auditors of Bayanat are Deloitte & Touche (M.E.) LLP, Level 11, Al Sila Tower, Al Maryah Island, Abu Dhabi Global Market Square, Abu Dhabi, United Arab Emirates.

4.2 BAYANAT GROUP STRUCTURE

A simplified structure chart of the Bayanat Group as at 15 March 2024 (being the last practicable date before the publication of this document) is set out below. Please see Sub-section 8.6 of this document for further details as to the Bayanat Group's legal structure.



[1]All entities are owned 100% unless otherwise indicated.
*Bayanat AI PLC currently owns 100% of the share capital of Mira Aerospace Ltd. However, the entity has been established for the purpose of a joint venture with UAVOS Inc., which will acquire a 47% stake in Mira Aerospace Ltd's share capital for its contribution to the joint venture.

4.3 DESCRIPTION OF BUSINESS

Bayanat acts as a holding company for its subsidiaries, Bayanat G I Q PJSC (**Bayanat GIQ**), a private joint stock company incorporated in Abu Dhabi, UAE, Bayanat Investments Limited, a private company limited by shares incorporated in the ADGM (**Bayanat Investments**), Mira Aerospace Limited, a private company limited by shares incorporated in the ADGM (**Mira Aerospace**), and Mira Manufacturing – Sole Proprietorship LLC, a sole proprietorship limited liability company incorporated in Abu Dhabi, UAE (**Mira Manufacturing**).

Bayanat GIQ, Bayanat Group's primary operating company, was established on 4 February 2008 and initially focused on geographical information systems (**GIS**). Bayanat GIQ later expanded into geospatial and data analytics/ AI, leveraging its trusted high-quality data to provide products and solutions to customers. Bayanat GIQ became a subsidiary of Mubadala in 2011 and in 2016 became a division of Emirates Defense Industries Company (EDIC). In 2020, Bayanat was acquired by G42, an Abu Dhabi based global leader in AI and cloud computing focused on exploring the full potential of AI as a tool to drive change across industries and businesses. The integration of Bayanat GIQ's geospatial expertise and G42's AI capabilities created a synergised geospatial intelligence competency.

Bayanat Investments is a wholly owned subsidiary of Bayanat established for the purpose of proprietary investing activities. Bayanat Investments owns a 25% stake in Sindan-Additive Manufacturing Center of Excellence LLC (Sindan). The remaining 75% of Sindan is owned by Tawazun Facilities COM. LLC. Sindan is licensed to develop products, offer services, and make investments in the area of 3D printing.

Mira Aerospace was incorporated for the purpose of a joint venture between Bayanat and UAVOS Inc. (**UAVOS**), a Delaware corporation engaged in the business of developing and manufacturing security and commercial solutions involving advanced unmanned systems. Bayanat currently owns a 100% stake in Mira Aerospace. However, UAVOS is entitled to subscribe for a 47% stake in Mira Aerospace in return for its contribution to the joint venture.

Mira Manufacturing is a wholly owned subsidiary of Mira Aerospace and is licensed to carry on the business of aircraft manufacturing.

Bayanat GIQ is organised into four core divisions:

1. Smart geospatial solutions (SGS)

The SGS division provides comprehensive AI-powered geospatial solutions to a growing number of sectors such as defence, environment, energy & resources, smart cities, and transportation. The division is a one-stop-shop that possesses premium and unique data acquisition capabilities from below the ground to beyond the atmosphere using a range of sources including satellites and HAPS. Its superior data processing capabilities result in the creation of topographic, hydrographic, and aeronautical products and charts, as well as spatial data surveying, analysis, management, modelling, visualisation, and cartography services. SGS's advanced AI-powered solutions provide cutting-edge, data-driven insights for informed decision making across asset integrity, change / movement detection and tracing, and others.

2. Smart operations solutions (SOPS)

The SOPS division provides customers with an AI-powered solution to improve efficiency and efficacy. The division is driving the revolution in how entities approach their operations, by providing customers the latest AI-powered innovative technological solutions which deliver both superior efficiency and efficacy. SOPS' work spans various operational domains of clients and fully leverages the company's Digital Twin, Cloud Computing and AI capabilities.

3. Smart mobility solutions (SMOS)

The SMOS division is the pioneer of autonomous driving and unmanned systems in the MENA region, with a proven technological capability and know-how including Autonomous Solutions, Cloud Infrastructure, Digital Twins, Charging Infrastructure, Transportation Super Apps, and Testing and Simulation. Successful trials of TXAI, a ride hailing service using L4 autonomous vehicles will be followed by a comprehensive transformation program of the public transportation system.

4. Smart space solutions (SPAS)

The SPAS division serves as an AI-powered information solutions provider within a vertical framework, leveraging space-based platforms in Remote Sensing and Communications. By deploying advanced technologies, such as High Altitude Pseudo Satellites (HAPS) and contributing to the establishment of national Earth Observation satellite constellations, the SPAS division consistently pushes the boundaries to deliver timely and actionable insights to diverse industries.

4.4 DIRECTORS

The Bayanat Board, as at the date of this document, is comprised of the following persons:

Position	Name
Chairman	H.E. Tareq Abdulraheem Al Hosani
Director	Mr. Xiaoping Zhang
Director	Mr. Ahmed Al Kuttab
Director	Ms. Elham Al Qasim
Director	Mr. Hasan Ahmed Rashed Ali Al Hosani

5. INFORMATION ABOUT YAHSAT

5.1 INTRODUCTION

5.1.1 Incorporation

Yahsat was incorporated on 23 January 2007 as a private joint stock company and is headquartered in Abu Dhabi, United Arab Emirates. 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 (ADX). Yahsat is registered in accordance with the Companies Law with commercial licence number CN-1005700. Yahsat's head office is located at Yahsat HQ, Sweihan Road, P.O. Box 93693, Abu Dhabi, UAE.

5.1.2 Capital structure

The issued and fully paid-up share capital of Yahsat, as at the date of this document, is 2,439,770,265 shares of AED l.00 each. The Yahsat Shares are admitted to listing and trading on the ADX.

5.1.3 Major shareholders

As at 15 March 2024 (being the last practicable date before the publication of this document), the Yahsat Shareholders known by Yahsat to own 5% or more of the share capital of Yahsat were:

Shareholder	Number of shares	Percentage of total issued share capital of Yahsat
Mamoura Diversified Global Holding PJSC (a wholly owned subsidiary of Mubadala Investment Company)	1,536,605,267	62.98%

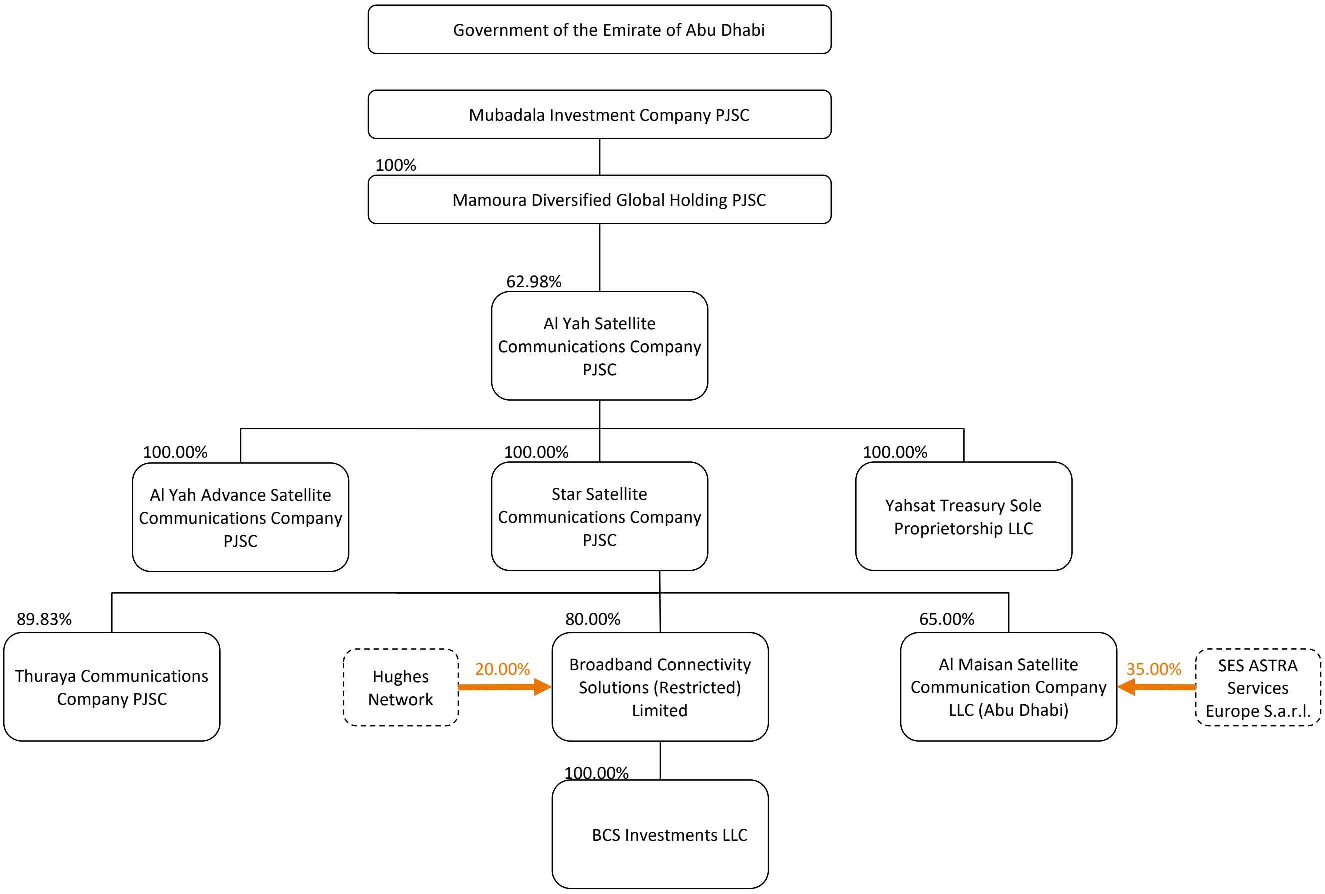
5.1.4 Financial year and auditors

The financial year of Yahsat is the calendar year ending on 31 December.

The auditors of Yahsat are RAI Audit and Tax Services – Sole Proprietorship LLC, of Blue Sky Tower, 17th Floor, P.O. Box 94996, Abu Dhabi, United Arab Emirates.

5.2 YAHSAT GROUP STRUCTURE

A simplified structure chart of the Yahsat Group as at 15 March 2024 (being the last practicable date before the publication of this document) is set out below.



5.3 DESCRIPTION OF BUSINESS

The Yahsat Group is one of the largest providers of multi-mission (government and commercial) satellite communications services in the world (in terms of annual revenues) according to management estimates.

The Yahsat Group is based in the Middle East and through its critical satellite infrastructure provides both government and commercial satellite capacity and solutions, including government networks, enterprise networks, broadband, mobility (voice and narrowband data) and television broadcast, through a fleet currently comprising five geostationary satellites covering MENA, APAC and Brazil. The Yahsat Group has a high-quality satellite fleet that provides services using a wide selection of spectral bands (Ka-band, Ku-band, C-band and L-band). Its first two satellites, Al Yah 1 and Al Yah 2, were launched in April 2011 and April 2012, respectively. The Yahsat Group's third satellite, Al Yah 3, was launched in January 2018. The Yahsat Group also added two satellites, Thuraya-2 and Thuraya-3, to its fleet through the acquisition of Thuraya in 2018, with these satellites launched in June 2003 and January 2008, respectively. The Yahsat Group expects to launch its new satellite, T4-NGS, in 2024, with commercial operations scheduled to commence in 2025.

The Yahsat Group has five business lines, which are organised as follows:

1. Infrastructure

The Yahsat Group's largest revenue line is the leasing of secure satellite capacity on Al Yah 1 and Al Yah 2, principally to the UAE Federal Government. The Yahsat Group provides critical and secure Ka-band satellite capacity to the UAE Federal Government on Al Yah 1 and Al Yah 2 under a 15-year contract expiring in 2026, with a new 17-year agreement on a replacement fleet beyond 2026 already being discussed. The Yahsat Group also entered into a 15-year contract in 2021 with the UAE Federal Government for capacity and associated services on T4-NGS. This T4-NGS capacity contract will expire in 2039. Yahsat's highest ever mandate was awarded by the UAE government during Q3 2023 worth AED18.7 billion (USD5.1 billion) for satellite capacity and managed services of which AED3.7 billion (USD1 billion) will be received in advance.

2. Managed Solutions

Managed Solutions is principally comprised of Yahsat Government Solutions (**YGS**), which delivers critical, secure, defence-focused, value-added solutions primarily to the UAE Federal Government and other UAE and international governmental entities. YGS also provides O&M services to the UAE Federal Government, related to supporting the infrastructure capacity contracted to the customer, which is based on multi-year engagements.

3. Mobility Solutions

The Yahsat Group provides mobile satellite services (**MSS**) through its approximately 90% owned subsidiary Thuraya Telecommunications Company PJSC, a UAE based company providing MSS services using L-band capacity on its two satellites, Thuraya-2 and Thuraya-3. Thuraya is a leading MSS operator for L-band based voice and data services, covering more than two thirds of the world's population across the MENA and APAC regions.

4. Data Solutions

The Yahsat Group offers satellite-based broadband data solutions using Ka-band to end users including consumers, enterprises and government customers, as well as high-speed data links for use by telecommunications companies, internet service providers and other satellite service providers.

5. Broadcast

The Yahsat Group has a 65% shareholding in Al Maisan Satellite Communication Company LLC, an equity partnership with SES Finance Sarl operating under the brand "YahLive". SES Finance controls the business, which provides capacity to DTH television broadcasters using Ku-band capacity on the Al Yah 1 satellite, principally in the MENA region and Southwest Asia.

5.4 DIRECTORS

The Yahsat Board, as at the date of this document, is comprised of the following persons:

Position	Name
Chairman	Musabbeh Al Kaabi
Vice Chairman	H.E. Tareq Abdulraheem Al Hosani
Director	H.E. Rashed Al Ghafri
Director	Masood M. Sharif Mahmood
Director	Badr Al Olama
Director	Gaston Urda
Director	H.E. Maryam AlMheiri
Director	Peng Xiao
Director	Adrian Steckel

6. HISTORICAL FINANCIAL INFORMATION

PART A

HISTORICAL FINANCIAL INFORMATION OF BAYANAT

Two years ended 31 December 2021 and 31 December 2022

The consolidated financial statements of Bayanat for the years ended 31 December 2021 and 31 December 2022 are available on Bayanat's website at https://www.bayanat.ai/investor-relations and are attached to this document as Annex VI. The financial statements have been prepared in accordance with IFRS and other mandatory reporting requirements. Deloitte & Touche (M.E.) LLP has performed audits in accordance with International Standards on Auditing and has issued audit reports on the financial statements for the years ended 31 December 2021 and 31 December 2022 (each of which is included with the consolidated financial statements available in Annex VI to this document). Each such audit report was unqualified.

PART B

HISTORICAL FINANCIAL INFORMATION OF YAHSAT

Two years ended 31 December 2021 and 31 December 2022

The consolidated financial statements of Yahsat for the years ended 31 December 2021 and 31 December 2022 are available on Yahsat's website at https://www.yahsat.com/en/investor-relations/reports-and-presentations/reports and are attached to this document as Annex VII. The financial statements have been prepared in accordance with IFRS and other mandatory reporting requirements. KPMG Lower Gulf Limited has performed audits in accordance with International Standards on Auditing and has issued audit reports on the financial statements for the years ended 31 December 2021 and 31 December 2022 (each of which is included with the consolidated financial statements available in Annex VII to this document). Each such audit report was unqualified.

PART C

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The unaudited pro forma consolidated financial information and related notes (the **''Unaudited Pro forma Consolidated Financial Information''**) set forth below have been prepared pursuant to, and for the purpose of illustrating the anticipated effects, of the combination of Bayanat AI PLC and its subsidiaries (together referred to as "**Bayanat**") and Al Yah Satellite Communications Company PJSC and its subsidiaries (together referred to as "**Yahsat**") (merger). The combined entity will retain Bayanat's legal registrations. The Unaudited Pro forma Consolidated Financial Information consists of the following:

1) Unaudited pro forma consolidated statement of financial position as at 30 June 2023 of Bayanat and Yahsat (together referred to as the "Combined Group") giving effect to the merger, as if the merger had taken place on 30 June 2023;
2) Unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the six months period ended 30 June 2023 of the Combined Group giving effect to the merger, as if the merger had taken place on 1 January 2023;
3) Unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 of the Combined Group giving effect to the merger, as if the merger had taken place on 1 January 2022, and
4) Related notes to the Unaudited Pro forma Consolidated Financial Information.

The merger has been accounted for in accordance with IFRS 3 'Business Combinations'. IFRS 3 requires that an acquirer be identified in any business combination and acquisition accounting principles be applied. For the purposes of this Unaudited Pro forma Consolidated Financial Information, it is assumed that Bayanat been identified as the accounting acquirer. However, the assessment of the accounting acquirer identification for the combined entities is not completed as at the date of this Unaudited Pro forma Consolidated Financial Information.

The preparation and presentation of the Unaudited Pro forma Consolidated Financial Information is based on certain pro forma assumptions (detailed in the basis of preparation note) and has been prepared for illustrative purposes only. Moreover, because of its nature, the Unaudited Pro forma Consolidated Financial Information addresses a hypothetical situation and therefore, does not represent the Combined Group's actual financial position and financial performance, and may not give a true picture of the financial position and financial performance of the Combined Group upon completion of the merger. In addition, the Unaudited Pro forma Consolidated Financial Information is not representative of the financial situation and performance that could have been observed if the accounting acquisition resulting from the merger had been undertaken at an earlier date nor is the Unaudited Pro forma Consolidated Financial Information indicative of the future operating results or financial position of the Combined Group upon completion of the merger.

The Unaudited Pro forma Consolidated Financial Information has been prepared based on figures extracted from the reviewed condensed consolidated financial statements as at and for the six months period ended 30 June 2023 of Bayanat and Yahsat and from the consolidated financial statements as at and for the year ended 31 December 2022 of Bayanat and Yahsat, prepared in accordance with International Financial Reporting Standards.

The Unaudited Pro forma Consolidated Financial Information is presented in United Arab Emirates Dirham ("AED"), which is the presentation currency of Bayanat.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL POSITION

AS AT 30 JUNE 2023

	Bayanat AED	Yahsat AED	Pro forma adjustments AED	Notes	Pro forma consolidated AED
NON-CURRENT ASSETS					
Property and equipment	114,482,142	4,096,288,138	11,127,675	**2 (i)**	4,221,897,955
Right-of-use assets	-	20,173,043	-		20,173,043
Goodwill and intangible assets	1,569,457	23,496,655	5,887,646,030	**2 (v)**	5,912,712,142
Equity-accounted investments	-	212,163,998	-		212,163,998
Trade and other receivables	-	38,127,895	(11,127,675)	**2 (i)**	27,000,220
Derivative financial instruments	-	110,960,915	-		110,960,915
Other financial assets	-	49,152,740	-		49,152,740
Deferred income tax assets	-	550,875	-		550,875
TOTAL NON-CURRENT ASSETS	**116,051,599**	**4,550,914,259**	**5,887,646,030**		**10,554,611,888**
CURRENT ASSETS					
Inventories	-	43,875,358	-		43,875,358
Contract assets	405,751,977	-	-		405,751,977
Trade and other receivables	12,521,200	509,151,728	-		521,672,928
Derivative financial instruments	-	55,939,520	-		55,939,520
Income tax assets	-	668,395	-		668,395
Due from related parties	193,516,442	-	-		193,516,442
Contract cost	4,777,119	-	-		4,777,119
Refundable deposits	24,828,420	-	-		24,828,420
Cash and bank balances	630,352,948	2,274,507,788	-		2,904,860,736
CURRENT ASSETS	**1,271,748,106**	**2,884,142,789**	**-**		**4,155,890,895**
Non-current assets classified as held for sale	-	95,422,568	-		95,422,568
TOTAL CURRENT ASSETS	**1,271,748,106**	**2,979,565,357**	**-**		**4,251,313,463**
TOTAL ASSETS	**1,387,799,705**	**7,530,479,616**	**5,887,646,030**		**14,805,925,351**

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL POSITION

AS AT 30 JUNE 2023 (continued)

	Bayanat AED	Yahsat AED	Pro forma adjustments AED	Notes	Pro forma consolidated AED
EQUITY					
Share capital	257,142,857	2,439,766,615	(2,220,718,996)	2 (v)	476,190,476
Share premium	566,808,172	-	8,761,904,764	2 (v)	9,328,712,936
Hedging reserve	-	163,305,058	(163,305,058)	2 (v)	-
Translation reserve	-	(77,082,103)	77,082,103	2 (v)	-
Remeasurement reserve	-	6,860,230	(6,860,230)	2 (v)	-
Other reserves	27,609,783	76,861,753	(76,861,753)	2 (v)	27,609,783
Retained earnings	305,045,669	483,594,800	(483,594,800)	2 (v)	305,045,669
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	**1,156,606,481**	**3,093,306,353**	**5,887,646,030**		**10,137,558,864**
Non-controlling interests	-	245,378,088	-		245,378,088
TOTAL EQUITY	**1,156,606,481**	**3,338,684,441**	**5,887,646,030**		**10,382,936,952**
NON-CURRENT LIABILITIES					
Trade and other payables	-	1,771,463,428	-		1,771,463,428
Borrowings	-	1,448,536,830	-		1,448,536,830
Employees' end of service benefits	6,393,513	33,739,258	-		40,132,771
TOTAL NON-CURRENT LIABILITIES	**6,393,513**	**3,253,739,516**	**-**		**3,260,133,029**
CURRENT LIABILITIES					
Trade and other payables	169,780,306	523,999,646	-		693,779,952
Due to related parties	55,019,405	-	-		55,019,405
Borrowings	-	316,283,045	-		316,283,045
Deferred revenue	-	96,920,948	-		96,920,948
Income tax liabilities	-	852,020	-		852,020
TOTAL CURRENT LIABILITIES	**224,799,711**	**938,055,659**	**-**		**1,162,855,370**
TOTAL LIABILITIES	**231,193,224**	**4,191,795,175**	**-**		**4,422,988,399**
TOTAL EQUITY AND LIABILITIES	**1,387,799,705**	**7,530,479,616**	**5,887,646,030**		**14,805,925,351**

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

	Bayanat	Yahsat	Pro forma adjustments	Notes	Pro forma consolidated
	AED	AED	AED		AED
Revenue	231,553,304	753,126,920	-		984,680,224
Direct cost	(99,989,325)	(62,891,563)	(314,733,250)	2 (ii) 2 (iii)	(477,614,138)
Gross Profit	**131,563,979**	**690,235,357**	**(314,733,250)**		**507,066,086**
General and administrative expenses	(72,148,974)	-	(117,336,375)	2 (ii) 2 (iii)	(189,485,349)
Depreciation and amortisation	-	(279,212,830)	279,212,830	2 (ii)	-
Staff costs	-	(152,856,795)	152,856,795	2 (iii)	-
Other operating expenses	-	(90,483,055)	6,654,570	2 (iv)	(83,828,485)
Impairment loss, net of reversals, on financial assets and contract assets	429,286	-	(6,654,570)	2 (iv)	(6,225,284)
Finance expenses	(1,406,488)	(21,392,313)	-		(22,798,801)
Finance income	13,085,741	40,294,670	-		53,380,411
Income from Wakala deposits	1,970,871	-	-		1,970,871
Fair value losses	-	(23,379,135)	-		(23,379,135)
Share of results of equity-accounted investments	-	(17,789,590)	-		(17,789,590)
Other income	483,726	5,299,418	-		5,783,144
Profit before income tax	**73,978,141**	**150,715,727**	**-**		**224,693,868**
Income tax expense	-	(558,220)	-		(558,220)
Profit for the period	**73,978,141**	**150,157,507**	**-**		**224,135,648**
Loss for the period attributable to non-controlling interests	-	(16,228,778)	-		(16,228,778)
Profit for the period attributable to the Parent Company	**73,978,141**	**166,386,285**	**-**		**240,364,426**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Cash flow hedge - effective portion of changes in fair value	-	22,934,763	-		22,934,763
Cash flow hedge - gain reclassified to profit or loss	-	(37,397,068)	-		(37,397,068)
Foreign operations - currency translation differences	-	12,108,233	-		12,108,233
Items that may not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit obligation	-	(297,473)	-		(297,473)
Other comprehensive income for the period	**-**	**(2,651,545)**	**-**		**(2,651,545)**
Total comprehensive income for the period	**73,978,141**	**147,505,962**	**-**		**221,484,103**
Total comprehensive loss attributable to non-controlling interests	-	(16,651,115)	-		(16,651,115)
Total comprehensive income attributable to the Shareholders	**73,978,141**	**164,157,077**	**-**		**238,135,218**

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Bayanat	Yahsat	Pro forma adjustments	Notes	Pro forma consolidated
	AED	AED	AED		AED
Revenue	788,344,956	1,588,503,150	-		2,376,848,106
Direct cost	(468,891,587)	(177,367,060)	(590,409,463)	2 (vi) 2 (vii)	(1,236,668,110)
Gross Profit	**319,453,369**	**1,411,136,090**	**(590,409,463)**		**1,140,179,996**
General and administrative expenses	(81,030,621)	-	(254,063,550)	2 (vi) 2 (vii)	(335,094,171)
Depreciation and amortisation	-	(530,569,748)	530,569,748	2 (vi)	-
Staff costs	-	(313,903,265)	313,903,265	2 (vii)	-
Other operating expenses	-	(165,167,015)	(3,154,678)	2 (viii)	(168,321,693)
Impairment loss, net of reversals, on financial assets and contract assets	(38,024,727)	-	3,154,678	2 (viii)	(34,870,049)
Finance expenses	(3,164,067)	(35,237,638)	-		(38,401,705)
Finance income	4,401,042	31,205,233	-		35,606,275
Fair value adjustment on investment property	-	5,817,240	-		5,817,240
Share of results of equity-accounted investments	-	(195,755,268)	-		(195,755,268)
Other income	657,348	14,263,990	-		14,921,338
Profit before income tax	**202,292,344**	**221,789,619**	**-**		**424,081,963**
Income tax expense	-	(642,688)	-		(642,688)
Profit for the period	**202,292,344**	**221,146,931**	**-**		**423,439,275**
Loss for the period attributable to non-controlling interests	-	(19,636,858)	-		(19,636,858)
Profit for the period attributable to the Parent Company	**202,292,344**	**240,783,789**	**-**		**443,076,133**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Cash flow hedge - effective portion of changes in fair value	-	170,437,053	-		170,437,053
Cash flow hedge - gain reclassified to profit or loss	-	(12,596,675)	-		(12,596,675)
Foreign operations - currency translation differences	-	19,464,250	-		19,464,250
Items that may not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit obligation	-	7,084,253	-		7,084,253
Other comprehensive income for the period	**-**	**184,388,881**	**-**		**184,388,881**
Total comprehensive income for the period	**202,292,344**	**405,535,812**	**-**		**607,828,156**
Total comprehensive loss attributable to non-controlling interests	-	(19,658,893)	-		(19,658,893)
Total comprehensive income attributable to the Shareholders	**202,292,344**	**425,194,705**	**-**		**627,487,049**

PART D

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION OF THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The accompanying Unaudited Pro forma Consolidated Financial Information of the Combined Group has been presented for the purpose of the merger and has been prepared in accordance with the basis set out in the notes below, and in a manner consistent with the IFRS accounting policies of Bayanat:

i. The financial position of Bayanat as at 30 June 2023 and the financial performance for the six months period ended 30 June 2023 have been extracted without material adjustment from the reviewed condensed consolidated interim financial information of Bayanat, prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") which was approved by the Board of Directors of Bayanat on 8 August 2023;

ii. The financial position of Yahsat as at 30 June 2023 and the financial performance for the six months period ended 30 June 2023 have been extracted from the reviewed condensed consolidated interim financial statements of Yahsat, prepared in accordance with IAS 34 which were approved by the Board of Directors of Yahsat on 7 August 2023;

iii. The financial performance of Bayanat for the year ended 31 December 2022 has been extracted without material adjustment from the audited consolidated financial statements of Bayanat, prepared in accordance with International Financial Reporting Standards ("IFRS") which was approved by the Board of Directors of Bayanat on 17 March 2023;

iv. The financial performance of Yahsat for the year ended 31 December 2022 has been extracted without material adjustment from the audited consolidated financial statements of Yahsat, prepared in accordance with IFRS which was approved by the Board of Directors of Yahsat on 27 February 2023;

v. Significant accounting policies of Bayanat applied in the preparation of its reviewed condensed consolidated interim financial information referred to in (i) above. Those accounting policies are disclosed in Note 3 of Bayanat's audited consolidated financial statements for the year ended 31 December 2022. The significant accounting policies of Yahsat in the preparation of its reviewed condensed consolidated interim financial statements, as referred to under (ii) above, are consistent with those of Bayanat. The principles of compilation of these Unaudited Pro forma Consolidated Financial Information and assumptions used are explained below.

vi. The merger has been accounted for in accordance with IFRS 3 'Business Combinations'. However, the determination of purchase consideration and fair value exercise (''purchase price allocation'' or "PPA") has not been completed as at the date of this Unaudited Pro forma Consolidated Financial Information and accordingly the exercise may result in materially different values being attributed to the assets, liabilities and contingent liabilities acquired than those that are shown in the Unaudited Pro forma Consolidated Financial Information. PPA exercise is expected to be completed within twelve months from the date of the accounting acquisition upon completion of the merger and hence the amount calculated for 'Goodwill and other intangible assets' is a provisional amount.

vii. IFRS 3 requires that an acquirer be identified in any business combination and acquisition accounting principles be applied. For the purposes of this Unaudited Pro forma Consolidated Financial Information, it is assumed that Bayanat been identified as the accounting acquirer.

   However, the assessment of the accounting acquirer identification for the combined entities is not completed as at the date of this Unaudited Pro forma Consolidated Financial Information.

viii. IFRS 10, "Consolidated Financial Statements", in so far as applicable to the consolidation of the balances and amounts disclosed in the condensed consolidated interim financial statements of Yahsat (as indicated in (ii)) into the Unaudited Pro forma Consolidated Financial Information. There was no intercompany transactions and balances between Bayanat and Yahsat to be eliminated for the purposes of this Unaudited Pro forma Consolidated Financial Information.

   The Unaudited Pro forma Consolidated Financial Information does not take into consideration the effects of any expected synergies or costs incurred to achieve these synergies as a result of the accounting acquisition upon completion of the merger. The Unaudited Pro forma Consolidated Financial Information gives no indication of the results and future financial situation of the activities of the Combined Group upon completion of the merger.

   This Unaudited Pro forma Consolidated Financial Information has been compiled in a manner consistent with the accounting policies adopted by Bayanat. The reviewed historical condensed consolidated interim financial statements of Yahsat and the reviewed condensed consolidated interim financial information of Bayanat are prepared in accordance with IFRS as issued by the International Accounting Standards Board. Bayanat has assessed that there are no material differences between the accounting policies applied in preparing the respective reviewed historical condensed consolidated interim financial statements of Yahsat and the reviewed condensed consolidated interim financial information of Bayanat for the six months period ended 30 June 2023, therefore no adjustments have been made to the Unaudited Pro forma Consolidated Financial Information to reflect alignment of accounting policies.

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (continued)

2. ADJUSTMENTS TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The pro forma adjustments made for purposes of the Unaudited Pro forma Consolidated Financial Information are based on information available as well as certain pro forma assumptions as described in these notes to the Unaudited Pro forma Consolidated Financial Information. As previously mentioned, the Unaudited Pro forma Consolidated Financial Information contains neither any potential synergies or cost savings nor any normalisation adjustments or any additional future expenses that could result from the accounting acquisition upon completion of the merger. In addition, the Unaudited Pro forma Consolidated Financial Information has not been adjusted for acquisition related costs.

To ensure consistency of presentation in the Unaudited Pro forma Consolidated Financial Information between the reviewed condensed consolidated financial information of Bayanat and the reviewed condensed consolidated financial statements of Yahsat as at and for the six months period ended 30 June 2023, the following adjustments have been made:

Unaudited pro forma consolidated financial position as at 30 June 2023 (i)

i. An amount of AED 11.1 million as at 30 June 2023 of Yahsat's "Trade and other receivables" pertaining to advances for property and equipment has been reclassified to "Property and equipment" for the purposes of the unaudited pro forma consolidated statement of financial position as at 30 June 2023;

Unaudited pro forma consolidated statement of profit or loss for the six months period ended 30 June 2023 (ii-iv)

ii. An amount of AED 279.2 million for the six months period ended 30 June 2023 from Yahsat's "Depreciation and amortisation" has been reclassified to "Direct cost" of AED 263.7 million and to "General and administrative expenses" of AED 15.5 million for the purposes of the unaudited pro forma consolidated statement of profit or loss for the six months period ended 30 June 2023;

iii. An amount of AED 152.8 million for the six months period ended 30 June 2023 from Yahsat's "Staff costs" has been reclassified to "Direct cost" of AED 51 million and to "General and administrative expenses" of AED 101.8 million for the purposes of the unaudited pro forma consolidated statement of profit or loss for the six months period ended 30 June 2023;

iv. An amount of AED 6.7 million for the six months period ended 30 June 2023 from Yahsat's "Other operating expenses" pertaining to expected credit loss on contract assets has been reclassified to "Impairment loss, net of reversals, on financial assets and contract assets" for the purposes of the unaudited pro forma consolidated statement of profit or loss for the six months period ended 30 June 2023; and

v. The following adjustments show the calculation of provisional "Goodwill and other intangible assets" which have been recognised as an asset in the unaudited pro forma consolidated statement of financial position pursuant to the acquisition to record the issuance of the consideration shares by Bayanat to Yahsat Shareholders.

To record the issuance of shares of Bayanat to Yahsat Shareholders. For the purposes of Unaudited Pro forma Consolidated Financial Information, the consideration for the acquisition has been calculated on the basis of a share swap transaction at the rate of 0.898 shares in Bayanat for each share in Yahsat which would result to 46.00% ownership interest of Yahsat Shareholders in the Combined Group and a 54.00% ownership interest of Bayanat Shareholders, as shown below:

	Units	**%**
Outstanding shares of Yahsat	**2,439,770,265**	
Exchange ratio	0.898	
Number of shares to be issued by Bayanat to Yahsat Shareholders	2,190,476,191	46.00%
Outstanding share capital of Bayanat	**2,571,428,572**	54.00%
Total shares of Bayanat post combination	**4,761,904,763**	**100.00%**

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (continued)

2. ADJUSTMENTS TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (continued)

The consideration is computed as follows:

Outstanding shares of Bayanat (units)	2,571,428,572
Bayanat Shareholders' percentage ownership in the Combined Group post combination	54.00%
Total number of shares of the Combined Group (units) post combination	**4,761,904,763**
Yahsat Shareholders' percentage ownership in the Combined Group post combination	46.00%
Number of shares to be issued by Bayanat to Yahsat Shareholders (units)	**2,190,476,191**
Share price of Bayanat as at 30 June 2023	4.10
Total consideration (AED)	**8,980,952,383**

The consideration could increase or decrease depending on the market price of Bayanat's shares on the date of acquisition resulting in corresponding change in provisional "Goodwill and other intangible assets".

A share premium of AED 8,762 million arises on Bayanat issuance of the new shares for this transaction computed as follows:

	AED
Total consideration	8,980,952,383
Less: Par value of shares issued by Bayanat to Yahsat Shareholders	219,047,619
Share premium	**8,761,904,764**

To record AED 5,888 million excess of total consideration over the net assets of Yahsat as at 30 June 2023. This amount has not been bifurcated between goodwill and intangible assets pending the results of the PPA exercise. Moreover, the Unaudited Pro forma Consolidated Financial Information does not include any adjustments to the fair value of the assets, liabilities and contingent liabilities of Yahsat as required by IFRS 3. PPA exercise is expected to be completed within twelve months from the date of acquisition.

	AED
Total consideration	8,980,952,383
Less: net assets of Yahsat as at 30 June 2023	(3,093,306,353)
Goodwill / intangible assets (provisional)	**5,887,646,030**

Accordingly, the total paid-in capital of Bayanat post combination is presented below:

	Share capital	**Share premium**	**Total**
	AED	**AED**	**AED**
Bayanat capital pre combination	257,142,857	566,808,172	823,951,029
Total consideration	219,047,619	8,761,904,764	8,980,952,383
Total paid-in capital	**476,190,476**	**9,328,712,936**	**9,804,903,412**

All pre-acquisition reserves and retained earnings of Yahsat as at 30 June 2023 have been reversed in the Unaudited Pro Forma Consolidated Financial Information. The consolidated retained earnings and other reserves, as at the date of the Unaudited Pro Forma Consolidated Financial Information represent Bayanat pre-acquisition balances.

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (continued)

2. ADJUSTMENTS TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (continued)

To ensure consistency of presentation in the Unaudited Pro forma Consolidated Financial Information between the audited consolidated financial statements of Bayanat and the audited consolidated financial statements of Yahsat as at and for the year ended 31 December 2022, the following adjustments have been made:

Unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2023 (vi-viii)

vi. An amount of AED 530.6 million for the year ended 31 December 2022 from Yahsat's "Depreciation and amortisation" has been reclassified to "Direct cost" of AED 497.1 million and to "General and administrative expenses" of AED 33.5 million for the purposes of the unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2022;

vii. An amount of AED 313.9 million for the year ended 31 December 2022 from Yahsat's "Staff costs" has been reclassified to "Direct cost" of AED 93.3 million and to "General and administrative expenses" of AED 220.6 million for the purposes of the unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2022;

viii. An amount of AED (3.2) million for the year ended 31 December 2022 from Yahsat's "Other operating expenses" pertaining to net reversal of expected credit loss on contract assets has been reclassified to "Impairment loss, net of reversals, on financial assets and contract assets" for the purposes of the unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2022.

3. LIMITATIONS OF PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

For the purposes to understand the information provided in the Unaudited Pro Forma Consolidated Financial Information, the following should be taken into account:

- given that the Unaudited Pro Forma Consolidated Financial Information present a hypothetical situation, had the merger actually been consummated at the date to which the Unaudited Pro Forma Consolidated Financial Information refers to, the historical data would not necessarily have been identical to the pro forma data presented above;
- the Unaudited Pro Forma Consolidated Financial Information has been prepared solely for the purposes of presenting the objectively measurable effects of the merger and, therefore, does not take account of the potential effects resulting from changes in Board of Directors' strategy and operational decisions resulting from the execution of the merger; and
- the Unaudited Pro Forma Consolidated Financial Information does not reflect forward-looking information and is not intended in any way to present the expected future financial position of the Combined Group following the merger and, therefore, should not be used in this sense.

4. APPROVAL OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The Unaudited Pro Forma Consolidated Financial Information was approved by management and authorised for issue by the Yahsat Board and the Bayanat Board on 12 March 2024.

7. RISK FACTORS

In deciding whether to vote in favour of the Merger Resolutions to be proposed at the GMs, Bayanat Shareholders and Yahsat Shareholders should carefully read this document and consider the risk factors set out in this Section. Additional risks and uncertainties not presently known to Bayanat and Yahsat, or which Bayanat and Yahsat currently consider to be immaterial, may also have an adverse effect on the Combined Group.

1. Risks relating to the Merger

(a) *Whether or not the Merger takes place, the announcement of the proposed Merger could cause disruptions in the businesses of Bayanat and Yahsat which could have an adverse effect on their financial results*

Whether or not the Merger takes place, the announcement of the proposed Merger could cause disruptions in the businesses of Bayanat and Yahsat, specifically:

- the attention of the management teams of Bayanat and Yahsat may be diverted from the operations of the businesses toward finalising the Merger;
- current and prospective employees may experience uncertainty about their future roles within the Combined Group, which might adversely affect Bayanat's and Yahsat's ability to retain or recruit key managers and other employees; and
- existing and prospective clients and customers may choose not to do business with Bayanat, and/or Yahsat until such time as the Merger is implemented or the anticipated benefits of the Merger are realised.

If Bayanat and Yahsat fail to manage these risks effectively, their businesses and financial results could be adversely affected.

(b) *Regulatory authorities may delay or prevent the Merger taking place or place additional conditions on the Merger, which may diminish the anticipated benefits of the Merger*

The Merger is subject to certain risks and uncertainties, including the inability of Bayanat and Yahsat to obtain the necessary resolutions, approvals and other relevant consents (regulatory, governmental or otherwise) as necessary for the implementation of the Merger. Any delay in obtaining the required approvals may also postpone the execution of the Merger, which Bayanat and Yahsat currently expect to take place during H2 2024. The failure to consummate the Merger as currently planned could result in Bayanat and Yahsat not obtaining the anticipated benefits of the Merger. The Merger requires the receipt of consents and approvals from regulators in the UAE (including the TDRA, the SCA, the ADGM Registration Authority, the Abu Dhabi Department of Economic Development and the Ministry of Economy) and abroad (including the United States Directorate of Defence Trade and Controls). Although Bayanat and Yahsat intend to pursue vigorously all required regulatory consents and approvals, and although they are not aware of any reason why they would not be able to obtain the necessary approvals in a timely manner, these approvals may not be granted, may be delayed or additional conditions may be placed. Any delay or prevention in the consummation of the Merger or additional conditions being placed on the Merger may diminish anticipated benefits or may result in additional transaction costs, loss of revenue or other effects associated with uncertainty about the Merger.

(c) *The Combined Group may experience difficulties in integrating the existing businesses carried on by Bayanat and Yahsat*

The Merger involves the integration of two businesses that have previously operated independently. The potential difficulties of combining the businesses include:

- the necessity of co-ordinating and consolidating management functions, organisations, systems and facilities and addressing differences in the business cultures of the two Companies;
- the task of integrating the management and personnel of Bayanat and Yahsat, maintaining employee morale and retaining and incentivising key employees;

- accurately evaluating the contractual, financial, regulatory, environmental and other obligations and liabilities associated with Bayanat's and Yahsat's investments, including the appropriate implementation of financial oversight and internal controls and the timely preparation of financial statements that are in conformity with Bayanat's accounting policies;
- accurately judging market dynamics, demographics, growth potential and competitive environment (including evaluating and managing the risks and uncertainties in entering new markets and acquiring new businesses); and
- maintaining and obtaining the necessary licences and approvals from relevant governmental and regulatory authorities and agencies.

The process of integrating operations may present financial, managerial and operational risks, including an interruption of, or loss of momentum in, the activities of one or more of Bayanat's and/or Yahsat's businesses and the loss of key personnel. Any delays or difficulties encountered in connection with the Merger and the integration of the operations of the businesses, could have an adverse effect on the business, results of operations, financial condition or prospects of the Combined Group after the Merger. Moreover, if the management of Bayanat and Yahsat are unable to integrate the operations of the companies successfully, the growth strategy and future profitability of the Combined Group could be negatively affected and the anticipated benefits of the Merger may not be realised, in particular those benefits set out under Sub-section 2.5 of this document. In addition, difficulties in integrating the businesses could harm the reputation of the Combined Group, which may result in the loss of customers and key employees. Also, the Combined Group expects to incur a number of non-recurring costs associated with the integration of the businesses of Bayanat and Yahsat, including potentially costs associated with the rebranding of the companies, fees to financial, accounting and legal advisers and other related costs. If the integration is not successful, the Combined Group will not realise the anticipated benefits of the integration and may, therefore, fail to offset these integration costs over time.

(d) If the conditions to, and the procedural requirements of, the Merger (set out in Section 9 of this document) are not satisfied, the Merger may not take place or may be delayed

The Merger is conditional on a number of conditions as set out in Section 9 of this document and the Merger Agreement. If any of these conditions are not satisfied, then there is a risk that the Merger will not take place. Further, in order to implement the Merger, the procedural requirements contained in the Companies Law and the Companies Regulations 2020 (set out in Part B of Section 9 of this document) must be satisfied. If any such requirement is not satisfied, then the Merger will not take place (or, in certain circumstances, the implementation of the Merger may be delayed). Any of the foregoing events may have a negative impact on the existing value of the Bayanat Shares and Yahsat Shares.

(e) The fixed Exchange Ratio for the Merger may not reflect market value

If the Merger is implemented, Yahsat Shareholders will receive Bayanat Shares on the basis of a fixed ratio (see Sub-section 2.2 of this document for details of such Exchange Ratio). The market value of the Bayanat Shares at the time the Merger takes place may vary significantly from their value as set out in, and at the date of, this document (as a result of, amongst other things, the operation of the businesses of Bayanat and Yahsat in the ordinary course, including, without limitation, the entry into new material contracts).

(f) Trading prices of the Bayanat Shares and the Yahsat Shares may be volatile until the Merger takes place

Given the awareness in the market of the Merger, it is likely that there will be increased volatility in the share price of the Bayanat Shares and the Yahsat Shares until the Merger is finalised.

(g) Risks relating to the transaction costs of the Merger

Bayanat and Yahsat expect to incur a number of non-recurring costs associated with the Merger, including fees to financial, accounting and legal advisers and other related costs. If the Merger does not take place or is delayed, the aggregate anticipated costs incurred in connection with the Merger may not reflect the actual costs which Bayanat and Yahsat ultimately incur.

(h) Risks relating to the Exchange Ratio

The Exchange Ratio has been calculated on the basis of, amongst other things, certain internal financial information and other data relating to the business and financial prospects of the Companies. In calculating the Exchange Ratio, it has been assumed that such financial prospects and estimates have been reasonably prepared on a basis reflecting the best currently available estimates and judgements of the respective management of the Companies as to the future performance of the Companies. If all or any of these assumptions prove to be incorrect, this could materially affect the valuations of the Companies and the Exchange Ratio may not accurately reflect the values of the respective companies.

2. Risks relating to Yahsat

(a) The Yahsat Group may experience in-orbit satellite failures or degradations that could impair the performance of its satellites, which could lead to lost revenue, an increase in cash operating expenses and impaired relationships with customers.

Satellites are subject to significant operational risks while in orbit. These risks include critical malfunctions, commonly referred to as "anomalies".

Anomalies can lead to a loss of revenue and may trigger the need to recognise an impairment loss if sufficiently serious. In some circumstances, anomalies could lead to claims from third parties. While the Yahsat Group has experienced limited in-orbit anomalies to date, each of the Yahsat Group's satellites has experienced non-critical degradations and malfunctions. However, these have not affected day-to-day operations and are considered to be within expected norms for satellites operating in geostationary orbit for that length of time.

Meteoroid events and increased solar activity pose a potential threat to all in-orbit satellites. These events are unpredictable and cannot be mitigated by any Yahsat Group actions.

(b) The Yahsat Group may experience a launch failure in relation to Thuraya 4 Next Generation System satellite (T4-NGS) or damage to or destruction of T4-NGS during launch, which could result in a total or partial satellite loss.

Satellites are subject to certain risks related to failed launches. Launch failures can occur due to a number of factors, including technical failure of the launch vehicle and human error.

A launch failure or failure to commence commercial services once in orbit in relation to T4-NGS would also undermine the Yahsat Group's ability to pursue an important element of its growth strategy and could have financial consequences for the Yahsat Group, including a requirement to reimburse the UAE Federal Government for some or all of the advance payments made under the T4-NGS managed capacity services agreement, depending on the cause of the failure.

The T4-NGS launch vehicle could also under-perform, in which case the satellite may still be placed into service by using its on-board propulsion systems to reach the desired orbital location but would experience a reduction in its useful life, which could result in a significant impairment charge.

(c) The Yahsat Group is reliant on a single large customer for the majority of its revenue and the loss of, or any significant reduction in expenditure by, this customer could materially adversely affect the Yahsat Group's business.

The UAE Federal Government is the Yahsat Group's largest customer. Additionally, the Yahsat Group intends to expand the amount of services it provides to the UAE Federal Government, along with an expected expansion of commercial services. Accordingly, the loss of any UAE Federal Government contract or any reduction in expected UAE Federal Government revenue could materially and adversely affect the Yahsat Group's business, results of operations or financial condition.

3. Risks relating to Bayanat

(a) Cybersecurity risks could result in disruptions in business operations and adverse operating results.

Bayanat relies on information technology and computer control systems in many aspects of its business, including internal and external communications, the management of its accounting, financial and supply chain functions, and plant operations. Business and supply chain disruptions, plant and utility outages, and information technology system and network disruptions suffered by Bayanat or its suppliers due to cyber-attacks could seriously harm the Bayanat Group's operations and materially adversely affect its operating results.

(b) The Bayanat Group is reliant on a single large customer for the majority of its revenue and the loss of, or any significant reduction in expenditure by, this customer could materially adversely affect the Bayanat Group's business.

The UAE Federal Government is the Bayanat Group's largest customer. Additionally, the Bayanat Group intends to expand the amount of services it provides to the UAE Federal Government, along with an expected expansion of commercial services. Accordingly, the loss of any UAE Federal Government contract or any reduction in expected UAE Federal Government revenue could materially and adversely affect the Bayanat Group's business, results of operations or financial condition.

(c) A material proportion of the Bayanat Group's revenue is generated through contracts with entities under common control with the Bayanat Group.

The loss of any contract or any reduction in actual or expected revenue from contracts with entities under common control with the Bayanat Group could materially and adversely affect the Bayanat Group's business, results of operations or financial condition.

(d) There is no guarantee that Bayanat's existing contracts will be renewed upon expiry and, even if they are renewed, the terms could differ to those in the current contracts

Bayanat has entered into a number of service contracts and framework agreements with governmental and private entities. Upon expiry of such contracts there is no guarantee that such contracts can be renewed and, if renewed, there is no guarantee that they will be renewed on terms similar to the current contracts. Many of Bayanat's material contracts are project-oriented, meaning no renewal is anticipated at the conclusion of the contract. Therefore, Bayanat relies on generating a pipeline of new projects to maintain and grow its business. A failure to renew contracts (or if they are renewed on terms less advantageous to Bayanat), or where applicable a failure to generate a pipeline of replacement projects, could have a material adverse impact on the Bayanat Group's business, prospects, financial condition and results of operations. Due to the nature of Bayanat's business that is based on deep relationships with clients spanning over multiple years offering cutting edge solutions, Bayanat serves a pool of high value contracts and high value revenue customers. Any decline in the business of Bayanat's clients can in turn impact financial performance.

(e) Bayanat may not successfully implement its growth strategy

Although Bayanat believes that it is well positioned to take advantage of the strong growth prospects of the technology market in the GCC region, there can be no assurance that Bayanat's growth will be sustainable. Bayanat is subject to risks associated with its expansion and business strategy. Any failure of Bayanat to effectively manage its growth plans or improve capacity utilisation of its assets could have a material adverse effect on its business, prospects, financial condition and results of operations.

4. Risks relating to the Combined Group's business

(a) The market price of the Bayanat Shares may decline as a result of the Merger

The market price of the Bayanat Shares (including the New Bayanat Shares) may decline if:

- the integration of the Bayanat and Yahsat businesses is unsuccessful;

- the Combined Group does not achieve the expected benefits of the Merger as rapidly or to the extent anticipated by financial analysts or investors; or
- the effect of the Merger on financial results is not consistent with the expectations of financial analysts or investors.

(b) General volatility of Bayanat Share price and realisation of investment

The trading price of the Bayanat Shares following implementation of the Merger may be subject to wide fluctuations in response to a number of factors, specific to the Combined Group or otherwise, such as variation in operating results, changes in financial estimates, recommendations by securities analysts, the operating and news reports relating to trends in the Combined Group's markets. These factors may adversely affect the trading price of the Bayanat Shares regardless of the Combined Group's operating performance. Bayanat Shareholders and Yahsat Shareholders should be aware that the value of the Bayanat Shares (including the New Bayanat Shares) and the income from them can increase or decrease as is the case with any other investment in listed securities.

(c) Risks relating to the trading patterns for the Bayanat Shares relative to historic trends

The shareholders of Bayanat and Yahsat should be aware that the historic trading patterns of the Bayanat Shares are independent of, and may bear no resemblance whatsoever to, the trading patterns of the Bayanat Shares following implementation of the Merger.

(d) Future sales of Bayanat Shares by substantial shareholders in Bayanat may affect the market price of the Bayanat Shares

Sales, or the possibility of sales, of substantial numbers of Bayanat Shares owned by substantial shareholders in Bayanat following the Merger could have an adverse effect on the market price of the Bayanat Shares.

(e) The Combined Group's operational results may differ significantly from the unaudited Pro Forma Consolidated Financial Information contained in this document

Part C of Section 6 of this document includes unaudited Pro Forma Consolidated Financial Information giving a consolidated balance sheet in respect of the Combined Group had the Merger taken place on 30 June 2023. This pro forma balance sheet is presented for illustrative purposes only on the basis and subject to the limitations set out in Part D of Section 6 and does not necessarily indicate the results of operations or the combined financial position that would have resulted had the Merger taken place on 30 June 2023, nor is it indicative of the results of operations in future periods. Accordingly, the Combined Group's results and financial condition may differ significantly from those portrayed by the unaudited Pro Forma Consolidated Financial Information included herein.

(f) Risks relating to the Combined Group's income and dividend paying capacity

The businesses and revenues of the Combined Group may be impacted by investments, capital expenditure and operating expenditure in respect of events both within and outside the control of the Combined Group. This may affect the profitability of the Combined Group, its distributable reserves and consequently dividends payable to shareholders.

(g) The Combined Group will be subject to significant competition both from within the FSS and MSS sectors and from other providers of satellite communications services. This could hinder or prevent the Combined Group from implementing its business strategy and expanding its operations as planned.

The Combined Group faces significant competition in the fixed satellite services (FSS) sector and mobile satellite services (MSS) sector in the regions in which it operates. The Combined Group would compete against other international, regional and national FSS satellite operators, some of which may have more satellites, greater capacity and geographical coverage, a longer track record of operations and substantially greater resources than the Combined Group. As a result, these competitors may be able to take advantage of greater economies of scale, may be more attractive to customers and may be able to offer greater flexibility in terms of their ability to restore services after systems failures or to meet any future customer expansion requirements.

The Combined Group would compete against a limited number of other international, regional and national MSS satellite operators and service providers, each of which has various differentiated value proposition specific to their geography or vertical market being served.

Any failure to compete effectively with other FSS and MSS operators in the regions in which the Combined Group will operate, any failure to adapt to new competition and new technologies or any failure to implement its business strategy and expand its business operations as planned could result in lower revenue than anticipated, a decline in the Combined Group's operating margins and profitability, a decline in the cash available to fund its operations and service its debt and an overall decrease in the value of the Combined Group's business.

(h) The Combined Group will be subject to potential competitive risks in the dynamic AI industry, marked by fierce competition and rapid technological advancements.

The Combined Group is potentially exposed to competitive risks within the dynamic global AI industry, where competition is intense, and technological advancements occur rapidly. One key concern is the potential threat of the Combined Group's products and services becoming obsolete or less competitive due to the emergence of new entrants or the rapid innovation by existing competitors. Failing to keep abreast of these industry developments poses a clear and present danger, as it could render the company's offerings outdated, resulting in a compromised market position.

Furthermore, the Combined Group's ability to attract and retain top talent is essential for sustaining innovation and staying competitive. Challenges in talent acquisition, such as the competition for skilled professionals in the AI field, could impede its ability to develop cutting-edge technologies and solutions, and keeping up with the latest industry development.

Should the Combined Group face challenges in adapting to industry trends or shifts in market demands in the overall global AI industry, the consequences could include a potential loss of market share, decreased revenue, reduced profitability, and setbacks in achieving strategic objectives

5. Risks relating to the MENA region and the UAE

(a) The economies of the UAE and Abu Dhabi are significantly affected by volatility in international crude oil prices and their economies have in the past been, and may in the future continue to be, materially adversely affected by lengthy periods of low crude oil prices

International oil and gas prices have experienced much volatility over the past 15 years and, more recently, the volatility in the oil market has reached extreme levels. Oil prices are expected to continue to fluctuate in the future in response to changes in many factors over which the Combined Group has no control. Factors that may affect the price of oil include, but are not limited to:

- economic and political developments in oil producing regions, particularly in the Middle East;
- global and regional supply and demand, and expectations regarding future supply and demand, for oil products;
- the ability of members of OPEC and other crude oil producing nations to agree upon and maintain specified global production levels and prices;
- the impact of international environmental regulations designed to reduce carbon emissions;
- other actions taken by major crude oil producing or consuming countries;
- prices and availability of alternative fuels, global economic and political conditions, prices and availability of new technologies using alternative fuels; and
- global weather and environmental conditions.

Many economic sectors within Abu Dhabi and the wider UAE remain in part dependent, directly or indirectly, on crude oil prices, so extended periods of low crude oil prices may have a negative impact across the economic landscape of Abu Dhabi and other Emirates.

(b) Geopolitical tensions or the escalation of armed conflict in the MENA region or globally may materially adversely affect the UAE economy and, in turn, the Combined Group's business, financial condition and results of operations

It is not possible to predict the occurrence of events or circumstances, such as war or hostilities, or the impact of such occurrences, and no assurance can be given that the Combined Group would be able to sustain the operation of its business if adverse political events or circumstances were to occur. A general downturn or instability in the local, regional or global economy may have a material adverse effect on the Combined Group's business, financial condition and results of operations.

Although Abu Dhabi and the UAE enjoy domestic political stability and generally healthy international relations, there has been political unrest in a number of countries in the MENA region and there is a risk that regional geopolitical instability could impact the UAE. Instability in the Middle East may result from a number of factors, including government or military regime change, civil unrest or terrorism.

(c) Governments in the MENA region have exercised and continue to exercise significant influence over their respective economies, and legal and regulatory systems in the MENA region, which may create an uncertain environment for investment and business activities

The governments in the MENA region, including the UAE, have frequently intervened in the economic policy of their respective countries. This intervention has included, but not been limited to, regulation of market conditions, including foreign investment, foreign trade, financial services and oil and gas services. Any unexpected changes in the political, social, economic or other conditions in the MENA region or neighbouring countries could have a material adverse effect on the Combined Group's business, financial condition and results of operations. These changes include:

- an increase in inflation and government measures to curb such inflation, including through policies such as price controls;
- governments' actions or interventions, including tariffs, protectionism, foreign exchange and currency controls and subsidies;
- regulatory and legal structure changes, including foreign ownership restrictions, cancellation of contractual rights, expropriation of assets and potential lack of certainty as to title to real estate property;
- changes to the availability of, requirements for, and cost to secure, employment and residence visas for expatriate staff and their dependents;
- income and other taxation;
- policies of nationalisation of assets and requirements to employ local national employees;
- difficulties and delays in obtaining new permits and consents for new operations or renewing existing permits; and
- an inability to repatriate profits and/or dividends.

Unexpected changes in these policies or regulations could lead to increased operating or compliance expenses and could have the effect of decreasing the Combined Group's competitiveness. Any such changes could have a material adverse effect on the Combined Group's business, financial condition and results of operations.

(d) The Combined Group's business may be adversely affected if the AED/USD peg is removed or adjusted

The Yahsat Group and the Bayanat Group both maintain their accounts in AED, although Yahsat reports its results in USD. As at the date of this document, the AED remains pegged to the USD at a rate of AED 3.6725 = U.S.$1.00. The maintenance of this peg is a firm policy of the UAE Central Bank. However, there can be no assurance that the AED will not be de-pegged in the future or that the existing peg will not be adjusted in a manner that adversely affects the Combined Group.

8. ADDITIONAL INFORMATION

8.1 RESPONSIBILITY STATEMENTS

The directors of Bayanat, whose names are set out in Sub-section 4.4 of this document, accept responsibility for the information contained in this document other than that relating to Yahsat. To the best of the knowledge and belief of these directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

The directors of Yahsat, whose names are set out in Sub-section 5.4 of this document, accept responsibility for the information contained in this document other than that relating to Bayanat. To the best of the knowledge and belief of these directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

8.2 ARTICLES OF ASSOCIATION OF BAYANAT ON COMPLETION OF THE MERGER

The Bayanat Articles, following the adoption of the amendments to be proposed at the Bayanat GM, will be in the form set out at Annex V.

8.3 NOMINATION AGREEMENT

Group 42 Holding Limited (**G42**) and International Tech Group – Sole Proprietorship LLC (**ITG**) have entered into a nomination agreement whereby, subject to completion of the Merger and the adoption of the draft articles of associations of Bayanat (attached at Annex V), G42 has agreed to grant ITG a right of consent in respect of one nominee proposed by G42 as a candidate for election to the Bayanat Board in consideration of ITG agreeing to vote its shares in favour of the resolution to elect such nominee. Pursuant to this nomination agreement, ITG has provided its consent to the nomination of H.E. Tareq Abdelraheem Al Hosani. In the event H.E. Tareq Abdelraheem Al Hosani is elected and subsequently ceases to hold office as a director of Bayanat, the terms of the nomination agreement require G42 to obtain ITG’s consent in respect of any replacement director in advance of his or her appointment.

8.4 MATERIAL CONTRACTS

8.4.1 Material contracts of Bayanat

The following agreements, being otherwise than contracts entered into in the ordinary course of business, have been entered into by Bayanat within the two years immediately preceding the date of this document and are or may be material:

(a) ***Merger Agreement***

On 18 December 2023, Bayanat and Yahsat entered into the Merger Agreement. The Merger Agreement sets out the terms and conditions of the Merger (including, without limitation, the terms and conditions of the Merger set out in Section 9 of this document) and Bayanat and Yahsat’s obligations regarding implementation of the Merger. The Merger Agreement contains limited warranties given by Bayanat and Yahsat on a reciprocal basis, restrictions on the conduct of business prior to the Effective Date and restrictions in relation to seeking competing proposals from third parties, which are customary for agreements of this nature. The Merger Agreement may be terminated (and the rights and obligations of the parties under the Merger Agreement will cease) if: (i) notice to terminate is given by one party to the other party following breach by the other party of the Merger Agreement where such breach has a Material Adverse Effect (as defined in the Merger Agreement) on the other party, the Merger or its implementation; (ii) the Effective Date does not occur on or before 18 December 2024 (or such later date as Bayanat and Yahsat may agree in writing); or (iii) Bayanat and Yahsat agree to do so in writing.

8.4.2 Material contracts of Yahsat

The following agreements, being otherwise than contracts entered into in the ordinary course of business, have been entered into by Yahsat within the two years immediately preceding the date of this document and are or may be material:

(a) ***Merger Agreement***

Please see the summary of the Merger Agreement set out in Sub-section 8.4.1 of this document.

8.5 LITIGATION

Neither Bayanat nor any member of the Bayanat Group is involved in any legal or arbitration proceedings which may have or have had, during the 12 months preceding the date of this document, a significant effect on the Bayanat Group's financial position nor (so far as Bayanat is aware) are any such proceedings pending or threatened against any member of the Bayanat Group.

Neither Yahsat nor any member of the Yahsat Group is involved in any legal or arbitration proceedings which may have or have had, during the 12 months preceding the date of this document, a significant effect on the Yahsat Group's financial position nor (so far as Yahsat is aware) are any such proceedings pending or threatened against any member of the Yahsat Group.

8.6 SUBSIDIARIES, ASSOCIATE COMPANIES AND BRANCHES

If the Merger takes place, it is anticipated that Bayanat will own (directly or indirectly) the subsidiaries, associate companies and branches listed below (which are currently members of the Bayanat Group or the Yahsat Group):

8.6.1 Existing subsidiaries and associates of Bayanat

Name of subsidiary	Ownership interest	Jurisdiction of incorporation	Principal activity
Bayanat GIQ PJSC	100%	UAE	Operating company
Bayanat Investments Limited	100%	ADGM	Investing
Mira Aerospace Limited	100%*	ADGM	UAV research and services
Mira Aerospace Manufacturing – Sole Proprietorship LLC	100%*	UAE	Aerospace manufacturing
Sindan-Additive Manufacturing Center of Excellence LLC	25%	UAE	Developing products, offering services, and making investments in the area of 3D printing

UAVOS is expected to subscribe for shares representing 47% of the share capital of Mira Aerospace Limited pursuant to a joint venture agreement between Bayanat and UAVOS. Mira Aerospace Manufacturing – Sole Proprietorship LLC is a wholly owned subsidiary of Mira Aerospace Limited.

8.6.2 Existing subsidiaries and associates of Yahsat

Name of subsidiary	Ownership interest	Jurisdiction of incorporation	Principal activity
Star Satellite Communications Company PJSC	100%	UAE	Satellite Spatial Communications
Al Yah Advanced Satellite Communications Company PJSC	100%	UAE	Satellite Spatial Communications

Yahsat Treasury Sole Proprietorship LLC	100%	UAE	Commercial Enterprises Investment, Institution and Management
Thuraya Telecommunications Company PJSC	89.83%	UAE	Satellite Communications Services
Thuraya Telecommunications Japan Co., Ltd	89.83%	Japan	Satellite Communications Services
Al Maisan Satellite Communication Company LLC (Abu Dhabi)	65%	UAE	Satellite Spatial Communications
Broadband Connectivity Solutions (Restricted) Limited	80%	ADGM	Proprietary asset management company
B C S Investments - Sole Proprietorship LLC	80%	UAE	Commercial Enterprises Investment, Institution and Management
Star Network Marketing Services Company (Proprietary) Ltd	80%	South Africa	Providing Sales and Marketing Services
Al Najm Communications Company LLC	80%	UAE	Satellite Spatial Communications
Yala B.V.	80%	Netherlands	Financial Holdings - Yahclick Services
Broadband Connectivity Solutions Limited	80%	Nigeria	The Provision of Vsat Related Services
Yahclick Prestacao De Servicos (SU) Limitada	80%	Angola	Provision of Vsat Network Connectivity and Satellite Broadband Services
HNS Participacoes e Empreendimentos Ltda	20%	Brazil	Holding company
Yah Telecomunicacoes Ltda	20%	Brazil	Satellite spatial communications
Yahsat Latam Holding SA	20%	Brazil	Holding company
HNS Americas Comunicacoes Ltda	19.99%	Brazil	Satellite spatial communications
Hughes Telecommunicacoes Do Brasil Ltda	19.99%	Brazil	Satellite spatial communications

8.6.3 Existing branches of Yahsat

Name of branch	Jurisdiction of incorporation	Principal activity
Thuraya Telecommunications Company PJSC - Abu Dhabi Branch	UAE	Satellite Communications Services
Thuraya Telecommunications Company PJSC - Sharjah Branch	UAE	Satellite Communications Services
Thuraya Telecommunications Company PJSC - Singapore Branch	Singapore	Satellite Communications Services

8.7 TAXATION

The following comments are general in character and are based on the current applicable tax laws, regulations, interpretations and tax authority practice in the UAE as at the date of this document. Such laws, regulations, interpretations and practice may change in the future which may result in a change in the current tax positions taken by the company. The comments do not purport to be a comprehensive analysis of all the tax consequences applicable to all shareholders and are not a substitute for formal tax advice. If you are in any doubt as to your own tax position, it is recommended that you seek independent professional advice.

On 31 January 2022, the UAE Ministry of Finance (**MoF**) announced the introduction of a federal corporate tax (**UAE Corporate Tax**) in the UAE. According to the UAE Federal Decree-Law No. 47 of 2022 on taxation of corporations and businesses (the **Corporate Tax Law**), businesses are subject to UAE Corporate Tax from the beginning of their first financial year that starts on or after 1 June 2023. UAE Corporate Tax will apply to:

- all businesses and individuals conducting business activities under a commercial licence in the UAE;
- foreign entities and individuals if they conduct a trade or business in the UAE;
- banking operations; and
- businesses engaged in real estate management, construction, development, agency, and brokerage activities.

The Corporate Tax Law currently does not provide for any withholding tax provisions on any payments made within or outside of UAE. The Corporate Tax Law will continue to honour the UAE Corporate Tax incentives currently being offered to free zone businesses that comply with all regulatory requirements.

As per the MoF, UAE Corporate Tax rates are:

- 0% for taxable income up to AED 375,000; and
- 9% for taxable income above AED 375,000.

The UAE Federal Tax Authority (**FTA**) will be responsible for the administration, collection and enforcement of UAE Corporate Tax.

Currently, the MoF does not provide for personal income taxation (income earned from employment and/or personal investments).

The UAE has entered into "double taxation arrangements" with certain other countries, and review of these arrangements is recommended for any cross-border transactions. Individual or corporate shareholders who are tax resident in another jurisdiction, outside the UAE, should consider the tax laws of that jurisdiction and it is recommended that such shareholders seek professional tax advice to confirm the tax implications of the exchange of shares under the relevant applicable local laws in those jurisdictions.

The Corporate Tax Law enforces transfer pricing rules and documentation requirements to ensure that the pricing of transactions between related parties and connected persons, such as companies that are part of the same multinational enterprise (MNE) group, are not influenced by their relationships. As per current transfer pricing regulations, taxpayers must maintain transfer pricing documentation, specifically a master file and a local file, including if they have revenues in a relevant tax period of at least AED 200 million, or they are part of a MNE group with a total consolidated group revenue of at least AED 3.15 billion in the relevant tax period.

As part of the UAE's commitment as a member of the OECD Inclusive Framework, and in response to an assessment of the UAE's tax framework by the European Union Code of Conduct Group on Business Taxation, the UAE issued Economic Substance Regulations (Cabinet of Ministers Resolution No. 31 of 2019), (the **ES Regulations**) on 30 April 2019. Guidance on the application of the ES Regulations was issued on 11 September 2019 (Ministerial Decision No. 215 of 2019), and Cabinet Decision No. 58/2019 on the Determination of Regulatory Competencies lists the Regulatory Authorities tasked with the administration and enforcement of the Regulations. Amendments to the ES Regulations were made by Cabinet of Ministers Resolution No. (57) of 2020 on 10 August 2020, and updated Guidance was issued on 19 August 2020 (Ministerial Decision No. (100) of 2020). The ES Regulations require UAE onshore and free zone companies and certain other business forms that carry out any of the defined "Relevant Activities" listed below to maintain and demonstrate an adequate "economic presence" in the UAE relative to the activities they undertake (**Economic Substance Test**).

Relevant Activities:

- Banking Business
- Insurance Business
- Investment Fund management Business

- Lease – Finance Business
- Headquarters Business
- Shipping Business
- Holding Company Business
- Intellectual property Business
- Distribution and Service Center Business

The ES Regulations apply to financial years commencing on or from 1 January 2019. Entities that are within the scope of the Regulations are required to submit an annual notification form to their regulatory authority, and complete and submit to the same regulatory authority an economic substance report within 12 months from the end of their financial year (e.g., 31 December 2020 for entities with a financial year ending 31 December 2019). An entity is not required to meet the Economic Substance Test and file an economic substance report for any financial period in which it has not earned income from a "Relevant Activity" or if it meets the conditions for being exempt. A notification form will need to be submitted regardless. Failure to comply with the ES Regulations can result in penalties, spontaneous exchange of information with the Foreign Competent Authority (as defined in Article 1 of the ES Regulations), as well as other administrative sanctions such as the suspension, revocation or non-renewal of the entity's trade license or permit.

8.8 GENERAL

Houlihan Lokey has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name in the form and context in which it appears.

FTICA has given and has not withdrawn its written consent to the issue of this document with the inclusion in it of its name in the form and context in which it appears.

Ernst & Young Middle East (Abu Dhabi branch) has given and has not withdrawn its written consent to the inclusion in this document of its report and the references to its name in the form and context in which they appear.

PricewaterhouseCoopers Limited Partnership – Abu Dhabi has given and has not withdrawn its written consent to the inclusion in this document of its name in the form and context in which it appears.

8.9 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the head office of each of Bayanat and Yahsat during normal business hours on any Business Day prior to the Effective Date:

(a) the Merger Agreement;

(b) the current articles of association of Bayanat which will remain effective upon completion of the Merger;

(c) the audited financial statements of Bayanat for the financial years ended 31 December 2021 and 31 December 2022; and

(d) the audited financial statements of Yahsat for the financial years ended 31 December 2021 and 31 December 2022.

9. TERMS AND CONDITIONS OF THE MERGER

PART A

CONDITIONS IN RESPECT OF THE MERGER

The implementation of the Merger is conditional upon:

1. obtaining the approval of the TDRA for the Merger;
2. obtaining the approval of the SCA for the Merger;
3. the passing of the special resolutions 1 to 6 (inclusive) at the Bayanat GM;
4. the passing of the special resolutions 1 to 6 (inclusive) at the Yahsat GM;
5. obtaining all of the consents that have been identified by the Bayanat Board as necessary to the implementation of the Merger;
6. obtaining all of the consents that have been identified by the Yahsat Board as necessary to the implementation of the Merger;
7. no material breach of the warranties given by the Companies in clause 12 of the Merger Agreement having occurred and, if a material breach of any such warranty has occurred and is capable of remedy, such breach having been remedied to the reasonable satisfaction of the non-breaching party;
8. no Material Adverse Effect (as defined in the Merger Agreement) having occurred and continuing (unless remedied to the satisfaction of the party not suffering the Material Adverse Effect); and
9. the Merger Agreement not having been terminated in accordance with its terms.

Following satisfaction of all of the foregoing conditions, the Bayanat Board and the Yahsat Board shall apply for a certificate from the SCA (the **SCA Certificate**) approving:

1. the Merger;
2. the dissolution of Yahsat; and
3. the increase in the share capital of Bayanat.

The Bayanat Board shall apply to the SCA for the listing of the New Bayanat Shares on the Abu Dhabi Securities Exchange.

The Merger shall become effective upon the issuance of the SCA Certificate.

PART B

PROCEDURAL REQUIREMENTS IN RESPECT OF THE MERGER

Pursuant to the Companies Law and the Companies Regulations 2020, the Bayanat Board and the Yahsat Board shall submit the conditional Merger Agreement to the respective GMs to obtain approval by Special Resolution. The invitation to the GMs to convene to consider the Merger shall meet the following conditions:

1. it shall be accompanied by a copy or summary of the Merger Agreement; and
2. the Merger Agreement shall clearly state the right of any one or more shareholders holding at least 20% of the share capital of such Company, who objected to the Merger, to appeal the Merger before the competent court within 30 working days from the date of approval of the Merger Agreement by the general assembly.

Each of Bayanat and Yahsat shall notify its creditors within ten working days of the date of the approval of the general assembly on the Merger, and the following conditions shall govern such notification:

1. it shall indicate that the intention of such Company is to merge with the other Company;
2. it shall be sent in writing to every creditor of the two Companies notifying such creditor of the Merger;

3. it shall be published in two local daily newspapers issued in the UAE, one of which is issued in Arabic; and
4. it shall stipulate the right of any of the creditors of both such Companies and holders of debentures, bonds or sukuk and any person concerned to object to the Merger at the Company's main office and to hand over a copy of the objection to the SCA, providing that such actions shall be carried out within 30 days of the date of notification.

A creditor that notifies Bayanat or Yahsat of the objection thereof in accordance with paragraph 4 above and has not been paid back by such Company within 30 days of the date of notification may appeal to the competent court to obtain an order for the suspension of the Merger.

If it is proved to the court, upon submitting to it an application for the suspension of the Merger, that the Merger shall unrightfully damage the interests of the applicant, the court may issue an order for the suspension of the Merger subject to any other conditions deemed appropriate thereby.

The Merger shall remain suspended if the objector has not waived his objection or the court rules on the dismissal thereof by a conclusive judgment or if Bayanat or Yahsat (as applicable) pays the debt if it is mature or provides sufficient guarantees if it is deferred.

The competent authority shall record the dissolution of Yahsat and notify the SCA to that effect.

The Merger shall lead to the expiry of the corporate personality of Yahsat and the substitution thereof by Bayanat in all rights and obligations of Yahsat, and Bayanat shall be the legal successor of Yahsat.

APPENDIX I
DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

ADGM	Abu Dhabi Global Market
ADGM Registration Authority	the Companies Registration Authority in the ADGM
AED	UAE dirhams
APAC	Asia-Pacific
Bayanat	Bayanat AI PLC
Bayanat Articles	the articles of association of Bayanat
Bayanat Board	the board of directors of Bayanat
Bayanat GIQ	has the meaning provided in Sub-section 4.3 of this document
Bayanat GM	the general assembly meeting of Bayanat convened for the purpose of, amongst other things, approving the Merger and the increase in the share capital of Bayanat
Bayanat Group	Bayanat and its subsidiaries and branches
Bayanat Investments	has the meaning provided in Sub-section 4.3 of this document
Bayanat Shareholders	holders of Bayanat Shares from time to time
Bayanat Shares	shares of AED 0.1 each in the share capital of Bayanat
Business Day	any day, other than a Saturday, Sunday or a public holiday in the United Arab Emirates
Combined Group	Bayanat or, as the context may require, the combined businesses of the Bayanat Group and the Yahsat Group (following the implementation of the Merger)
Commercial Registry	the commercial registry of the Department of Economic Development in the Emirate of Abu Dhabi
Companies	as the context may require, either one or both of Bayanat and Yahsat
Companies Law	UAE Decree by Federal Law No. (32) of 2021 Concerning Commercial Companies
Companies Regulations 2020	ADGM Companies Regulations 2020
Corporate Tax Law	has the meaning provided in Sub-section 8.7 of this document
Economic Substance Test	has the meaning provided in Sub-section 8.7 of this document
Effective Date	the date on which the Merger becomes effective in accordance with its terms
ES Regulations	has the meaning provided in Sub-section 8.7 of this document
Exchange Ratio	the exchange ratio set out in Sub-section 2.2.1 of this document
FTA	has the meaning provided in Sub-section 8.7 of this document
FTICA	FTI Capital Advisors (DIFC) Limited
GCC	Gulf Co-operation Council
GM	as the context requires, the Bayanat GM and/or the Yahsat GM

Government	the Government of Abu Dhabi
IFRS	International Financial Reporting Standards
Independent Experts	as the context may require, either one or both of Houlihan Lokey and FTICA
Listing	the listing of the New Bayanat Shares to be issued in connection with the Merger on the Abu Dhabi Securities Exchange
MENA	Middle East and North Africa
Merger	the proposed merger of Bayanat and Yahsat pursuant to Article 285(1) of the Companies Law and Parts 25 and 26 of the Companies Regulations 2020
Merger Agreement	the agreement dated 18 December 2023 between Bayanat and Yahsat setting out the terms and conditions of, and the parties' rights and obligations in connection with, the implementation of the Merger
Merger Resolutions	has the meaning provided on the first page of this document
Merging Company	Bayanat on and after the Effective Date
Mira Aerospace	has the meaning provided in Sub-section 4.3 of this document
Mira Manufacturing	has the meaning provided in Sub-section 4.3 of this document
MoF	has the meaning provided in Sub-section 8.7 of this document
New Bayanat Shares	as the context may require, the new Bayanat Shares to be issued, credited as fully paid, to Yahsat Shareholders pursuant to the Merger
Pro Forma Consolidated Financial Information	has the meaning provided in Part C of Section 6 of this document
Record Date	close of business (Abu Dhabi time) on 24 April 2024, being the last trading day prior to the GMs of Bayanat and Yahsat
Restricted Jurisdiction	any jurisdiction outside the UAE where the issue of the New Bayanat Shares would or may violate the law of, or regulation applicable to, that jurisdiction
SCA	the Securities and Commodities Authority of the UAE
SCA Certificate	has the meaning provided in Part A of Section 9 of this document
Special Resolution	a resolution issued by a majority of votes of shareholders owning at least three quarters of the shares represented at the relevant GM
UAE	the United Arab Emirates
UAE Corporate Tax	has the meaning provided in Sub-section 8.7 of this document
UAE Federal Government	the federal government of the UAE
UAVOS	has the meaning provided in Sub-section 4.3 of this document
UK	United Kingdom
US or United States	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia

US Securities Act	the US Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
USD	US dollars
Yahsat	Al Yah Satellite Communications Company PJSC
Yahsat Board	the board of directors of Yahsat
Yahsat GM	the general assembly meeting of Yahsat convened for the purpose of, amongst other things, approving the Merger and the subsequent dissolution of Yahsat
Yahsat Group	Yahsat and its subsidiaries and branches
Yahsat Shareholders	holders of Yahsat Shares from time to time
Yahsat Shares	shares of AED 1.00 each in the share capital of Yahsat

ANNEX I
BAYANAT NOTICE OF ANNUAL GENERAL MEETING

Bayanat AI Plc Notice of Annual General Meeting

The Board of Directors of BAYANAT AI PLC (the **Company** or **Bayanat**) is pleased to invite the shareholders of the Company (the **Shareholders**) to attend the Annual General Meeting (**AGM**) in person at Al Nahyan Camp Area, Sheikha Fatima bint Mubarak Street (No.13), Abu Dhabi, United Arab Emirates, or virtually through an electronic link that will be sent to the shareholders via SMS or email to discuss the following agenda and vote on the proposed resolutions in real time, on Thursday 25 April 2024 at 3:00 p.m. (UAE time), to consider and, if appropriate, approve the following:

Items proposed for approval by way of ordinary resolution

1. Authorise the chairman of the AGM to appoint a secretary to the meeting and a vote collector.

2. Approve the Board of Directors' report on the Company's activity and its financial position for the financial year ended 31 December 2023.

3. Approve the external auditor's report for the financial year ended 31 December 2023.

4. Approve the Company's consolidated audited financial statements for the financial year ended 31 December 2023.

5. Approve the recommendation of the Board of Directors not to distribute dividends for the financial year ended 31 December 2023.

6. Absolve the members of the Board of Directors of liability for the financial year ended 31 December 2023.

7. Absolve the auditors of the Company of liability for the financial year ended 31 December 2023.

8. Endorse the Board of Directors' decision to appoint the external auditors of the Company for the financial year 2024 and to determine their fees.

Items proposed for approval by way of special resolution on the basis of the text set out in the Annex hereto

1. Approve the proposed merger (the **Merger**) of the Company and AL YAH SATELLITE COMMUNICATIONS COMPANY PJSC (**Yahsat**) to be effected by way of a merger pursuant to Article 285(1) of UAE Decree by Federal Law No. 32 of 2021 Concerning Commercial Companies (the **Law**) and the relevant provisions of the Companies Regulations 2020, through the issuance of 0.897821 new ordinary shares in the capital of the Company for every one share in Yahsat, subject to the terms and conditions of the Merger Agreement.

2. The merger agreement entered into between the Company and Yahsat in connection with the Merger in accordance with Article 287(1) of the Law and the Companies Regulations 2020 (the **Merger Agreement**) and the indicative timeline for the Merger.

3. The increase of the issued share capital of the Company by an amount of up to AED 219,047,697.90 (corresponding to the issuance of up to 2,190,476,979 ordinary shares of AED 0.10 each in the capital of the Company), authorisation of the Board of Directors of Bayanat to allot such shares to Yahsat shareholders and the disapplication of any rights of pre-emption applicable thereto, subject to the terms and conditions of the Merger Agreement and with effect from the Merger becoming effective.

4. The adoption of the amended and restated Articles of Association of the Company substantially in the form posted on the Company's website (subject to the inclusion of the Company's share capital as and from the date the Merger becomes effective) and the change of Bayanat's legal name from 'Bayanat AI PLC' to 'Space42 PLC', subject to the approval of the relevant authorities and the terms and conditions of the Merger Agreement, with effect from the Merger becoming effective.

5. The approval of the appointment of seven members to the Board of Directors of the Company, subject to the terms and conditions of the Merger Agreement with effect from the Merger becoming effective, such members being:

(a)	H.E. Mansoor Al Mansoori
(b)	Dr. Bakheet Al Katheeri
(c)	Karim Michel Sabbagh
(d)	H.E. Tareq Abdelraheem Al Hosani
(e)	H.E. Maryam AlMheiri
(f)	Ismail Ali Abdulla
(g)	Kiril Evtimov

6. The authorisation of the Board of Directors of the Company, or any person so authorised by the Board of Directors, to adopt any resolution or take any action as may be necessary to implement any of the above resolutions including, without limitation, to: (a) approach the TDRA for confirmation and registration of the amended and restated Articles of Association of the Company, (b) apply for a certificate to be issued by the Securities and Commodities Authority and a direction notice to be issued by the ADGM Registration Authority to declare the merger of the Company and Yahsat and the increase in share capital of the Company effective; (c) finalise and file the amended and restated Articles of Association of the Company with the ADGM Registration Authority; (d) apply for the listing of new ordinary shares of the Company on the Abu Dhabi Securities Exchange; and (e) correspond and negotiate with any person, entity (official or otherwise) within and outside the United Arab Emirates (including, for the avoidance of doubt, the ADGM), adopt such resolutions and take any such action as may be necessary to obtain the necessary approvals to effect the Merger.

Board of Directors

Notes:

1. Copies of the shareholder circular (**Shareholder Circular**), which sets out a description of the Merger and the combined businesses of Bayanat and Yahsat following completion of the Merger can be obtained at the Company's website and (without charge) from the office of Bayanat at Al Nahyan Camp Area, Sheikha Fatima bint Mubarak Street (No.13), P.O. Box 111143, United Arab Emirates. A copy of the Merger Agreement will be available at the place of the meeting for review by the Shareholders.

2. The Company's shareholders who will attend the AGM virtually should register their attendance electronically to be able to vote on the items of the AGM. Registration is open from 8 a.m. on 24 April 2024 and closes at 3:00 p.m. on 25 April 2024. For electronic registration, please visit the following website: https://tinyurl.com/5n8a5mhk. Holders of proxies must send a copy of their proxies to the email address Depository@adx.ae with their names and mobile numbers to receive text messages for registration.

3. Any Shareholder registered entitled to attend the AGM meeting may delegate any person other than a member of the Board of Directors, employees of the Company, a broker or employees of such broker under a special written proxy. In such capacity, no

proxy may represent a number of shareholders who hold more than 5% of the shares in the capital of the Company. Persons of incomplete capacity or incapable shall be represented by their legal representatives.

4. Any Shareholder who is a corporate person may delegate one of its representatives or those in charge of its management under a decision of its Board of Directors or its authorised deputy to represent such corporate person in the AGM of the Company. The delegated person shall have the powers as determined under the delegation decision.

5. Shareholders registered in the shareholders register on 24 April 2024 shall have the right to vote in the meeting.

6. The quorum for the AGM is at least two Shareholders or their authorised representatives. If this quorum is not achieved, the AGM will be called to a second meeting to be held on 2 May 2024.

7. The meeting will be recorded. Shareholders are entitled to discuss the items listed in the agenda and ask questions to the Board of the Directors of the Company.

8. Any Shareholder or Shareholders holding no less than 20% of the share capital of the Company may appeal the merger at the competent court within 30 business days from the date of passing the special resolutions contemplated by this AGM in accordance with Article 287(2)(B) of the Law.

9. The Company's consolidated financial statements for the year ended 31 December 2023 and the Company's corporate governance report are available via the Company's page on the Abu Dhabi Securities Exchange and the Company's website (https://www.bayanat.ai/investor-relations). The amended and restated articles of the Company and the Shareholders Circular can be found on the Company’s website.

ANNEX II

ALYAH SATELLITE COMMUNICATIONS COMPANY PJSC
Notice of Annual General Assembly Meeting

The Board of Directors of ALYAH SATELLITE COMMUNICATIONS COMPANY PJSC (the **Company** or **Yahsat**) is pleased to invite the shareholders of the Company (the **Shareholders**) to attend the Annual General Assembly Meeting (**GAM**) in person at the Four Seasons Hotel Abu Dhabi or by attending virtually through an electronic link for the meeting that will be sent to the shareholders via SMS or email following registration of their attendance to enable shareholders to attend the meeting virtually and discuss the agenda and vote on the proposed resolutions in real time, on 25 April 2024 at 4:00 p.m. (UAE time) to, to consider and, if appropriate, approve:

Ordinary resolutions

1. Authorising the chairman of the GAM to appoint a secretary to the meeting and a vote collector.

2. Consider and approve the Board of Directors' report on the Company's activity and its financial position for the financial year ended 31 December 2023.

3. Consider and approve the auditor's report for the financial year ended 31 December 2023.

4. Consider and approve the Company's balance sheet and profit and loss account for the financial year ended 31 December 2023.

5. Consider and approve the Board of Directors' recommendation to distribute a final cash dividend in the amount of AED 200,793,093 (8.23 fils per share) and to approve the interim dividends declared on 21 September 2023, bringing the total cash dividend for the financial year ended 31 December 2023 to AED 401,586,186 (16.46 fils per share)

6. Approve the Board of Directors remuneration for the financial year ended 31 December 2023.

7. Discharge the members of the Board of Directors from liability for the financial year ended 31 December 2023.

8. Consider and approve the auditor's additional fees for the financial year ended 31 December 2023.

9. Discharge the auditors from the liability for the financial year ended 31 December 2023.

10. Appoint the auditors for the financial year 2024 and determine their fees.

Election of Board Members

11. The GAM will elect nine (9) Board members to represent the Company's shareholders, as the term of the current Board will end after the General Assembly of the shareholders in 2024.

Special resolutions

1. The approval of the proposed merger (the **Merger**) of the Company and BAYANAT AI PLC (**Bayanat**), to be effected by way of a merger pursuant to Article 285(1) of UAE Decree by Federal Law No. 32 of 2021 Concerning Commercial Companies (the **Law**) through the issuance of 0.897821 new Bayanat shares for every one share in the Company, subject to the terms and conditions of the Merger.

2. The approval of the merger agreement entered into between Bayanat and the Company in accordance with Article 287(1) of the Law (the **Merger Agreement**).

3. The approval of the special resolutions 1, 2, 3, 4, 5 and 6 adopted by the shareholders of Bayanat at the general assembly meeting held by Bayanat's shareholders.

4. The approval of the dissolution of Yahsat, subject to the terms and conditions of the Merger and with effect from the Merger becoming effective, and termination of the corporate personality of the Company and for Bayanat to become the legal successor of the Company in all its assets, rights and obligations.

5. The authorisation of the Board of Directors, or any person so authorised by the Board of Directors, to adopt any resolution or take any action as may be necessary to implement any of the above resolutions including, without limitation, to apply for a certificate to be issued by the Securities and Commodities Authority to declare the Merger, and the dissolution of Yahsat, effective. The Board of Directors be authorised to communicate with the Securities and Commodities Authority, TDRA, the Competent Authority to de-register the Company and further to be authorised to take all necessary action to amend the records and register the Merger with all persons and entities whether official or otherwise including the registration that Bayanat shall become the legal successor in all rights and obligations of the Company.

6. Approve the proposal of allocating towards social contributions (Corporate Social Responsibility) not exceeding 0.5% of the Company's average net profits of the last year (2023), during 2024 and authorise the Board of Directors (with the right to subdelegate) to determine the beneficiaries at its own discretion, subject to the requirements of the Federal Decree-Law No. (32) of 2021, concerning Commercial Companies and the applicable laws and regulations.

Chairman of the Board

Notes:

1. The shareholder circular (**Shareholder Circular**), which sets out a description of the Merger, the Merger Agreement and the combined businesses of Bayanat and Yahsat following completion of the Merger, can be viewed at Yahsat's website at www.yahsat.com/ar/investor-relations or, alternatively, hard copies of the Shareholder Circular can be obtained (without charge) from the office of Yahsat at Al Yah Satellite Communications Building, Sweihan Road, Abu Dhabi, United Arab Emirates. A copy of the Merger Agreement will be available at the place of the meeting for review by the Shareholders.

2. At the direction of the Securities and Commodities Authority, the Company's shareholders who will attend the GAM virtually should register their attendance electronically to be able to vote on the items of the GAM. Registration is open from 8 a.m. on 24 April 2024 and closes at 4:00 p.m. on Thursday 25 April 2024. For electronic registration, please visit the following website: www.smartagm.ae. Holders of proxies must send a copy of their proxies to the email address is@bankfab.com with their names and mobile numbers to receive text messages for registration.

3. Any Shareholder registered entitled to attend the GAM meeting may delegate any person other than a member of the Board of Directors, employees of the Company, a broker or employees of such broker under a special written proxy. In such capacity, no proxy may represent a number of shareholders who hold more than 5% of the shares in the capital of the Company. Persons of incomplete capacity or incapable shall be represented by their legal representatives (provided that the requirements set forth in items 1 and 2 of Article (40) of Chairman of Authority's Board of Directors' Decision no. (3/R.M) of 2020 concerning the Approval of Joint Stock Companies Governance Guide are taken into account). Shareholders may review the disclosure posted on the Company's page at ADX in respect of the requirements to be adopted to approve a proxy.

4. Special resolutions require the consent of shareholders representing three quarters of the shares represented at the meeting.

5. Any Shareholder who is a corporate person may delegate one of its representatives or those in charge of its management under a decision of its Board of Directors or its authorised deputy to represent such corporate person in the GAM of the Company. The delegated person shall have the powers as determined under the delegation decision.

6. Shareholders registered in the shareholders register on 24 April 2024 shall have the right to vote in the meeting.

7. The Meeting of the GAM shall not be valid unless attended by Shareholders who hold or represent by proxy at least (50%) of the Company's Share Capital. In case quorum was not reached in the first Meeting, the second Meeting shall be convened on 2 May 2024 at the same time and the proxies issued for the first meeting shall be valid. The second meeting shall be valid if attended by at least one shareholder.

8. The virtual meeting will be recorded. Shareholders are entitled to discuss the items listed in the agenda and ask questions to the Board of the Directors of the Company.

9. Any Shareholder or Shareholders holding no less than 20% of the share capital of the Company may appeal the Merger at the competent court within 30 business days from the date of passing the special resolutions contemplated by this GAM in accordance with Article 287(2)(B) of the Law.

10. Shareholders registered in the shareholders register on Monday 6 May 2024 shall be entitled to receive the dividends if the quorum is achieved on 25 April 2024, and shareholders registered in the shareholders register on Monday 13 May 2024 shall be deemed to be entitled to receive the dividends if the general assembly is held on 2 May 2024.

11. Shareholders are required to update their contact details at the Abu Dhabi Securities Exchange to ensure that dividends are delivered properly. Dividends will be distributed through the Abu Dhabi Securities Exchange.

12. The Company's consolidated financial statements for the year ended 31 December 2023 and the Company's corporate governance report will be available via the Company's page on the Abu Dhabi Securities Exchange and the Company's website (https//www.yahsat.com/en/investor-rela-tions/reports--and-share-information/financial-reports).

13. The shareholders can view and download the Investors Rights Guidelines on the Securities and Commodities Authority's website through the following link

    https://www.sca.gov.ae/ar /services/minority-investor-protection.aspx

ANNEX III
HOULIHAN LOKEY FAIRNESS OPINION

FAIRNESS OPINION (BAYANAT AI PLC)

December 18, 2023

The Board of Directors of Bayanat AI PLC
Al Nahyan Area, Delma Street (No.13)
P.O. Box 111143
Abu Dhabi
United Arab Emirates

Dear Board of Directors:

We understand that Bayanat AI PLC ("Bayanat") and Al Yah Satellite Communications Company PJSC ("Yahsat") propose to enter into the Agreement (defined below) to effect a merger pursuant to articles 285 to 293 (inclusive) of the UAE Decree by Federal Law No. 32 of 2021 Concerning Commercial Companies and the ADGM Companies Regulations 2020 pursuant to which, among other things, Yahsat will be dissolved and all of its assets and liabilities will be transferred to Bayanat (the "Merger") and, in connection with the Merger, 0.897821 new shares of AED 0.10 each in the share capital of Bayanat (each a "New Bayanat Share") will be exchanged for each share of AED 1.00 each in the share capital of Yahsat (each a "Yahsat Share") pursuant to the terms of the Agreement (the "Exchange Ratio").

The Board of Directors of Bayanat (the "Board") has requested that Houlihan Lokey MEA Financial Advisory Limited ("Houlihan Lokey") provide an opinion (the "Opinion") to the Board as to whether, as of the date hereof, the Exchange Ratio provided for in the Merger pursuant to the Agreement is fair to Bayanat from a financial point of view.

In connection with this Opinion, we have made such reviews, analyses and inquiries as we have deemed necessary and appropriate under the circumstances. Among other things, we have:

1. reviewed the draft dated December 13, 2023 of the Merger Agreement between Bayanat and Yahsat (the "Agreement");

2. reviewed certain publicly available business and financial information relating to Yahsat and Bayanat that we deemed to be relevant, including certain publicly available research analyst estimates (and adjustments thereto) with respect to the future financial performance of Yahsat and Bayanat;

3. reviewed certain information relating to the historical, current and future operations, financial condition and prospects of Yahsat and Bayanat made available to us by Yahsat and Bayanat, including (a) financial projections (and adjustments thereto) prepared by the managements of Yahsat and Bayanat relating to Yahsat and Bayanat for the fiscal years 2023 through 2028 for Bayanat and the fiscal years 2023 through 2029 for Yahsat, and (b) certain forecasts and estimates of potential cost savings, operating efficiencies, revenue effects and other synergies

expected to result from the Merger, all as prepared by the management of Bayanat (the "Synergies");

4. spoken with certain members of the managements of Yahsat and Bayanat and certain of their representatives and advisors regarding the respective businesses, operations, financial condition and prospects of Yahsat and Bayanat, the Merger and related matters;

5. compared the financial and operating performance of Yahsat and Bayanat with that of other public companies that we deemed to be relevant;

6. considered the publicly available financial terms of certain transactions that we deemed to be relevant;

7. reviewed the current and historical market prices and trading volume for certain of Yahsat's and Bayanat's publicly traded securities, and the current and historical market prices and trading volume of the publicly traded securities of certain other companies that we deemed to be relevant;

8. compared the relative contributions of Yahsat and Bayanat to certain financial statistics of the combined company on a pro forma basis; and

9. conducted such other financial studies, analyses and inquiries and considered such other information and factors as we deemed appropriate.

We have relied upon and assumed, without independent verification, the accuracy and completeness of all data, material and other information furnished, or otherwise made available, to us, discussed with or reviewed by us, or publicly available, and do not assume any responsibility with respect to such data, material and other information. In addition, managements of Yahsat and Bayanat have advised us, and we have assumed, that the financial projections (and adjustments thereto) reviewed by us have been reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of such managements as to the future financial results and condition of Yahsat and Bayanat and the other matters covered thereby, and we express no opinion with respect to such projections or the assumptions on which they are based. Furthermore, we have received estimates of the Synergies, but express no opinion with respect to such Synergies and, as instructed by Bayanat, have not factored the Synergies into our fairness analyses. We have relied upon and assumed, without independent verification, that there has been no change in the businesses, assets, liabilities, financial condition, results of operations, cash flows or prospects of Yahsat or Bayanat since the respective dates of the most recent financial statements and other information, financial or otherwise, provided to us that would be material to our analyses or this Opinion, and that there is no information or any facts that would make any of the information reviewed by us incomplete or misleading.

We have relied upon and assumed, without independent verification, that (a) the representations and warranties of all parties to the Agreement and all other related documents and instruments that are referred to therein are true and correct, (b) each party to the Agreement and such other related documents and instruments will fully and timely perform all of the covenants and agreements required to be performed by such party, (c) all conditions to the consummation of the Merger will be satisfied without waiver thereof, and (d) the Merger will be consummated in a timely manner in accordance with the terms described in the Agreement and such other related documents and instruments, without any amendments or modifications thereto. We have relied upon and assumed, without independent verification, that (i) the Merger will be consummated in a manner that complies in all respects with all applicable statutes, rules and regulations, and (ii) all governmental, regulatory, and other consents and approvals necessary for the consummation of the Merger will be obtained and that no delay, limitations, restrictions or conditions will be imposed or amendments, modifications or waivers made that would result in the disposition of any assets of Yahsat or Bayanat, or otherwise have an effect on the Merger, or Yahsat or Bayanat or any expected benefits of the Merger that would be material to our analyses or this Opinion. We have also relied upon and assumed, without independent verification, at the direction of Bayanat, that any adjustments to the Exchange Ratio pursuant to the Agreement will not be material to our analyses or this Opinion. In addition, we have relied upon and assumed, without independent verification, that the final form of the Agreement will not differ in any respect from the draft of the Agreement identified above.

Furthermore, in connection with this Opinion, we have not been requested to make, and have not made, any physical inspection or independent appraisal or evaluation of any of the assets, properties or liabilities (fixed, contingent, derivative, off-balance-sheet or otherwise) of Yahsat, Bayanat or any other party, nor were we provided with any such appraisal or evaluation. We did not estimate, and express no opinion regarding, the liquidation value of any entity or business. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims or other contingent liabilities, to which Yahsat or Bayanat is or may be a party or is or may be subject, or of any governmental investigation of any possible unasserted claims or other contingent liabilities to which Yahsat or Bayanat is or may be a party or is or may be subject.

This Opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. We have not undertaken, and are under no obligation, to update, revise, reaffirm or withdraw this Opinion, or otherwise comment on or consider events occurring or coming to our attention after the date hereof. We are not expressing any opinion as to what the value of Yahsat Shares or New Bayanat Shares actually will be when exchanged or issued, respectively, pursuant to the Merger or the price or range of prices at which Yahsat Shares or New Bayanat Shares may be purchased or sold, or otherwise be transferable, at any time. We have assumed that the New Bayanat Shares to be issued in the Merger to the shareholders of Yahsat will be listed on the Abu Dhabi Securities Exchange.

This Opinion is furnished solely for the use of the Board (solely in its capacity as such) in connection with its evaluation of the Merger and may not be relied upon by any other person or entity (including, without limitation, security holders, creditors or other constituencies of Bayanat) or used for any other purpose without our prior written consent. This Opinion should not be construed as creating any fiduciary duty on Houlihan Lokey's part to any party. This Opinion is not intended to be, and does not constitute, a recommendation to the Board, any security holder or any other party as to how to act or vote or make any election with respect to any matter relating to the Merger or otherwise. This Opinion may not be disclosed, reproduced, disseminated, quoted, summarized or referred to at any time, in any manner or for any purpose, nor shall any references to Houlihan Lokey or any of its affiliates be made, without the prior written consent of Houlihan Lokey

In the ordinary course of business, certain of our employees and affiliates, as well as investment funds in which they may have financial interests or with which they may co-invest, may acquire, hold or sell, long or short positions, or trade, in debt, equity, and other securities and financial instruments (including loans and other obligations) of, or investments in, Yahsat, Bayanat, or any other party that may be involved in the Merger and their respective affiliates or security holders or any currency or commodity that may be involved in the Merger.

Houlihan Lokey and certain of its affiliates may provide investment banking, financial advisory and/or other financial or consulting services to Yahsat, Bayanat, other participants in the Merger or certain of their respective affiliates or security holders in the future, for which Houlihan Lokey and its affiliates may receive compensation. In addition, Houlihan Lokey and certain of its affiliates and certain of our and their respective partners, officers and employees may have committed to invest in private equity or other investment funds managed or advised by participants in the Merger or certain of their respective affiliates or security holders, and in portfolio companies of such funds, and may have co-invested with other participants in the Merger or certain of their respective affiliates or security holders, and may do so in the future. Furthermore, in connection with bankruptcies, restructurings, distressed situations and similar matters, Houlihan Lokey and certain of its affiliates may have in the past acted, may currently be acting and may in the future act as financial advisor to debtors, creditors, equity holders, trustees, agents and other interested parties (including, without limitation, formal and informal committees or groups of creditors) that may have included or represented and may include or represent, directly or indirectly, or may be or have been adverse to, Yahsat, Bayanat, other participants in the Merger or certain of their respective affiliates or security holders, for which advice and services Houlihan Lokey and its affiliates have received and may receive compensation.

Houlihan Lokey will receive a fee for rendering this Opinion, which is not contingent upon the successful completion of the Merger. Bayanat has agreed to reimburse certain of our expenses and to indemnify us and certain related parties for certain potential liabilities arising out of our engagement.

We have not been requested to opine as to, and this Opinion does not express an opinion as to or otherwise address, among other things: (i) the underlying business decision of the Board, Bayanat, its security holders or any other party to proceed with or effect the Merger, (ii) the terms of any arrangements, understandings, agreements or documents related to, or the form, structure or any other portion or aspect of, the Merger or otherwise (other than the Exchange Ratio to the extent expressly specified herein), (iii) the fairness of any portion or aspect of the Merger to the holders of any class of securities, creditors or other constituencies of Bayanat, or to any other party, except if and only to the extent expressly set forth in the last sentence of this Opinion, (iv) the relative merits of the Merger as compared to any alternative business strategies or transactions that might be available for Yahsat, Bayanat or any other party, (v) the fairness of any portion or aspect of the Merger to any one class or group of Bayanat's or any other party's security holders or other constituents vis-à-vis any other class or group of Bayanat's or such other party's security holders or other constituents (including, without limitation, the allocation of any consideration amongst or within such classes or groups of security holders or other constituents), (vi) whether or not Yahsat, Bayanat, their respective security holders or any other party is receiving or paying reasonably equivalent value in the Merger, (vii) the solvency, creditworthiness or fair value of Yahsat, Bayanat or any other participant in the Merger, or any of their respective assets, under any applicable laws relating to bankruptcy, insolvency, fraudulent conveyance or similar matters, or (viii) the fairness, financial or otherwise, of the amount, nature or any other aspect of any compensation to or consideration payable to or received by any officers, directors or employees of any party to the Merger, any class of such persons or any other party, relative to the Exchange Ratio or otherwise. Furthermore, no opinion, counsel or interpretation is intended in matters that require legal, regulatory, accounting, insurance, tax or other similar professional advice. It is assumed that such opinions, counsel or interpretations have been or will be obtained from the appropriate professional sources. Furthermore, we have relied, with the consent of the Board, on the assessments by the Board, Yahsat, Bayanat and their respective advisors, as to all legal, regulatory, accounting, insurance, tax and other similar matters with respect to Yahsat, Bayanat and the Merger or otherwise. The issuance of this Opinion was approved by a committee authorized to approve opinions of this nature.

The Opinion is issued in the English language and reliance may only be placed on this Opinion as issued in the English language. If any translations of this Opinion are delivered, they are provided only for ease of reference, have no legal effect and Houlihan Lokey makes no representation as to (and accepts no liability in respect of) the accuracy or completeness of any such translations.

This Opinion, and any non-contractual obligations arising out of or connected to this Opinion, shall be governed by and construed in accordance with the laws of United Arab Emirates as applied in the Emirate of Abu Dhabi. The Abu Dhabi Global Market ("ADGM") courts shall have exclusive jurisdiction over any dispute or claim arising out of or in connection with this Opinion or its subject matter or formation (including non-contractual claims). The ADGM courts are appropriate and convenient courts for any dispute or claim arising out of or in connection with this Opinion or its subject matter or formation (including non-contractual claims).

Based upon and subject to the foregoing, and in reliance thereon, it is our opinion that, as of the date hereof, the Exchange Ratio provided for in the Merger pursuant to the Agreement is fair to Bayanat from a financial point of view.

Very truly yours,

Houlihan Lokey MEA Financial Advisory Limited

ANNEX IV
FTICA FAIRNESS OPINION

FTI CAPITAL ADVISORS

FTI Capital Advisors (DIFC) Limited

Burj Daman, 15th Floor, Suite 1501
DIFC
P.O. Box 506912
Dubai
United Arab Emirates

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18 December 2023

The Board of Directors
Al Yah Satellite Communications Company PJSC
Al Falah City, Sweihan Road
P.O. Box 93693
Abu Dhabi
United Arab Emirates

Dear Members of the Board,

Fairness opinion issued to the Board of Directors of Al Yah Satellite Communications Company PJSC in relation to the proposed merger between Al Yah Satellite Communications Company PJSC and Bayanat AI PLC

1. Background and Scope

We, FTI Capital Advisors (DIFC) Limited, understand that the respective Boards of Directors of Al Yah Satellite Communications Company PJSC (the "**Company**") and Bayanat AI PLC (the "**Counterparty**") have each reached agreement on the terms of the proposed merger between the Company and the Counterparty, to be effected by way of a merger by affiliation pursuant to Articles 285-293 of the UAE Decree by Federal Law No. 32 of 2021 relating to Commercial Companies as amended from time to time and the relevant provisions of the ADGM Companies Regulations 2020 (the "**Merger**"). Pursuant to the terms of the Merger set out in the execution version of the merger agreement provided on 18 December 2023 (the "**Merger Agreement**"), the assets and liabilities of the Company will be transferred to the Counterparty and the Counterparty will issue 0.897821 ordinary shares of nominal value AED 0.1 per share in the capital of the Counterparty (each a "**Counterparty Share**") in exchange for every 1 ordinary share of nominal value AED 1 per share in the capital of the Company (each a "**Company Share**") (the "**Exchange Ratio**") and the Company will be dissolved by operation of law. We note that any references or information in relation to the Merger or the Merger Agreement in this opinion are by way of summary and high-level information only. The terms of the Merger are fully described in the Merger Agreement and any information contained herein is qualified in its entirety by reference to the more detailed information appearing or incorporated by reference in the Merger Agreement.

We have been engaged by the Board of Directors of the Company to give an opinion ("**Fairness Opinion**") as to whether the Exchange Ratio is fair, strictly from a financial point of view, to the holders of the Company Shares who appear on the shareholder register of the Company on the date hereof (the "**Company Shareholders**").

We expressly note that we have not been requested to opine on, and our opinion does not in any manner address, the underlying business decision of the Company's Board of Directors to recommend or proceed with the Merger. Neither have we been asked to opine on whether the process of achieving the Merger, including the Company's shareholders' approval of the Merger, is fair or otherwise.

In arriving at our opinion, we have, amongst other things:

(a) reviewed certain publicly available financial statements and other business and financial information relating to the Company and the Counterparty that we considered relevant to our analysis;

(b) reviewed a current and historical trading history of the share prices for the Company and the Counterparty;

(c) reviewed a number of documents containing operational and financial information on the Company and Counterparty, prepared by management of the Company and Counterparty and obtained through access to the virtual data rooms, which includes amongst others, the following:

- certain internal financial statements and other financial and operating data relating to the Company and Counterparty;
- the business plan, budget and financial projections of the Company and the Counterparty, each as prepared by the respective senior management and approved by the respective Board of

Directors; that you have directed us to use for the purposes of our analysis;

(d) conducted discussions with and relied on statements made by members of the senior management teams of the Company and Counterparty concerning the Company's and the Counterparty's past and current business, operations, assets, liabilities, financial condition and prospects, as appropriate;

(e) reviewed and discussed findings of the draft Financial and Tax Due Diligence reports prepared by EY on the Counterparty dated 4 September 2023;

(f) reviewed and discussed findings of the draft Financial and Tax Due Diligence prepared by EY on the Company dated 13 September 2023 and 3 September 2023, respectively;

(g) reviewed the Merger Agreement, which we have assumed will be identical in all material respects to the final executed document, and certain related documents as we deemed relevant; and

(h) reviewed such other information, undertook such other studies and considered such other factors, as we deemed appropriate.

2. Qualifications, Assumptions and Limitations

In giving our opinion, we have relied upon and assumed the accuracy and completeness of all information that was publicly available or was furnished to or discussed with us by the Company and/or the Counterparty. We have not independently verified or opined on any such information or its accuracy or completeness and, pursuant to our agreement with the Company, we did not assume any obligation to undertake any such independent verification or to opine on any on any underlying forecasts, financial projections or underlying assumptions, or basis for assumptions or reasonableness for such assumptions, forecasts or any financial projections of the Company and/or the Counterparty. In relying on financial analyses, projections, assumptions and forecasts provided to us or derived therefrom, we have assumed that they have been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the expected future results of operations and financial condition of the Company, and/or the Counterparty to which such analyses, projections, assumptions or forecasts relate. We express no view as to such analyses, projections or forecasts or the assumptions on which they were based. We have further assumed that there were no misstatements of material facts in, and there were also no material facts, or circumstances which have been omitted from the business plans, forecasts and financial projections provided to us of the Company or the Counterparty respectively which may have an impact on our view on the Exchange Ratio.

We highlight that the analysis leading to this Fairness Opinion is based on, inter alia, the business plans and forward-looking financial projections and forecasts provided by the Company and their Counterparty which by their nature involve risks and uncertainties as they relate to events and depend on circumstances that may or may not materialize in the future. There is no guarantee that any of the estimates or projections will be achieved and that the actual expected financial performance of the Company and/or the Counterparty based on the business plans and projections provided may vary significantly.

In arriving at our opinion, we have not made any independent valuation or appraisal of the assets or liabilities (including any derivative or off-balance sheet assets and liabilities) of the Company or the Counterparty, nor have we been furnished with any such valuations or appraisals, nor have we assumed any obligation to conduct, nor have we conducted a physical inspection of the properties and facilities of the Company or the Counterparty. In addition, we have not evaluated the solvency of either the Company or the Counterparty under any applicable laws relating to bankruptcy, insolvency or similar matters. Furthermore, we have assumed that all the governmental, regulatory or other consent or approvals required in connection with the Merger will be forthcoming in accordance with the terms of the Merger Agreement and that no delays, limitations, conditions or restrictions in any such consent or approvals will be imposed that could have any material adverse effect on the Company, the Counterparty or the Merger. Our opinion is necessarily based on market, financial, economic and other conditions as in effect on, and the information made available to us as at the date hereof. It should be highlighted that subsequent developments may affect this Fairness Opinion and the assumptions used in preparing it, and we do not have any obligation to update, revise or reaffirm our opinion based on circumstances that may occur after the date of this letter.

Save for the opinion given herein, our opinion does not address any impact of completion of the Merger on the Company Shareholders and in particular our opinion does not address the performance, operations, trading or governance of the combined entity following completion of the Merger. Our opinion also does not address the underlying business decision of the Company to enter into the Merger or the relative merits of the Merger as compared with any other strategic alternative which may be available to the Company. In addition, we do not express any opinion as to any tax or other consequences that might result from the Merger, nor does our opinion address any legal, tax, regulatory or accounting matters, nor does it address the contractual terms of the Merger Agreement, as to each of which we understand that the Company has obtained such advice as it deemed necessary from other qualified professionals.

3. General and Disclosure of Interests

We, FTI Capital Advisors (DIFC) Limited (a company authorized by the Dubai Financial Services Authority) have solely been engaged by the Board of Directors of the Company to provide a fairness opinion in connection with the Merger and will receive a fee from the Company for our services. This fee is not contingent on the consummation of the Merger. In addition, the Company has agreed to indemnify us for certain liabilities arising out of our engagement.

We, and our affiliates, have in the past provided and may in the future provide, corporate finance advisory services and other financial and advisory services to the Company and its affiliates for which we/they have received, or would expect to receive, a compensation in line with market practice. As such none of this compensation may be, directly or indirectly, related in any manner to the provision of this Fairness Opinion.

4. Reliance on the Fairness Opinion

This opinion, the delivery of which has been approved by our Fairness Opinion Committee, is exclusively for the information and assistance of the Board of Directors of the Company for the sole purpose of its evaluation of the Merger. This opinion is not intended to be relied upon or confer any rights or remedies upon any employee, creditor, shareholder or other equity holder of the Company and does not in any way constitute a recommendation as to whether or not the Company Shareholders should vote or otherwise act in any resolution in connection with the approval of the Merger or any other matter related to the Merger.

This opinion must not be disclosed or referred to publicly, or be communicated (in whole or part) to, or be relied upon by, any other person or used for any other purpose without our prior written approval. This Fairness Opinion may, however, be reproduced and included in its entirety in the shareholder circular to be issued by the Company and the Counterparty if such inclusion is required by applicable law or regulation or expressly requested by any regulatory authority having jurisdiction over the Company.

Furthermore, we express no opinion as to the prices at which the shares of the combined entity may trade following the announcement of or completion of the Merger and our opinion should not be viewed as providing any assurance that the market value of the shares of the combined entity after the announcement or completion of the Merger will be in excess of the market value of the Company Shares or the Counterparty Shares at any time prior to the announcement or completion of the Merger.

We note that the English language version of this letter is the binding version and will prevail over any Arabic or other translation of the same prepared for convenience purposes, whether in the event of inconsistency or otherwise.

This letter is and all matters, disputes, claims or non-contractual obligations arising under or in connection with it are governed by and shall be construed in accordance with English law and the English courts will settle any dispute arising out of or in connection with this letter (including a dispute relating to any non-contractual obligations arising out of or in connection with this letter).

5. Conclusion

Based upon and subject to the various assumptions and limitations contained herein, we are of the opinion on the date hereof that the Exchange Ratio pursuant to the Merger is fair, from a financial point of view to the Company Shareholders.

Yours faithfully

Federico Membrillera, Senior Managing Director
For and on behalf of FTI Capital Advisors (DIFC) Limited

ANNEX V
DRAFT BAYANAT AMENDED ARTICLES OF ASSOCIATION

ARTICLES OF ASSOCIATION

النظام الأساسي

SPACE42 PLC

Public Company Limited by Shares

سبيس42 بي ال سي

شركة عامة محدودة بالأسهم

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PART 1

الجزء الأول

INTERPRETATION AND LIMITATION OF LIABILITY

التفسير وحدود المسؤولية

1. **Defined terms**. **In the articles, unless the context requires otherwise—**

1. المصطلحات المُعرَّفة. في هذا النظام الأساسي، ما لم يتطلب السياق خلاف ذلك، يكون للمصطلحات المبينة المعاني التالية:

"alternate" or "alternate director" has the meaning given in article (25),

"البديل" أو "المدير البديل": له المعنى المنصوص عليه في المادة (25) ،

"adoption date" means the date the articles are adopted by special resolution of the company,

"تاريخ الاعتماد": يقصد به تاريخ اعتماد النظام الأساسي بقرار خاص صادر عن الشركة،

"affiliate" means, in relation to a person, any other person that, as of the relevant time, directly or indirectly, controls, is controlled by, or is under common control with, such person; provided that:

"الشركة التابعة": يقصد بها فيما يتعلق بشخص ما، أي شخص آخر، وذلك اعتبارًا من الوقت المعني، بقوم بالتحكم بشكل مباشر أو غير مباشر بهذا الشخص أو يخضع لسيطرة مشتركة معه؛ شريطة انه:

(a) in relation to any person that is directly or indirectly controlled by a governmental authority of the Emirate of Abu Dhabi or the UAE, only:

(أ) فقط فيما يتعلق بأي شخص يخضع لسيطرة مباشرة أو غير مباشرة من قبل هيئة حكومية في إمارة أبوظبي أو دولة الإمارات العربية المتحدة:

(i) the relevant topco; and

(1) الشركة الأم (توبكو) ذات الصلة؛ و

(ii) those persons that are subsidiaries of the relevant topco,

(2) الأشخاص الذين هم شركات تابعة لشركة توبكو ذات الصلة،

shall be considered affiliates;

والتي تعتبر شركات تابعة؛

(b) no member of the group shall be regarded as being an affiliate of any major shareholder; and

(ب) لا يجوز اعتبار أي عضو في المجموعة تابعًا لأي مساهم رئيسي؛ و

(c) no member that was a major shareholder at the adoption date (or any of its affiliates) shall be regarded as being an affiliate of any other member that was a major shareholder at the adoption date (or any of its affiliates),

(ج) لا يجوز اعتبار أي عضو كان مساهمًا رئيسيًا في تاريخ الاعتماد (أو أي من الشركات التابعة له) تابعًا لأي عضو آخر كان مساهمًا رئيسيًا في تاريخ الاعتماد (أو أي من الشركات التابعة له)،

"appointor" has the meaning given in article

"المدير الأصلي": له المعنى المنصوص عليه في

(25),	المادة (25) ،
“articles” means the company’s articles of association,	"النظام الأساسي": يقصد به النظام الأساسي للشركة،
“bankruptcy” includes individual insolvency proceedings in any jurisdiction,	"الإفلاس": يتضمن دعاوى الإفلاس الفردية في أي اختصاص،
“board” means the board of directors of the company as constituted from time to time,	"مجلس الإدارة" يقصد به مجلس إدارة الشركة كما يتم تشكيله من وقت لآخر،
“board appointment period” has the meaning given in article 22(1),	"فترة تعيين مجلس الإدارة": لها المعنى المنصوص عليه في المادة 22(1)،
“board vacancy number” has the meaning given in article 22(4)(i),	"عدد المناصب الشاغرة في المجلس": له المعنى المنصوص عليه في المادة 22(4)(ط)،
“call” has the meaning given in article (53),	"المبلغ المستحق على الأسهم": له المعنى المنصوص عليه في المادة (53) ،
“call notice” has the meaning given in article (53),	"إخطار دفع المبلغ المستحق على الأسهم": له المعنى المنصوص عليه في المادة (53) ،
“certificate” means a paper certificate evidencing a person’s title to specified shares or other securities,	"الشهادة": يقصد بها الشهادة الورقية التي تثبت ملكية الشخص لأسهم محددة أو أوراق مالية أخرى،
“certificated” in relation to a share, means that it is not an uncertificated share,	"صادر بشهادة": بالنسبة للسهم، يقصد به أنه ليس سهمًا صادر دون شهادة،
“chairman” has the meaning given in article (14),	"الرئيس": له المعنى المنصوص عليه في المادة (14) ،
“chairman of the meeting” has the meaning given in article (31),	"رئيس الاجتماع": له المعنى المنصوص عليه في المادة (31) ،
“Companies Regulations” means the Companies Regulations 2020,	"نظام الشركات": يقصد به نظام الشركات لعام 2020،
“company’s lien” has the meaning given in article (51),	"رهن الشركة": له المعنى المنصوص عليه في المادة (51) ،
“control” means:	"السيطرة" يقصد بها:

(a) owning or controlling (directly or indirectly) more than 50% of the voting share capital of the relevant undertaking; or	(أ) امتلاك أو السيطرة (بشكل مباشر أو غير مباشر) على أكثر من 50% من رأس مال كيان ذات الصلة التي يحق لها التصويت؛ أو
(b) being able to direct the casting of more than 50% of the votes exercisable at general meetings of the relevant undertaking on all, or substantially all, matters; or	(ب) القدرة على توجيه عملية التصويت لأكثر من 50% من الأصوات التي يمكن ممارستها في اجتماعات الجمعية العمومية للكيان ذات الصلة في جميع المسائل أو معظمها؛ أو
(c) having the right to appoint or remove directors of the relevant undertaking holding a majority of the voting rights at meetings of the board on all, or substantially all, matters; or	(ج) الحق في تعيين أو عزل مديري الكيان ذات الصلة الذين يتمتعون بأغلبية حقوق التصويت في اجتماعات مجلس الإدارة في جميع المسائل أو معظمها؛ أو
(d) having the power to determine the conduct of business affairs of an undertaking (whether through ownership of equity interest or partnership or other ownership interests, by contract or otherwise),	(د) القدرة على تحديد إدارة شؤون الأعمال الخاصة بالكيان (سواء من خلال ملكية حصة في رأس المال أو شراكة أو حقوق ملكية أخرى، وذلك بموجب عقد أو غير ذلك)،
and "controlled by" and "controlling" and "under common control with" shall be construed accordingly,	و يجب تفسير "تحت سيطرة" و"تسيطر" و"تحت سيطرة مشتركة مع" وفق لما ورد،
"director" means a director of the company, and includes any person occupying the position of director, by whatever name called,	"المدير": يقصد به مدير بالشركة، ويشمل أي شخص يشغل منصب المدير، وأيًا كان الاسم الذي يُطلق عليه،
"director group" has the meaning given in article 22(8),	"مجموعة المديرين": لها المعنى المنصوص عليها في المادة 22(8)،
"director election resolution" has the meaning given in article 22(4)(a),	"قرار انتخاب المدير": له المعنى المنصوص عليه في المادة 22(4)(أ)،
"distribution recipient" has the meaning given in article (71),	"مستلم التوزيع": له المعنى المنصوص عليه في المادة (71) ،
"document" includes, unless otherwise specified, any document sent or supplied in electronic form,	"مستند": تشمل، ما لم يُنص على خلاف ذلك، أية وثيقة تُرسل أو تقدم بصيغة إلكترونية،
"electronic form" has the meaning given in section 1023 of the Companies Regulations,	"الصيغة الإلكترونية": لها المعنى المنصوص

	عليه في البند 1023 من نظام الشركات،
“fully paid” in relation to a share, means that the issue price to be paid to the company in respect of that share have been paid to the company,	"مدفوع قيمته كاملةً": يقصد به، فيما يتعلق بالسهم، أن سعر الإصدار الواجب دفعه إلى الشركة بخصوص ذلك السهم قد دُفع إلى الشركة. ،
“group” means the company and its subsidiaries, and “group company” or “member of the group” means any of them,	"المجموعة" يقصد بها الشركة والشركات التابعة لها، و"شركة المجموعة" أو "عضو في المجموعة" تعني أيًا منها،
“hard copy form” has the meaning given in section 1023 of the Companies Regulations,	"الصيغة الورقية": لها المعنى المنصوص عليه في البند 1023 من نظام الشركات،
“holder” in relation to shares means the person whose name is entered in the register of members as the holder of the shares,	"حامل الأسهم": يقصد به، فيما يتعلق بالأسهم، الشخص المقيد اسمه في سجل الأعضاء باعتباره حاملًا للأسهم،
“instrument” means a document in hard copy form,	"الوثيقة": يقصد بها الوثيقة المحررة بصيغة ورقية،.
“lien enforcement notice” has the meaning given in article (52),	"إخطار تنفيذ الرهن": له المعنى المنصوص عليه في المادة (52) ،
“managing director” has the meaning given in article 6(3)(a),	"المدير التنفيذي": له المعنى المنصوص عليه في المادة 6(3)(أ)،
“major shareholder” means a member that holds shares representing not less than twenty-five per cent (25%) of the entire issued share capital of the company,	"المساهم الرئيسي": يقصد به اي عضو يملك أسهمًا تمثل ما لا يقل عن خمسة وعشرين بالمئة (25%) من إجمالي رأس مال الشركة الصادر،
“member” has the meaning given in section 117 of the Companies Regulations,	"العضو": له المعنى المنصوص عليه في البند 117 من نظام الشركات،
“members’ supermajority resolution” means a resolution of the company passed on a poll taken at a meeting by members representing not less than 66% of the total voting rights of the members attending the meeting who (being entitled to do so) vote in person, by proxy or in advance on the resolution,	"قرار الأغلبية العظمى للاعضـــاء": يقصـــد به قرار الشـــركةالمعتمد في اقتراع يتم إجراؤه في اجتماع من قبل أعضـــاء يمثلون ما لا يقل عن 66% من إجمالي حقوق تصـــويت الأعضـــاء (المخولين بالتصـــويت) المصـــوتين على القرار بشكل شخصي أو عن طريق وكيل أو مقدماً،،
“member votes” has the meaning given in article 22(4)(b),	"أصوات الأعضاء" لها المعنى المنصوص عليه في المادة 22(4)(ب) ،

"ordinary resolution" has the meaning given in section 298 of the Companies Regulations,	"القرار العادي": له المعنى المنصوص عليه في البند 298 من نظام الشركات،
"paid" means paid or credited as paid,	"مدفوع": يقصد به مدفوع قيمته أو مقيد في الجانب الدائن على أنه مدفوع قيمته،
"participate", in relation to a directors' meeting, has the meaning given in article 9,	"يشارك": له المعنى، فيما يتعلق باجتماع المديرين، المنصوص عليه في المادة (9) ،
"partly paid" in relation to a share means that part of that share's issue price that has not been paid to the company,	"مدفوع قيمته جزئيًا": يقصد به، فيما يتعلق بالسهم، ذلك الجزء من سعر إصدار ذلك السهم الذي لم تُدفع قيمته للشركة،
"primary member" has the meaning given in article 22(8)(a),	"العضو الأساسي" له المعنى المنصوص عليه في المادة 22(8)(أ) ،
"proxy notice" has the meaning given in article 38,	"إخطار الوكيل": له المعنى المنصوص عليه في المادة (38) ،
"qualifying person" has the meaning given in section 335 of the Companies Regulations,	"الشخص المؤهل" له المعنى المنصوص عليه في القسم 335 من لوائح الشركات،
"relevant topco" means a holding company (as defined in section 1015 of the Companies Regulations) which:	"شركة توبكو ذات الصلة" يقصد بها الشركة القابضة (كما هو محدد في المادة 1015 من نظام الشركات) والتي:
(a) is controlled by a governmental authority of the Emirate of Abu Dhabi or the UAE; and	(أ) تخضع لسيطرة هيئة حكومية في إمارة أبوظبي أو دولة الإمارات العربية المتحدة؛ و
(a) is not itself a subsidiary of another holding company;	(أ) ليست في حد ذاتها شركة تابعة لشركة قابضة أخرى؛
"securities seal" has the meaning given in article 47,	"ختم الأوراق المالية ": له المعنى المنصوص عليه في المادة (47) ،
"shares" means shares in the company,	"الأسهم": يقصد بها الأسهم في الشركة،
"special resolution" has the meaning given in section 299 of the Companies Regulations,	"القرار الخاص": له المعنى المنصوص عليه في البند 299 من نظام الشركات،
"standalone director" has the meaning given in article 22(8)(c)	"المدير المنفرد" له المعنى المنصوص عليه في المادة 22(8)(ج) ،

"subsidiary" has the meaning given in section 1015 of the Companies Regulations,

"شركة تابعة": له المعنى المنصوص عليه في البند 1015 من نظام الشركات،

"transmittee" means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law,

"المنقول إليه": يقصد به الشخص الذي يحق له السهم بسبب وفاة المساهم أو خلاف ذلك بسبب تطبيق القانون،

"UAE" means the United Arab Emirates,

"الإمارات العربية المتحدة" يقصد بها دولة الإمارات العربية المتحدة،

"uncertificated" in relation to a share means that, by virtue of legislation (other than section 715 of the Companies Regulations) permitting title to shares to be evidenced and transferred without a certificate, title to that share is evidenced and may be transferred without a certificate,

"صادر دون شهادة ": فيما يتعلق بالسهم، يقصد به، بموجب القانون (بخلاف البند 715 من نظام الشركات)، السماح بإثبات ونقل ملكية السهم دون شهادة، وتُثبت الملكية في ذلك السهم ويجوز نقلها دون شهادة،

"undertaking" has the meaning given in section 1017(1) of the Companies Regulations, and

"الكيان" له المعنى المنصوص عليه في المادة 1017(1) من نظام الشركات، و

"vice-chairman" has the meaning given in article (14),

"نائب رئيس مجلس الإدارة" له المعنى المنصوص عليه في المادة (14) ،

"writing" means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

"خطي": يقصد به التمثيل أو إعادة الإنتاج للكلمات أو الرموز أو المعلومات الأخرى بصيغة مرئية أو بأية طريقة أو مجموعة من الطرق، سواء أرسل أو قُدم بصيغة إلكترونية أو خلاف ذلك.

Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Regulations as in force on the date when these articles become binding on the company.

ما لم يتطلب السياق خلاف ذلك، تحمل الكلمات أو التعبيرات الأخرى المتضمنة في هذا النظام المعاني ذاتها الواردة في نظام الشركات والسارية في التاريخ الذي يصبح فيه هذا النظام نافذًا على الشركة.

In these articles:

في هذا النظام الأساسي:

(a) the words "include" or "including" or similar expressions shall be deemed to be followed by "without limitation" or "but not limited to", whether or not they are followed by such phrases or words of like import; and

(أ) تعتبر المصطلحات "يشمل" أو "بما في ذلك" أو أي مصطلحات مماثلة أنها متبوعة بعبارة "ودون حصر" أو "على سبيل المثال لا الحصر" سواءً أكانت تلك المصطلحات متبوعة بتلك العبارات أو أي كلمات لها لنفس المعنى أو لا؛ و

(b) unless expressly stated otherwise, a reference to the size of a director group or the number of directors comprising a director group (or any similar expression) is to be construed as a reference to the number of directors forming part of such group pursuant to article 22(8) and, in circumstances where there is any vacancy on the board, shall include the number of additional director(s) which would form part of that director group pursuant to article 22(8)(f) upon replacement director(s) being appointed to fill the relevant vacancy/ies.

(ب) ما لم تتم الإشارة إلى خلاف ذلك صراحة، تفسر الإشارة إلى حجم أي مجموعة مديرين أو عدد مديرين (أو أي مصطلح مشابه) على أنها إشارة إلى عدد المديرين المشكلين لهذه المجموعة بموجب المادة 22(8) وفي الحالات التي يتواجد فيها أي شاغر في المجلس، تشمل هذه الإشارة عدد المدير/المديرين الإضافيين والذي سيشكل جزءً من مجموعة المديرين بموجب المادة 22(8)(و) عند استبدال العضو/الأعضاء المعينين لملئ الشاغر/الشواغر المعنية.

2. **Liability of members. The liability of the members is limited to the amount, if any, unpaid on the shares held by them.**

مسؤولية الأعضاء. تكون مسؤولية الأعضاء محدودة وتقتصر على المبلغ، إن وجد، غير المدفوع بخصوص الأسهم التي يمتلكونها.

3. **Sunset date.**

3- **تاريخ الانقضاء:**

(1) In these articles:

(1) في هذا النظام الأساسي:

(a) the "sunset date" means the first date after the adoption date on which:

(أ) "تاريخ الانقضاء" يقصد به أول تاريخ بعد تاريخ الاعتماد والذي:

(i) a major shareholder ceases to own at least twenty-five per cent (25%) in aggregate of the entire issued share capital of the company; and

(1) لا يعود فيه مساهم رئيسي مالكاً لما لا يقل عن خمسة وعشرين بالمئة (25%) من اجمالي رأس مال الشركة الصادر بالكامل؛ و

(i) no other member qualifies as a major shareholder for the purposes of the articles,

(2) لا يكون فيه أي عضو آخر مؤهلاً ليكون مساهم رئيسي لأغراض النظام الأساسي،

(a) "subject major shareholder" means a member that

(أ) "المساهم الرئيسي المعني" يقصد به العضو الذي:

(i) is a major shareholder (or would be a major shareholder, if its holding of shares were aggregated with that of its affiliates); and

(1) يكون مساهماً رئيسياً (أو سيصبح مساهماً رئيسياً فيما لو تم جمع الأسهم التي يملكها مع الأسهم الخاصة بشركاته الفرعية)؛ و

(i) through the sale or other transfer of shares, triggers the occurrence of the sunset date.

(2) من خلال البيع أو أي تنازل آخر للأسهم، يؤدي إلى وقوع تاريخ الانقضاء.

(2) Following the occurrence of the sunset date, the subject major shareholder shall promptly notify the company (by written notice to the board) of: (i) the occurrence of such sunset date; (ii) if the shares were sold in a bona fide on-market transaction (meaning a transaction through the trading system of the relevant market where buy and sell orders are anonymously matched and crossed), the number of separate trades of shares conducted by the subject major shareholder on the same day as the transaction which gave rise to the occurrence of the sunset date; and (iii) if the shares were sold in a bona fide off-market transaction (meaning a transaction conducted between an identified purchaser and an identified seller which is not an on-market transaction, including a 'big block deal' as referred to in the applicable broker and trading rules of the Abu Dhabi Securities Exchange): (x) the number of shares acquired by such purchaser(s) (on a purchaser-by-purchaser basis) and (y) in each case to the extent known to the subject major shareholder (without any

(2) بمجرد وقوع تاريخ الانقضاء، يجب على المساهم الرئيسي المعني أن يقوم على الفور بإخطار الشركة (عن طريق إخطار خطي يوجه لمجلس الإدارة) بالآتي: (1) وقوع تاريخ الانقضاء المذكور؛ (2) في حال بيع الأسهم عن طريق معاملة بحسن نية في السوق (بما معناه معاملة عن طريق نظام تداول في السوق المعني عندما تتم مطابقة أوامر الشراء والبيع والتقاطع بينهما بشكل مجهول)، عدد التداولات المنفصلة للألسهم التي ينفذها المساهم الرئيسي المعني في نفس يوم التعامل الذي أدى لحدوث تاريخ الانقضاء؛ و(3) في حال بيع الأسهم في معاملة بحسنة النية خارج السوق (بما معناه معاملة تنفذ بين مشتري معروف وبائع معروف خارج السوق، بما في ذلك "الصفقات الكبيرة" المشار إليها في قواعد التداول والوساطة المعمول بها لدى سوق أبوظبي للأوراق المالية): (x) عدد الأسهم التي استحوذ عليها هذا المشتري (المشترين) (على أساس كل مشتري على حدة) و (y) في كل حالة إلى الحد المعروف للمساهم الرئيسي المعني (دون أي التزام بإجراء

obligation to conduct enquiries), whether such acquisition of shares by the relevant purchaser(s) will trigger any filing requirements by such purchaser(s), where any such filings are required and the timing requirements for any such filings.

استفسارات)، ما إذا كان استحواذ على الاسهم من قبل المشتري (المشترين) المعني(المعنيين) سيؤدي إلى أي متطلبات إيداع من قبل هذا المشتري (المشترين)، عندما تكون أي إيداعات مطلوبة وتكون هناك متطلبات تتعلق بمواعيد القيام بهذه الإيداعات.

PART 2

الجزء الثاني

COMPANY DETAILS

تفاصيل الشركة

4. **Statement of share capital as at the adoption date.**

4- بيان رأس المال بتاريخ الاعتماد.

(1) The company's issued share capital as at the adoption date is AED [476,190,550.10][1] (equivalent to approximately USD [129,523,830.99]), comprising [4,761,905,551] shares of AED 0.10 each (equivalent to approximately USD 0.0272).

(1) يبلغ رأس المال الصادر للشركة بتاريخ الاعتماد [476,190,550.10] درهم اماراتي(ما يعادل حوالي [129,523,830.99] دولار أمريكي) ، ويتكون من [4,761,905,551] سهم، القيمة الاسمية لكل منها 0.10 درهم اماراتي (ما يعادل حوالي 0.0272 دولار أمريكي).

(2) The company may issue shares and increase its share capital in excess of the amounts referred to in paragraph (1) of this article in accordance with the articles and the Companies Regulations and no amendment to the articles will be required to facilitate or reflect any such actions.

(2) يجوز للشركة أن تصدر أسهم وأن تزيد رأس مالها بشكل يتعدى المبالغ المشار إليها في الفقرة (1) من هذه المادة وفقاً لأحكام النظام الأساسي ولوائح الشركات ولن يكون هناك حاجة لأي تعديل على النظام الأساسي على النحو الذي يسهل أو يعكس مثل هذه الإجراءات.

5. **Objects of the company. The objects for which the company is established are as follows:**

5- أغراض الشركة. فيما يلي الأغراض التي تأسست من أجلها الشركة:

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[1] Note: The stated share capital of AED 476,190,555.10 (4,761,905,551 shares of AED 0.10 each) reflects the sum of (i) existing Bayanat AI Plc shares (2,571,428,572 shares) and (ii) the maximum number of shares that may be issued to shareholders of Al Yah Satellite Communications Company PJSC pursuant to the exchange ratio (2,190,476,979 shares) upon completion of the proposed merger. However, the actual number of shares issued to shareholders of Al Yah Satellite Communications Company PJSC may be lower due to the rounding down of fractional share entitlements after applying the exchange ratio. Subject to completion of the proposed merger, the articles of association adopted by Bayanat AI Plc (to be renamed Space42 Plc) will be updated to reflect the actual number of shares issued to shareholders of Al Yah Satellite Communications Company PJSC.

(1) To procure the design, development and manufacture of, and to launch, own, manage, control, operate and maintain communications satellites for the purpose of military and commercial satellite mobile and fixed communications through handheld equipment or terminal equipment, for use in land-based vehicles of every type, aircrafts or ships and or fixed single or multi-channel terminals and all related and associated infrastructure and ground segments wherever situated and to deliver in any way to any company or administration or person in any state, mobile communication services based on or from using such satellites.

(1) الحياز على تصاميم وتطوير وتصنيع وإطلاق وامتلاك وإدارة والإشراف على وتشغيل ومراقبة وصيانة أقمار الاتصالات الاصطناعية لأغراض الاتصالات الساتلية المتنقلة والثابتة العسكرية والتجارية من خلال المعدات المحمولة أو المعدات الطرفية، لاستخدامها في المركبات البرية بكافة أنواعها، والطائرات أو السفن أو المحطات الثابتة الفردية أو متعددة القنوات وكافة أشكال البنية التحتية المرتبطة والقطاعات الأرضية أينما كانت والقيام بأي شكل من الأشكال بتقديم خدمات الاتصالات المتنقلة القائمة على أو الناتجة عن استخدام هذه الأقمار الاصطناعية لأي شركة أو إدارة أو شخص في أي دولة.

(2) To develop, design, license, and sell AI-powered and other technological solutions relating to geospatial, business operations, information technology, autonomous driving, and unmanned systems activities and procure goods and services and conduct research and development activities in relation to same.

(2) تطوير وتصميم وترخيص وبيع الحلول التي تعمل بالذكاء الاصطناعي وغيرها من الحلول التكنولوجية المتعلقة بالجغرافيا المكانية والعمليات التجارية وتكنولوجيا المعلومات والقيادة الذاتية وأنشطة الأنظمة غير المأهولة وشراء السلع والخدمات وإجراء أنشطة البحث والتطوير فيما يتعلق بما ورد.

(3) To invent, design, develop, construct, manufacture, produce, erect, install, sell, hire, license, supply or otherwise deal in all kinds of equipment, apparatus, accessories, machinery, products which are required or likely to be required by the company or other persons for the purposes of, or in connection with the business of the company.

(3)الاستثمار في وتصميم وتطوير وتشييد وتصنيع وإنتاج ونصب وتركيب وبيع واستئجار وترخيص وتوريد أو القيام بخلاف ذلك بالتعامل مع كافة أنواع المعدات والأجهزة والملحقات والآلات والمنتجات المطلوبة أو التي يرجح أن تحتاجها الشركة أو أشخاص آخرين لأغراض أعمال الشركة أو فيما يتعلق بها.

(4) To carry on the business of inventors and to conduct or promote the conduct by other persons of research and development in connection with any of the activities of the company and in any other area

(4) ممارسة أعمال المخترعين والقيام بـ أو تشجيع أشخاص آخرين على القيام بالأبحاث وعمليات التطوير المتعلقة بـأي من أنشطة الشركة وفي أي مجال

which might benefit the business of the company.

آخر قد يفيد اعمال الشركة.

(5) To establish, maintain and operate research stations, laboratories, plants, workshops, field stations facilities and establishments and generally to engage in research and developments for the company and for other persons.

(5)إنشاء وصيانة وتشغيل محطات البحث والمختبرات والمنشآت وورشات العمل ومرافق المحطات الميدانية والمؤسسات والمشاركة بشكل عام في البحوث والتطوير لصالح الشركة و الاشخاص الآخرين.

(6) To establish, manage, operate, or participate in the establishments, management and operation of clearing houses, traffic billing exchange or accounting data for traffic between companies and telecom administrations using the company's network or other telecom networks.

(6)إنشاء وإدارة وتشغيل أو المشاركة في إنشاء وإدارة وتشغيل غرف المقاصة أو تبادل فواتير الحركة أو البيانات الحسابية الخاصة بالحركة بين الشركات وإدارات الاتصالات باستخدام شبكة الشركة أو شبكات الاتصال الأخرى.

(7) To incorporate, own, manage, establish, invest in, perform head office functions or act as a holding company, severally or jointly with third parties, in establishments, companies, investment funds, economic enterprises and/or education and training centres of any kind.

(7)تأسيس وامتلاك وإدارة وإنشاء والاستثمار بشكل فردي أو بالاشتراك مع الغير في المؤسسات والشركات والصناديق الاستثمارية والمشاريع الاقتصادية و/أو مراكز التعليم والتدريب.

(8) To provide investment, economical, technical, management, financial and administrative consultancy services for projects, establishments and companies and to prepare feasibility studies for projects and marketing of projects.

(8)تقديم الخدمات الاستشارية الاستثمارية والاقتصادية والتقنية والإدارية والمالية للمشاريع والمؤسسات والشركات وإعداد دراسات الجدوى للمشاريع وتسويق المشاريع.

(9) To engage in commercial agencies, commercial representation, and agency of foreign companies that practice business related or similar to the company's activities.

(9)مزاولة أعمال الوكالات التجارية والتمثيل التجاري ووكالة الشركات الأجنبية التي تمارس أعمالاً مرتبطة أو مشابهة لانشطة الشركة.

(10) To carry out any activity that the board deems necessary to enable the company to achieve any of its above mentioned activities or which may be considered ancillary thereto

(10)مزاولة أي نشاط يراه مجلس الإدارة ضروريا لتمكين الشركة من مزاولة أي من أنشطتها المذكورة أعلاه أو قد يعتبر مكملاً لها بما في ذلك

including borrowing and appointment of professional advisors and consultants.	الاقتـــــــراض وتعيـــــــين المستشـــــــارين والاستشاريين المهنيين.
(11) In addition to the foregoing, the company may do any operation, and exert any power towards the achievement of these purposes, including without limitation:	(11)بالإضـافة إلى ما سبق، يجوز للشـركة القيام بـأي عملية وممارســـة أي ســـلطـة لتحقيق هذه الأغراض، بمـا في ذلك على ســـبيل المثـال لا الحصر:
(a) The conclusion of contracts and agreements; entering into, executing and abiding by arrangements with any other individual, establishment, company, or with any government or authority (federal or local) towards the achievement of the company objectives; obtaining from these individuals, establishments, companies, governments or authorities any rights, privileges or licenses that the company deems convenient for such arrangements, rights, privileges or licenses.	(أ) إبـــــــرام العقـــــــود والاتفاقيـــات والـــدخول فـــي ترتيبـــــــــات وتنفيـــــــــذها والالتـــزام بهـــا مـــع أي فـــرد أو مؤسســـــــة أو شـــــــركة أخـــرى أو مـــع أي حكومـــة أو هيئـــــــة (اتحاديـــــــة أو محليـــة) لتحقيـــق أهـــداف الشـــركة وتحصـــيل مـــن هــــــــؤلاء الأفـــــــراد أو المؤسســـات أو الشـــركات أو الحكومـــات أو الهيئـــات علـــــــى أي حقـــــــوق أو امتيـــازات أو تـــراخيص تراهـــا الشـــركة مناســـبة لهـــــــذه الترتيبـــــــات أو الحقـــوق أو الامتيـــازات أو التراخيص.
(b) To own and lease property; pledge moveable and immovable assets; borrow funds; issue debt instruments, debentures, bonds and sukuk; and acquire companies engaged in activities that are related to the activities of the	(ب) (12)تملـــــك وتــــأجير الممتلكــــــــات ورهـــــــن الأصـــول المنقولـــة وغيـــر المنقولـــــــة واقتـــــــراض الأمـــوال وإصـــدار أدوات الـــــــدين والســـــــندات والصـــــكوك والاســـــتحواذ علـــى الشـــركات التـــي تمـــارس أنشـــطة المرتبطـــة بنشـــــاط الشـــــركة أو أي

	company or any other activity.	نشاط آخر.		
(c)	To issue guarantees and grant other security, including mortgages over moveable and immovable assets and properties of the company.	إصدار الضمانات ومنح الضمانات الأخرى بما في ذلك رهن أصول وعقارات الشركة المنقولة وغير المنقولة.	(13)	(ج)
(d)	To open and maintain bank accounts.	فتح الحسابات المصرفية والاحتفاظ بها.	(14)	(د)
(e)	To draw, accept and negotiate negotiable instruments.	سحب وقبول وتداول السندات القابلة للتداول.	(15)	(ه)
(f)	To establish regulations relating to the hiring, retirement and remuneration of the company's employees.	وضع اللوائح الخاصة باستقدام وتعيين وتقاعد وأجور موظفي الشركة.	(16)	(و)
(g)	To register intellectual property rights.	تسجيل حقوق الملكية الفكرية.	(17)	(ز)
(h)	To pursue, defend and settle all claims, including by means of judicial proceedings, arbitration or mediation.	متابعة جميع المطالبات والدفاع عنها وتسويتها، بما في ذلك عن طريق الإجراءات القضائية أو التحكيم أو الوساطة.	(18)	(ح)
(i)	To engage in any activity, and pursue any objective, as the directors deem necessary, expedient or desirable in furtherance of the interests of the	المشاركة في أي نشاط وتحقيق أي هدف يراه أعضاء مجلس الإدارة ضروريًا أو عاجلا أو مرغوبًا لتعزيز مصالح الشركة	(19)	(ط)

	company or the members.	أو الأعضاء.	
(j)	To do all such acts or things as are incidental or conducive to the attainment of the above objects or any of them.	(20)القيام بكافة الأعمال أو الأشياء المرتبطة بكل أو أي من الأغراض المذكورة أعلاه أو المؤدية لتحقيقها.	(ي)
(k)	The company may have an interest in, or contribute in any way to, other authorities or companies, which are engaged in similar business, or which would help it to achieve its objectives in the UAE or abroad. It may also acquire, take over, or participate therein through merger, affiliation or otherwise with these authorities or companies.	(21)يجوز للشركة أن يكون لها مصلحة أو أن تشارك بأي شكل من الأشكال في هيئات أو شركات أخرى تزاول أعمالاً مماثلة لأعمالها أو قد تساعدها على تحقيق أهدافها في دولة الإمارات العربية المتحدة أو خارجها. ويجوز لها أيضًا الاستحواذ عليها أو المشاركة فيها من خلال الاندماج مع أو الانضمام إلى هذه الهيئات أو الشركات.	(ك)
(l)	The objects and powers of the company set forth in the above paragraphs are non-exhaustive and their inclusion in this article shall not be interpreted as restricting the capacity of the company in any way. It shall be permissible for the company to carry out its objects and any other activities in any	(22)إن أغراض الشركة وصلاحياتها المنصوص عليها في الفقرات السابقة غير حصرية، ولا يجوز تفسير تضمينها في هذه المادة على أنه يقيد قدرة الشركة بأي شكل من الأشكال. ويجوز للشركة ممارسة أغراضها وأية أنشطة أخرى في أي إمارة أو	(ل)

emirate or free zone of the UAE and in any other place throughout the world. It may also, expand, throughout the world. It may also, expand, modify or amend these objects in any manner from time to time by a special resolution.

منطقة حرة في دولة الامارات وفي أي مكان آخر في جميع أنحاء العالم، كما يجوز لها التوسع في جميع أنحاء العالم. ويجوز لها أيضًا توسيع هذه الأغراض أو تعديلها أو تغييرها بأي شكل من الأشكال من وقت لآخر بموجب قرار خاص.

PART 3

الجزء الثالث

DIRECTORS

المديرون

DIRECTORS' POWERS AND RESPONSIBILITIES

صلاحيات المديرين ومسؤولياتهم

6. **Directors' general authority**

6- **السلطة العامة للمديرين**

(1) The Board is responsible for the management of the company's business, for which purpose it may exercise all the powers of the company.

1- يكون مجلس الإدارة مسؤولاً عن إدارة نشاط الشركة، ويجوز له، تنفيذًا لذلك الغرض، ممارسة جميع صلاحيات الشركة.

(2) The power to bind the company is limited to:

2- تقتصر صلاحية إلزام الشركة على:

(a) the chairman;

(b) if so appointed by the board from time to time in accordance with article 6(3)(a), the managing director; and

(c) such other persons authorised to bind the company by decision of the board from time to time.

(م) رئيس مجلس الإدارة؛

(ن) المدير التنفيذي، في حال تعيينه من وقت لآخر بموجب المادة 6(3)(أ)؛ و

(س) أي أشخاص آخرين مخولين بإلزام الشركة بقرار يصدر عن مجلس الإدارة من وقت لآخر.

(3) The board may appoint or remove:

3- يجوز لمجلس الإدارة تعيين أو عزل:

(a) one director to act as “managing director”; and

(أ) عضو مجلس إدارة واحد للتصرف بصفة "مدير تنفيذي"؛ و

(b) such other management personnel,

(ب) أي موظفي إدارة آخرين،

in such manner and with such responsibilities as the board may determine from time to time.

بالأسلوب وبناءً على المسؤوليات التي قد يحددها مجلس الإدارة من وقت لآخر.

7. **Members’ reserve power and members’ supermajority resolution.**

7- الصلاحيات المحتفظ بها للأعضاء وقرار الأغلبية العظمى للاعضاء.

(1) The members may, by special resolution, direct the directors to take, or refrain from taking, specified action.

(1) يجوز للأعضاء، بموجب قرار خاص، توجيه المديرين لاتخاذ إجراء محدد أو الامتناع عن اتخاذه.

(2) No such special resolution invalidates anything which the directors have done before the passing of the resolution.

(2) لن يعمل ذلك القرار الخاص على إلغاء أي شيء قد فعله المديرون قبل إصدار القرار.

(3) Notwithstanding any other provision of these articles:

(3) على الرغم من أي حكم آخر ينص عليه هذا النظام الأساسي:

(a) prior to the sunset date, the company shall not do, and shall not commit to do, or (where explicitly specified) cause or permit any other group company to do, or commit to do, any of the action specified in the articles as requiring approval by way of members’ supermajority resolution;

(أ) قبل تاريخ الانقضاء، لا يجوز للشركة القيام، ولا يجوز لها الالتزام بالقيام، أو (في حالة تحديد ذلك صراحةً) التسبب أو السماح لأي شركة أخرى في المجموعة بالقيام أو أن تلتزم بالقيام بأي من الإجراءات المحددة في المواد التي تتطلب موافقة بقرار الأغلبية العظمى للاعضاء؛

(b) after the sunset date, any action specified in the articles as requiring approval by way of members' supermajority resolution may be approved by way of ordinary resolution; and	(ب) بعــد تــاريخ الانقضـــاء، يجــوز الموافقــة علــى أي إجــراء محــدد فــي النظــام الاساســي يقتضــي الموافقــة عليــه بقــرار مــن الأغلبيــة العظمـــى للاعضـــاءعن طريق قرار عادي؛ و
(c) in relation to any proposed members' supermajority resolution, the notice of the meeting must include the text of the resolution and specify the intention to propose the resolution as a members' supermajority resolution.	(ج) فيمــا يتعلــق بــأي قــرار مقتـــــــرح للأغلبيـــــــة العظمـــــــى مـــــــن الأعضـــــاء، يجـــــب أن يتضـــــــمن إشـــــــعار الاجتمـــاع نـــص القـــرار وأن يحـــدد نيـــة اقتـــراح القـــرار باعتبـــاره قـــرار الأغلبيـــــة العظمـــــى للاعضاء.
8. Directors may delegate	**8- جواز التفويض من المديرين**
(1) The directors may delegate any of the powers which are conferred on them under the articles—	(1) يجوز للمديرين تفويض أي من الصلاحيات الممنوحة لهم بموجب النظام الأساسي إلى كل من:
(a) to such person or committee,	(أ) إلى أولئك الأشخاص أو اللجان،
(b) by such means (including by power of attorney),	(ب) وبتلك الطرق (بما في ذلك التوكيل)،
(c) to such an extent,	(ج)وإلى ذلك الحد،
(d) in relation to such matters or territories, and	(د) فيما يتعلق بتلك الأمور أو المناطق، و
(e) on such terms and conditions,	(ه) وبناءً على تلك الشروط والأحكام،
as they think fit.	التي تتراءى لهم.

(2) If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.

(2) إذا حدد المديرون ذلك، فيجوز لأي تفويض من هذا القبيل أن يجيز أي تفويض آخر لصلاحيات المديرين من قبل أي شخص فوضه المديرون.

(3) The directors may revoke any delegation in whole or part, or alter its terms and conditions.

(3) يجوز للمديرين سحب التفويض كليًا أو جزئيًا، أو تغيير شروطه أو أحكامه.

9. **Committees**

9- اللجان

(1) Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors.

(1)ينبغي للجان التي يفوضها المديرون بأي من صلاحياتهم، أن تتبع الإجراءات التي تكون مبنية، حيثما يكون قابلًا للتطبيق، على هذه الأحكام الواردة بالنظام الأساسي الذي يحكم اتخاذ المديرين للقرارات.

(2) The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.

(2) يجوز للمديرين أن يصدروا لجميع اللجان أو أي منها قواعد الإجراءات التي يكون لها الأسبقية على القواعد المشتقة من النظام الأساسي إذا لم تكن تتوافق معها.

DECISION-MAKING BY DIRECTORS

اتخاذ المديرين للقرار

10. **Directors to take decisions collectively**. Decisions of the directors may be taken—

10- اتخاذ المديرين للقرارات مجتمعين. يجوز اتخاذ قرارات المديرين —

(a) at a directors' meeting, or

(أ) في اجتماع المديرين، أو

(b) in the form of a directors' written resolution.

(ب) في صيغة قرار خطي صادر عن المديرين.

11. **Calling a directors' meeting**

11- الدعوة لاجتماع المديرين

(1) Any director may call a directors' meeting.

(1) يجوز لأي مدير أن يدعو لاجتماع المديرين.

(2) The company secretary must call a directors' meeting if a director so requests.

(2) يتعين على سكرتير الشركة أن يدعو لعقد اجتماع المديرين إذا طلب أحد المديرين ذلك.

(3) A directors' meeting is called by giving notice of the meeting to the directors.

(3) تتم الدعوة لاجتماع المديرين بإرسال إخطار الاجتماع إلى المديرين.

(4) Notice of any directors' meeting must indicate—

(4) ينبغي أن يبين الإخطار بأي اجتماع للمديرين:

(a) its proposed date and time,

(أ) التاريخ والموعد المقترح للاجتماع،

(b) where it is to take place, and

(ب) مقر عقد الاجتماع، و

(c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

(ج) إذا كان من المتوقع ألا يكون المديرون المشاركون في الاجتماع موجودين في المكان نفسه، كيف يُقترح أن يتواصلوا مع بعضهم بعضًا أثناء الاجتماع.

(5) Notice of a directors' meeting must be given to each director, but need not be in writing.

(5) ينبغي أن يقدم إخطار اجتماع المديرين إلى كل مدير، ولكن لا تدعو الحاجة إلى أن يكون الإخطار خطيًا.

(6) Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

(6) لا يحتاج إخطار اجتماع المديرين أن يُقدم إلى المديرين الذين يتنازلون عن حقهم في الإخطار لذلك الاجتماع، عن طريق إرسال إخطار بذلك إلى الشركة بعد تاريخ عقد الاجتماع بمدة لا تزيد عن 7 أيام. وفي حال إذا قُدم ذلك الإخطار بعد عقد الاجتماع، فلن يؤثر هذا على سريان الاجتماع أو على المسائل المتداولة فيه.

12. **Participation in directors' meetings**

12- المشاركة في اجتماعات المديرين

(1) Subject to the articles, directors participate in a directors' meeting, or part of a directors' meeting, when—

(1) مع مراعاة عدم الإخلال بالنظام الأساسي، يشارك المديرون في اجتماعات المديرين، أو جزء من اجتماع المديرين، في الحالات التالية:

(a) the meeting has been called and takes place

(أ) عندما تتم الدعوة للاجتماع وينعقد بموجب النظام

in accordance with the articles, and

الأساسي، و

(b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

(ب) يمكن للمديرين التواصل مع بعضهم بعضًا في أية معلومات أو آراء لديهم حول بند ما من أعمال الاجتماع.

(2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.

(2) تُحدد مشاركة المديرين من عدمها في اجتماعات المديرين بغض النظر عن مكان وجود أي مدير أو كيفية تواصله مع المديرين الآخرين.

(3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

(3) إذا لم يكن المديرون المشاركون في أي اجتماع موجودين في المكان نفسه، فيجوز لهم أن يقرروا أن الاجتماع ينبغي أن يعامل على أنه قد عُقد أيًا كان مكان وجود أي منهم.

13. **Quorum for directors' meetings**

13- النصاب القانوني لاجتماعات المديرين

(1) At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.

(1) في اجتماع المديرين، ما لم يكن النصاب القانوني للمديرين مشاركًا، لن يُجرى التصويت على مقترح باستثناء مقترح الدعوة لاجتماع آخر.

(2) The quorum for directors' meetings is a simple majority of directors from time to time, in each case present (in person or by proxy and entitled to be counted for quorum purposes in accordance with the articles..

(2) يكون النصاب القانوني لاجتماعات المديرين من وقت لآخر هو الأغلبية البسيطة للمديرين (الذين يحضرون في كل حالة بشكل شخصي أو عن طريق وكيل) المخولين بأن يتم احتسابهم لأغراض النصاب وفقاً للنظام الأساسي.

(3) A directors' meeting may take place, if it is called in accordance with the articles and a quorum is participating.

(3) يجوز أن ينعقد اجتماع المديرين إذا تمت الدعوة له بموجب النظام الأساسي وتحقق فيه النصاب القانوني.

14. **Chairing directors' meetings**

14- ترأس اجتماعات المديرين

(1) Subject to the articles, the board may elect or replace a chairman from time to time (the "chairman"). The chairman shall be

(1) مع مراعاة النظام الأساسي، يجوز لمجلس الإدارة انتخاب أو استبدال رئيس الاجتماع من وقت لآخر ("الرئيس"). يجب

one of the directors and shall chair board meetings.

أن يكــون الــرئيس واحــداً مــن المــديرين وأن يترأس اجتماعات المجلس.

(2) The board may elect or replace a vice-chairman from time to time (the "vice-chairman"). The vice-chairman shall be one of the directors (other than the chairman) and shall chair board meetings in the chairman's absence.

(2) يجوز لمجلس الإدارة انتخاب أو استبدال نائب الرئيس من وقت لآخر ("نائب الرئيس"). يجب أن يكون نائب الرئيس واحداً من المديرين (بخلاف الرئيس) ويجب أن يترأس اجتماعات المجلس في حال غياب الرئيس.

(3) Whenever a director holding the position of chairman or vice-chairman is subject to re-election by the members at the end of the board appointment period, such director shall immediately resume holding office as chairman or vice-chairman (as applicable) if he or she is immediately re-elected at the relevant annual general meeting, unless the identity of the chairman or vice-chairman (as the case may be) is changed by the board in accordance with these articles.

(3) عنــدما يــتم إعــادة انتخــاب أي مــدير يشــغل منصــب الــرئيس أو نائــب الــرئيس مــن قبــل الأعضــاء عنــد نهايــة فتــرة تعيــين المجلــس، يجــب أن يســتأنف هــذا المــدير فــورا شــغل منصــبه كــرئيس أو نائــب رئــيس (حســب الاقتضــاء) فــي حــال إعــادة انتخابــه مباشــرة فــي اجتمــاع الجمعيــة العموميــة السنوية المعنــي ما لــم يــتم تغييــر هويــة الــرئيس أو نائــب الــرئيس (كمــا يقتضــي الحــال) مــن قبــل المجلــس بموجــب هذا النظام الأساسي.

(4) Where a director appointed as chairman or vice-chairman ceases to hold office as a director (other than where he or she is immediately re-elected as referred to in article 14(3)), such person shall automatically vacate his or her appointment as chairman or vice-chairman (as applicable).

(4) عنــد توقــف أي مــدير يعــين كــرئيس أو نائــب رئــيس عــن شــغل منصــب مــدير (بخــلاف الحالــة التــي يــتم فيهــا إعــادة انتخابــه أو انتخابهــا علــى الفــور حســب المــادة 14(3)) فــإن هــذا الشــخص يتوقــف بشــكل تلقــائي عــن شــغل منصــب الــرئيس أو نائب الرئيس (حسب الاقتضاء).

(5) If neither the chairman the vice-chairman is participating in a board meeting within ten (10) minutes following the time at which it was to start, the participating directors must appoint one of themselves to chairthe meeting, and the appointment of a person to chair the meeting must be the first business of the meeting.

(5) إذا لــم يشــارك الــرئيس أو نائــب الــرئيس، فــي اجتمــاع مجلــس ادارة مــا خــلال عشــر (10) دقــائق مــن الوقــت المحــدد لبــدء الاجتمــاع، يعــين المــديرون المشــاركون فــي الاجتمــاع واحــدًا مــن بيــنهم ليــرأس الاجتمــاع ويكــون تعيــين أي شــخص لتــرأس الاجتمــاع أول أعمــال الاجتماع.

15. Voting at directors' meetings: general rules

-15 التصويت في اجتماعات المديرين: قواعد عامة

(1) A decision is taken at a directors' meeting by a majority of the votes of the participating directors.

(1) يُتخذ القرار في اجتماع المديرين من أغلبية أصوات المديرين المشاركين.

(2) Each director participating in a directors' meeting has one vote.

(2) يكون لكل مدير مشارك في اجتماع المديرين صوت واحد.

(3) If a director has an interest in an actual or proposed transaction or arrangement with the company—

(3) إذا كان لمدير مصلحة في صفقة فعلية أو مقترحة أو ترتيب فعلي أو مقترح مع الشركة ــ

(a) that director and that director's alternate may not vote on any proposal relating to it, but

(أ) لا يجوز لذلك المدير أو المدير البديل له التصويت على أي مقترح بخصوص ذلك، ولكن

(b) this does not preclude the alternate from voting in relation to that transaction or arrangement on behalf of another appointor who does not have such an interest.

(ب) هذا لن يمنع المدير البديل من التصويت على تلك الصفقة أو الترتيب نيابة عن المدير الأصلي الآخر الذي ليس له هذه المصلحة.

16. **Chairman's casting vote at directors' meetings**. If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote.

-16 الصـــوت المرجح للرئيس في اجتمـاعـات المديرين. إذا تســـاوى عدد أصـــوات المديرين المؤيـدين لمقترح مـا والمعـارضـــين لـه، يكون للرئيس أو المدير الآخر القائم مقام الرئيس صوت مرجح.

17. **Alternates voting at directors' meetings**. A director who is also an alternate director has an additional vote on behalf of, and is counted for quorum purposes for, each appointor who is:

-17 تصـــويت المـــديرين البـــديلين فـــي اجتماعـــات المـــديرين. يكـــون للمـــدير الـــذي يـــؤدي دوره كمـــديرًا بـــديلًا صـــوت إضـــافي ويـــــتم احتســـــابه لأغـــــراض النصـــــاب القـــانوني نيابـــة عـــن كـــل مديرعينـــه يقـــوم بما يلي:

(a) not participating in a directors' meeting, and	(أ) عدم المشاركة في اجتماع المديرين، و
(b) would have been entitled to vote if they were participating in it.	(ب) كان ليحق له التصويت إذا كان مشاركًا فيه.

18. Conflicts of interest | 18- تعارض المصالح

(1) If a directors' meeting, or part of a directors' meeting, is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, that director is not to be counted as participating in that meeting, or part of a meeting, for quorum or voting purposes.	(1) إذا كان اجتماع المديرين، أو جزء من اجتماع المديرين، معنيًا بصفقة فعلية أو مقترحة، أو ترتيب فعلي أو مقترح، مع الشركة وللمدير فيه مصلحة، فلن يُحتسب ذلك المدير مشاركًا في ذلك الاجتماع أو الجزء من الاجتماع، لأغراض النصاب القانوني أو التصويت.
(2) But if paragraph (3) applies, a director who is interested in an actual or proposed transaction or arrangement with the company is to be counted as participating in a decision at a directors' meeting, or part of a directors' meeting, relating to it for quorum and voting purposes.	(2) رغم ذلك، إذا كانت تسري الفقرة (3)، فيُحتسب المدير الذي له مصلحة في صفقة أو ترتيب فعلي أو مقترح مع الشركة على أنه مشارك في القرار في اجتماع المديرين أو ذلك الجزء من اجتماع المديرين لأغراض النصاب القانوني والتصويت.
(3) This paragraph applies when—	(3) تسري هذه الفقرة في الحالات التالية:
(a) the company by ordinary resolution disapplies the provision of the articles which would otherwise prevent a director from being counted as participating in, or voting at, a directors' meeting,	(أ) عندما توقف الشركة، بموجب قرار عادي، تطبيق أحكام هذا النظام بحيث تمنع المدير خلاف ذلك من أن يُحتسب مشاركًا في اجتماع المديرين أو مصوتًا فيه،
(b) the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest, or	(ب) عندما لا يمكن اعتبار مصلحة المدير أنها يحتمل أن تتسبب في تعارض مصالح، أو

(c) the director's conflict of interest arises from a permitted cause.

(ج) عندما ينشأ تعارض المصالح عن سبب مصرح به.

(4) For the purposes of this article, the following are permitted causes—

(4) لأغراض هذه المادة، يعد ما يلي أسبابًا مصرح بها:

(a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the company or any of its subsidiaries,

(أ) الضمان الذي يقدم من أو إلى المدير أو يتوجب أن يقدم من أو إلى المدير بخصوص التزام تتحمله الشركة أو يتم تحمله نيابة عن الشركة أو أي من الشركات التابعة لها،

(b) subscription, or an agreement to subscribe, for shares or other securities of the company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities, and

(ب) الاكتتاب أو الاتفاق على الاكتتاب في الأسهم أو الأوراق المالية الأخرى الخاصة بالشركة أو أي من الشركات التابعة لها أو التعهد بالتغطية أو التعهد من الباطن بالتغطية أو ضمان الاكتتاب في أية أسهم أو أوراق مالية من هذا القبيل، و

(c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the company or any of its subsidiaries which do not provide special benefits for directors or former directors.

(ج) الترتيبات التي تتاح طبقًا لها المنافع والمكافآت للموظفين والمديرين أو الموظفين والمديرين السابقين بالشركة أو أي من الشركات التابعة لها التي لا تقدم مكافآت ومنافع خاصة للمديرين أو المديرين السابقين.

(5) Subject to paragraph (6), if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before

(5) مع مراعاة عدم الإخلال بالفقرة (6)، إذا طُرح سؤال في اجتماع المديرين أو لجنة المديرين بشأن حق المدير في المشاركة في الاجتماع (أو جزء من الاجتماع) لأغراض التصويت

the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive.

أو احتساب النصاب القانوني، فيجوز أن يحال السؤال، قبل اختتام الاجتماع، إلى الرئيس الذي يكون حكمه بشأن أي مدير خلاف الرئيس نهائيًا وقاطعًا.

(6) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

(6) إذا طُرح أي سؤال بشأن الحق في المشاركة في الاجتماع (أو جزء منه) بخصوص الرئيس، فيتعين أن يُبت في السؤال بموجب قرار من المديرين في ذلك الاجتماع، بحيث لا يُحتسب الرئيس لذلك الغرض مشاركًا في الاجتماع (أو ذلك الجزء من الاجتماع) لأغراض التصويت أو النصاب القانوني.

19. Proposing directors' written resolutions

19- اقتراح القرارات الخطية للمديرين

(1) Any director may propose a directors' written resolution.

(1) يجوز لأي مدير أن يقترح قرارًا خطيًا للمديرين.

(2) The company secretary must propose a directors' written resolution if a director so requests.

(2) يتعين على سكرتير الشركة أن يقترح قرارًا خطيًا للمديرين إذا طلب المديرون ذلك.

(3) A directors' written resolution is proposed by giving notice of the proposed resolution to the directors.

(3) يتم اقتراح القرار الخطي للمديرين عن طريق إرسال إخطار بالقرار المقترح إلى المديرين.

(4) Notice of a proposed directors' written resolution must indicate—

(4) ينبغي أن يبين إخطار القرار الخطي:

(a) the proposed resolution, and

(أ) القرار المقترح، و

(b) the time by which it is proposed that the directors should adopt it.

(ب) الوقت الذي يُقترح على المديرين اتخاذه فيه.

(5) Notice of a proposed directors' written resolution must be given in writing to each director.

(5) يجب أن يقدم خطيًا إلى كل مدير الإخطار بقرار المديرين الخطي المقترح.

(6) Any decision which a person giving notice of a proposed directors' written resolution takes regarding the process of adopting that resolution must be taken reasonably in good faith.

(6) أي قرار يتخذه شخص يرسل إخطارًا بقرار المديرين الخطي المقترح بخصوص عملية إصدار ذلك القرار ينبغي أن يتخذ بحسن نية على نحو معقول.

20. Adoption of directors' written resolutions

20- إصدار القرارات الخطية للمديرين

(1) A proposed directors' written resolution is adopted when all the directors who would have been entitled to vote on the resolution at a directors' meeting have signed one or more copies of it, provided that those directors would have formed a quorum at such a meeting.

(1) يُصدر قرار المديرين الخطي المقترح عندما يوقع المديرون المستحقون للتصويت على القرار في اجتماع المديرين على نسخة واحدة أو أكثر منه، بشرط أن يكون هؤلاء المديرون قد شكلوا نصابًا قانونيًا في ذلك الاجتماع.

(2) It is immaterial whether any director signs the resolution before or after the time by which the notice proposed that it should be adopted.

(2) لا يهم إذا كان المدير يوقع على القرار قبل وقت إصدار الإخطار المقترح أو بعده.

(3) Once a directors' written resolution has been adopted, it must be treated as if it had been a decision taken at a directors' meeting in accordance with the articles.

(3) بمجرد إصدار القرار الخطي للمديرين، ينبغي أن يُعامل على أنه قرار اتخذ في اجتماع المديرين بموجب هذا النظام الأساسي.

(4) The company secretary must ensure that the company keeps a record, in writing, of all directors' written resolutions for at least ten years from the date of their adoption.

(4) يتعين على السكرتير أن يتأكد أن تحتفظ الشركة بسجل خطي لجميع القرارات الخطية للمديرين لمدة عشر سنوات على الأقل من تاريخ إصدارها.

21. Directors' discretion to make further rules. The directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

21- سلطة المديرين التقديرية في إصدار المزيد من القواعد، يجوز للمديرين أن يصـــدروا أية قاعدة يعتقدون انها مناســبة بشــأن كيفية اتخاذهم للقرارات، وبشــأن كيفية تســجيل تلك القواعد أو ابلاغها إلى المديرين.

APPOINTMENT OF DIRECTORS

تعيين المديرين

22. Methods of appointing directors

22- طرق تعيين المديرين

(1) Prior to the sunset date, the board shall comprise seven (7)

(1) قبل تاريخ الانقضاء، يجب أن يتكون

directors. Following the sunset date, the number of directors comprising the board may be increased or decreased pursuant to a vote of a simple majority of the board. Subject to this article 22, the entire board of directors shall be elected at every third annual general meeting of the company (each period between an annual general meeting at which the board is elected to the third annual general meeting thereafter being the “board appointment period”). Notwithstanding the preceding sentence, in relation to the board elected on, or holding office as at, the adoption date, the first board appointment period shall expire on the date of the third annual general meeting following the adoption date.

مجلس الإدارة من سبع (7) أعضاء. بعد تاريخ الانقضاء يمكن زيادة عدد المديرين المكون للمجلس أو تخفيضه بناءً على تصويت من أغلبية بسيطة للمجلس. مع مراعاة هذه المادة 22، يتم انتخاب كامل مجلس الإدارة في كل ثالث اجتماع جمعية عمومية سنوية للشركة (يشار إلى كل فترة تمتد ما بين أي اجتماع جمعية عمومية سنوية يتم انتخاب مجلس الإدارة فيها واجتماع الجمعية العمومية الثالث بعد ذلك بمصطلح "فترة تعيين المجلس"). على الرغم من الجملة السابقة، فيما يتعلق بالمجلس المنتخب أو الذي يشغل المنصب بتاريخ الاعتماد، تنتهي فترة تعيين المجلس الأول بتاريخ اجتماع الجمعية العمومية السنوية الثالث بعد تاريخ الاعتماد.

(2) There shall not be any limit on the number of times any particular director may be re-appointed (and in these articles, references to the appointment of a director include his or her re-appointment).

(2) لا يوجد حد أقصى لعدد المرات التي يتم فيها إعادة تعيين أي مدير معين (وفي هذا النظام الأساسي، تشمل الإشارات إلى تعين أي مدير الى إعادة تعيين له/لها).

(3) Any member holding at least five per cent (5%) of the total number of issued shares (or members together holding at least such number of shares) shall be entitled to nominate one (1) or more candidates for election as directors. Such nomination(s) shall be made by notice to the company (by written notice addressed to the board) delivered to the company at least four (4) weeks prior to the date of the relevant annual general meeting to elect the board of directors at the end of the board appointment period. Any existing director may also nominate any one (1) or more candidates (including themselves) for election. Existing directors shall be

(3) يحق لأي عضو يمتلك ما لا يقل عن خمسة بالمئة (5%) من إجمالي عدد الأسهم الصادرة (أو أعضاء يملكون مجتمعين ما لا يقل عن هذا العدد من الأسهم) تسمية مرشح واحد (1) أو أكثر ليكونوا مديرين. يجب أن يتم هذا الترشيح عن طريق إشعار يوجه للشركة (عن طريق إشعار خطي موجه للمجلس) ويسلم للشركة قبل أربع (4) أسابيع على الأقل من تاريخ اجتماع الجمعية العمومية السنوية الذي سيتم خلاله انتخاب مجلس الإدارة في نهاية فترة تعيين المجلس. يجوز أيضاً لأي مدير حالي تسمية مرشح أو أكثر (بما

automatically included in the list of candidates for election unless the director in question notifies the board in writing that such director does not intend to stand for re-election. The relevant member(s) or directors proposing any candidate(s) for election must also provide details of the experience and brief biographical details of such candidate(s), provided that such details shall not be required in relation to existing directors. Each candidate nominated in accordance with this article 22(3) shall be included in the director election process referred to in article 22(4) other than to the extent that any such candidate is not entitled to serve as a director by virtue of any express restriction contained in applicable law.

في ذلك نفسه) لانتخابه كمدير. يكون المديرون الحاليون مدرجون بشكل تلقائي في قائمة المرشحين ما لم يقم أي مدير بإخطار المجلس خطياً بعدم نية هذا المدير بإعادة ترشيح نفسه لهذا المنصب. يجب على العضو (الأعضاء) أو المديرين المعنين الذين يقترحون أي مرشحين أن يقدموا أيضاً تفاصيل خبرة وتفاصيل السيرة الذاتية لهؤلاء المرشحين، شرط ان لا تكون هذه التفاصيل مطلوبة فيما يتعلق بالمديرين الحاليين. يكون كل مرشح تتم تسميته بموجب هذه المادة 22(3) مشمولاً في عملية انتخاب المديرين المشار لها في المادة 22(4) إلى الحد الذي لا يكون فيه هذا المرشح غير مخول بالعمل كمدير بناءً على أي تقييد صريح منصوص عليه في القانون المعمول به.

(4) In circumstances where the general meeting is to consider the appointment of any directors, the following procedures shall apply:

(4) ضمن الظروف التي تدرس خلالها الجمعية العمومية تعيين أي مديرين، يجب تطبيق الإجراءات التالية:

(a) Each candidate nominated or proposed for election shall be subject to a separate appointment resolution (each a "director election resolution"). Director election resolutions shall only be approved in accordance with the procedures set out in this article 22 and not in any other manner.

(أ) يخضع كل مرشح تتم تسميته أو اقتراح انتخابه لقرار تعيين منفصل (يشار إلى كل قرار بعبارة "قرار انتخاب مدير"). يتم اعتماد قرارات انتخاب المد فقط بموجب الإجراءات المنصوص عليها في هذه المادة 22 وليس بأي أسلوب آخر.

(b) In relation to the director election resolutions (taken together), every

(ب) فيما يتعلق بقرارات انتخاب المديرين (مجتمعة) يحق لكل

member shall be entitled to an aggregate number of votes equal to the board vacancy number multiplied by the number of votes to which the member's shares are entitled (the "member votes").

عضو عدد أصوات إجمالي معادل لعدد شواغر المجلس مضروباً بعدد الأصوات المستحقة لأسهم العضو ("أصوات الأعضاء").

(c) Every member shall be entitled to: (i) vote all of his or her member votes in favour of only one director election resolution; or (ii) distribute his or her member votes among more than one director election resolution in such manner as that member considers appropriate.

(ج) يحق لكل عضو: (1) أصوات تعادل كامل عدد أصوات عضويته أو عضويتها لصالح قرار بانتخاب مدير واحد فقط؛ أو (2) توزيع أصوات عضويته أو عضويتها على أكثر من قرار انتخاب مدير واحد فقط بالطريقة التي يعتبرها هذا العضو ملائمة.

(d) The board shall ensure that the procedures adopted at the general meeting in relation to the consideration of the director election resolutions (i) enable members to clearly allocate their member votes among the director election resolutions in any manner permitted by these articles, (ii) provide for the number of member votes cast by each member to be verified to ensure that members do not cast more votes than their respective

(د) يجب على المجلس أن يضمن اعتماد إجراءات في اجتماع الجمعية العمومية بخصوص النظر في قرارات انتخاب المديرين؛ (1) تمكن الأعضاء من توزيع أصوات عضويتهم بشكل واضح على قرارات انتخاب المديرين بأي أسلوب يسمح به هذا النظام الأساسي، (2) تنص على ضرورة التحقق من عدد أصوات العضوية المدلى بها لضمان عدم إدلاء الأعضاء بأصوات تختلف عما هو مستحق لهم بموجب هذا النظام

	entitlements pursuant to these articles and (iii) enable the company to identify the director groups and the directors comprising each such group in accordance with these articles. Such procedures may include separate polling cards issued to each member present at the meeting which list all candidates for election as separate director election resolutions and enable the member to indicate the number of votes (if any) allocated to each separate director election resolution.	الأساسي، و(3) تمكن الشركة من تحديد مجموعات المديرين المديرين الذين يشكلون كل مجموعة وفقاً لهذا النظام الأساسي. يمكن أن تشمل هذه الإجراءات بطاقات اقتراع منفصلة تصدر لكل عضو حاضر في الاجتماع وتحتوي على أسماء كافة المرشحين للانتخاب كقرارات منفصلة لانتخاب المديرين وتمكن الأعضاء من الإشارة إلى عدد الأصوات (إن وجد) المعطى لكل قرار منفصل بانتخاب مدير.
(e)	In the event that a member allocates more member votes across the director election resolutions than they are entitled to cast, the number of votes allocated to each director election resolution by that member shall be reduced proportionately and any remaining fractions shall be rounded down to the nearest integer.	(هـ) في حال إدلاء أي عضو بأصوات أكثر من الأصوات التي يحق له الإدلاء بها على قرارات الانتخاب، يتم خصم عدد الأصوات الذي أدلى به العضو على كل قرار انتخاب مدير بصورة تناسبية ويتم تحويل أي أجزاء متبقية إلى أقرب عدد صحيح.
(f)	Subject to article 22(4)(g), the person(s) that shall be appointed director(s) shall first be the candidate(s) who, as compared to the rest	(و) مع مراعاة المادة 22(4)(ز) فإن الشخص/الأشخاص الذين يتم تعيينهم كمدير/مديرين يجب أن يكونوا أولاً المرشحين الذين

of the director election resolutions, receives the greatest number of “for” votes, and the second shall be the person who, as compared to the rest of the director election resolutions, receives the second greatest number of “for” votes and so on until the number of directors appointed equals (but in no circumstance exceeds) the board vacancy number (and any remaining candidates for appointment shall not be appointed). The relevant director election resolutions shall be deemed to have been passed or rejected accordingly. Votes cast against a director election resolution and votes withheld shall have no legal effect. No show of hands shall be taken on a director election resolution.

يحصلون، بالمقارنة مع بقية قرارات انتخاب المديرين، على أعلى عدد من الأصوات "المؤيدة" ويجب أن يكونوا ثانياً الأشخاص الذين يحصلون، مقارنة ببقية قرارات انتخاب المديرين، على ثاني أعلى عدد من الأصوات "المؤيدة" وما إلى ذلك حتى يصبح عدد المديرين المعينين معادلاً (ولا يتجاوز في كافة الأحوال) عدد الشواغر في المجلس (ولن يتم تعيين أي مرشحين متبقين). تعتبر بناءً على ذلك قرارات انتخاب المدير المعني أنه تم اعتمادها أو رفضها. لن يكون للإدلاء بأصوات ضد أي قرار بانتخاب مدير والأصوات التي يتم حجبها أي أثر قانوني. لن يتم إجراء تصويت برفع الأيدي على أي قرار انتخاب مدير.

(g) At least one director shall be a standalone director and, in circumstances where the board elected pursuant to the process described in article 22(4)(f) would not include a standalone director:

(ز) يجب أن يكون مدير واحد على الأقل مدير منفرد وفي الحالات التي يكون فيها المجلس المنتخب بناءً على العملية الموضحة في المادة 22(4)(و) لا يحتوي على مدير منفرد:

(h) the standalone candidate who, as compared to the rest

(ح) يتم انتخاب المرشح المنفرد الذي يحصل،

	of the director election resolutions, receives the greatest number of "for" votes, shall be elected; and	مقارنة ببقية قرارات انتخاب المديرين، على أكبر عدد من الأصوات "المؤيدة"؛ و
(i)	subject to article 22(4)(h), the candidate who would have been elected but for this article 22(4)(g) and who, as compared to the rest of the director election resolutions, receives the least number of "for" votes, shall not be elected.	(ط) مع مراعاة المادة 22(4)(ح)، لا يجوز انتخاب المرشح الذي كان سيتم انتخابه لولا هذه المادة 22(4)(ز) والذي، مقارنة ببقية قرارات انتخاب المديرين، يحصل على أقل عدد من الأصوات "المؤيدة".
(j)	If it is not possible to identify one candidate for the purpose of article 22(4)(g)(ii) due to two or more candidates receiving an equal number of "for" votes then, of those two or more candidates:	(ي) إذا لم يكن من الممكن تحديد مرشح واحد لغرض المادة 22 (4) (ز) (2) بسبب حصول اثنين أو أكثر من المرشحين على عدد متساو من الأصوات "المؤيدة"، فمن بين هذين المرشحين أو أكثر:
(k)	if one candidate would, if elected, belong to the largest director group by number, such candidate shall not be elected; or	(ق) إذا كان أحد المرشحين، في حالة انتخابه، ينتمي إلى أكبر مجموعة مديرين من حيث العدد، فلا يجوز انتخاب هذا المرشح؛ أو
(l)	if two or more candidates would, if elected, belong to the largest director group by number, the person whose name appears last among those candidates on the list of candidates for election shall not be elected.	(ل) إذا كان اثنان أو أكثر من المرشحين، في حالة انتخابهم، ينتمون إلى أكبر مجموعة مديرين من حيث العدد، فلن يتم انتخاب الشخص الذي يظهر اسمه آخراً بين هؤلاء المرشحين ضمن قائمة المرشحين للانتخاب.

(m) For the purpose of this article 22, “board vacancy number” means the number of directors which constitutes the entire board under article 22(1).

(م) لأغراض هذه المادة 22، يعني "عدد شواغر المجلس" عدد المديرين الذين يشكلون المجلس بأكمله بموجب المادة 22(1).

(5) A person ceases to be a director as soon as:

4- يفقد الشخص صفة المدير بمجرد أن يحدث أي مما يلي:

(a) that person ceases to be a director by virtue of any provision of the Companies Regulations or is prohibited from being a director by law;

(أ) أن يتوقف ذلك الشخص عن أداء دوره بصـــفته مديرًا بموجب أي حكم من نظام الشـــركات أو يُحظر عليــه أن يكون مديرًا بموجب القانون،

(b) that person becomes bankrupt,

(ب) أن يشـــهر الشـــخص إفلاسه،

(c) a composition is made with that person’s creditors generally in satisfaction of that person’s debts,

(ج) أن يُجرى الصلح الواقي من الإفلاس مع دائنـي ذلك الشـــخص عمومًا للوفاء بديونه،

(d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months,

(د) أن يصـدر ممارس طبي مســـجـل يعــالج ذلـك الشـخص رأيًا خطيًا إلى الشـــركة يفيد بأن ذلك الشـخص قد أصبح غير قــادر مـن الـنــاحـيــة الجسـدية أو العقلية على التصـرف بصـفته مديرًا ومن الممكن أن يظـل هكـذا لمـدة تزيـد عن ثلاثة أشهر،

(e) by reason of that person’s mental

(ه) أن تصـــــدر محكمـة،

	health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have,	بسبب الصحة النفسية لذلك الشخص، قرارًا يمنعه كليًا أو جزئيًا من ممارسة أية صلاحيات أو حقوق يمكن أن يستحقها ذلك الشخص خلاف ذلك،	
(f)	notification is received by the company from the director that the director is resigning from office as director, and such resignation has taken effect in accordance with its terms.	أن تتلقى الشركة من المدير أن إخطار إستقالته من منصبه وتسري تلك الاستقالة بموجب شروطها.	(و)

(6) In the event that a vacancy arises on the board during the board appointment period, the following procedures shall apply:

5- في حالة شغور منصب في مجلس الإدارة خلال فترة تعيين المجلس، يتم تطبيق الإجراءات التالية:

(a)	if the vacancy arises for any reason (including, for the avoidance of doubt, where the relevant director is removed from office by way of ordinary resolution pursuant to section 158 of the Companies Regulations) prior to the sunset date and:	إذا شغر المنصب لأي سبب من الأسباب (بما في ذلك، لتجنب الشك، عندما يتم عزل المدير المعني من منصبه عن طريق قرار عادي بموجب المادة 158 من لوائح الشركات) قبل تاريخ الانقضاء و	(أ)
(i)	the director vacating his or her position was, immediately prior to vacating such position, a member of a director group where the relevant primary member was a major shareholder, such member (if still a major shareholder at	كان المدير الذي أخلى منصبه او منصبها، قبل إخلاء هذا المنصب مباشرة، عضوًا في مجموعة مدراء حيث كان العضو الأساسي المعني مساهمًا رئيسيًا، يحق لهذا العضو (إذا كان/كانت لا يزال/تزال	(ب)

the time the vacancy occurs) shall have the right to appoint a replacement director by written notice to the company; or

مساهمًا رئيسيًا في وقت شغور المنصب) تعيين مدير بديل بإخطار كتابي للشركة؛ أو

(ii) in circumstances other than those set out in article 22(6)(a)(i) above, the board shall appoint a replacement director pursuant to a vote of a simple majority of the board;

(2) في ظروف مختلفة عن تلك المنصوص عليها في المادة 22(6)(أ)(1) أعلاه، يعين مجلس الإدارة مديرًا بديلاً بناءً على تصويت بأغلبية بسيطة في مجلس الإدارة؛

(b) if the vacancy arises following the sunset date, the board may appoint a replacement director pursuant to a vote of a simple majority of the board, in each case, such director appointed pursuant to this article 22, a “replacement director”.

(ب) في حال ظهور شغور بعد تاريخ الانقضاء، يجوز للمجلس أن يعين عضو بديل بناءً على تصويت بأغلبية بسيطة في المجلس، وفي أي حال يتم تعيين هذا المدير وفقاً لهذه المادة 22، ويسمى بَـ"مديراً بديلاً".

(7) A replacement director appointed pursuant to this article 22 shall hold office for the remainder of the relevant board appointment period. Accordingly, any such replacement director shall hold office until the next annual general meeting at which the entire board shall be elected pursuant to article 22(1), whereupon all positions on the board shall be vacant and subject to election at that time.

6- يتولى المدير البديل المعين بموجب هذه المادة 22 منصبه لما تبقى من فترة تعيين مجلس الإدارة ذات الصلة. وبناءً على ذلك، يجب أن يشغل أي مدير بديل منصبه حتى اجتماع الجمعية العمومية السنوي التالي الذي يتم فيه انتخاب مجلس الإدارة بأكمله وفقًا للمادة 22(1)، وعندها تكون جميع المناصب في مجلس الإدارة شاغرة وتخضع للانتخاب في ذلك الوقت.

(8) For the purposes of these articles, directors shall be allocated into separate groups (each a “director group”) determined in accordance with the following provisions:

7- لأغراض هذا النظام الأساسي، يتم توزيع المديرين على مجموعات منفصلة (يشار إلى كل منها "مجموعة مديرين") يتم تحديدها وفقاً للأحكام التالية:

(a)	upon the election of the board, each director shall be grouped according to the identity of the member who proposed such director for nomination in accordance with these articles (in relation to that director, such member being the “primary member” for so long as the member holds five per cent (5%) or more of the total number of issued shares);	عند انتخاب مجلس الإدارة، يتم تصنيف كل مدير وفقًا لهوية العضو الذي اقترح ترشيح هذا المدير وفقًا لهذا النظام الأساسي (فيما يتعلق بذلك المدير، يكون هذا العضو "العضو الأساسي" طالما أن العضو يملك خمسة بالمئة (5%) أو أكثر من إجمالي عدد الأسهم الصادرة)؛	(أ)
(b)	subject to article 20(8)(d):	مع مراعاة المادة 20(8)(د):	(ب)
(i)	all of the directors which have the same primary member shall form a director group; and	يشكل كافة المديرين الذين يكون لديهم نفس العضو الأساسي مجموعة مديرين؛ و	(1)
(ii)	where a member is the primary member for only one (1) director, such director may form a director group on his or her own;	عندما يكون أي عضو عضو أساسي لمدير واحد (1) فقط، يمكن أن يشكل هذا المدير مجموعة مديرين بمفرده أو بمفردها؛	(2)
(c)	a director who is nominated by:	المدير الذي تتم تسميته من قبل:	(ج)
(i)	an existing director; or	مدير حالي؛ أو	(1)
(ii)	two or more members, each holding less than five per cent (5%) of the total number of issued shares,	عضوين أو أكثر يملكون أقل من خمسة بالمئة (5%) من إجمالي عدد الأسهم الصادرة.	(2)
	shall be considered a	يعتبرون "مديراً	

"standalone director" for the purposes of these articles, provided that if such director is an existing director at the time of nomination then such director shall continue to form part of the director group of the primary member to which he or she belonged during the preceding board appointment period for so long as such member continues to hold five per cent (5%) or more of the total number of issued shares;

منفردا" لأغراض هذا النظام الأساسي، شريطة أن يبقى ذلك المدير، إذا كان مديرا حاليا وقت الترشيح، جزءا من مجموعة مديرين العضو الرئيسي الذي كان ينتمي/تنتمي له خلال فترة تعيين المجلس السابقة طالما بقي هذا العضو يمتلك/تمتلك لنسبة خمسة بالمئة (5%) أو أكثر من إجمالي عدد الأسهم الصادرة؛

(d) standalone directors shall be grouped together with any other standalone directors into a separate director group. For the avoidance of doubt, if there is a single standalone director then that standalone director shall form a director group on his or her own;

(د) يجب تجميع المديرين المنفردين مع أي مديرين منفردين آخرين في مجموعة مديرين منفصلة. لتجنب الشك، إذا كان هناك مدير منفرد واحد، فيجب على هذا المدير المنفرد تشكيل مجموعة مديرين بمفرده او بمفردها؛

(e) the board shall retain a record of the directors in each director group and may also, for administrative purposes, refer to each director group by such designation as may be appropriate (for example and without

(هـ) يحتفظ مجلس الإدارة بسجل للمدراء في كل مجموعة مدراء، ويجوز للمجلس أيضًا، لأغراض إدارية، الإشارة إلى كل مجموعة مدراء بالتسمية التي قد تكون مناسبة (على سبيل المثال لا الحصر، قد تشمل التعيينات

	limitation, designations may include 'director group A', 'director group B', 'director group C', and so on);	"مجموعة المديرين أ"، "مجموعة المديرين ب"، "مجموعة المديرين ج"، وما إلى ذلك)؛	
(f)	any replacement director appointed pursuant to this article 22 shall be deemed to form part of the same director group as the relevant director who vacated his or her position and is being replaced;	يعتبر أي مدير بديل يتم تعيينه بموجب هذه المادة 22 جزءًا من ذات مجموعة المديرين الخاصة بالمدير المعني الذي أخلى منصبه ام منصبها ويجري استبداله او استبدالها؛	(و)
(g)	the director groups shall be reconstituted after each election of the board; and	يجب إعادة تشكيل مجموعات المديرين بعد كل انتخاب للمجلس؛ و	(ز)
(h)	the director groups as at the adoption date shall be as specified by resolution of the board passed on or prior to such date.	يجب أن تكون مجموعات المديرين في تاريخ الاعتماد محددة بموجب قرار مجلس الإدارة الصادر في او قبل ذلك التاريخ.	(ح)

23. **Directors' remuneration** — **23-** مكافأة المديرين

(1) Directors may undertake any services for the company that the directors decide.

(1) يجوز للمديرين أن يتولوا تقديم أية خدمات يقرر المديرين تقديمها لصالح الشركة.

(2) Directors are entitled to such remuneration as the members determine—

(2) يحق للمديرين تلك المكافأة التي يحددها المديرين نظير ما يلي:

(a)	for their services to the company as directors, and	نظير خدماتهم المقدمة إلى الشركة بصفتهم مديرين، و	(أ)
(b)	for any other service which they undertake for the company.	نظير أية خدمة أخرى يتعهدون بتقديمها إلى الشركة.	(ب)

(3) A director's remuneration may—	(3) فإن مكافأة المدير يجوز أن ــ
(a) take any form, and	(أ) تتخذ أي شكل، و
(b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.	(ب) تشتمل على أية ترتيبات تتعلق بدفع معاش أو بدل أو هبة أو أية منافع وفاة أو مرض أو عجز إلى ذلك المدير أو بخصوصه.
(4) Unless the directors decide otherwise, directors' remuneration accrues from day to day.	(4) ما لم يقرر المديرين خلاف ذلك ، تُستحق مكافأة المديرين من يوم إلى آخر.
24. Directors' expenses. The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at—	**24- مصــاريف المديرين.** يجوز للشـركة أن تدفع أية مصـــاريف معقولة يتحملها المديرين على النحو اللائق فيما يتعلق بحضــــورهم في أي مما يلي:
(a) meetings of directors or committees of directors,	(أ) اجتماعات المديرين أو لجان المديرين،
(b) general meetings, or	(ب) اجتماعات الجمعية العمومية، أو
(c) separate meetings of the holders of any class of shares or of debentures of the company,	(ج) الاجتماعات المنفصلة لحاملي أية فئة من أسهم الشركة أو سنداتها،
or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.	أو خلاف ذلك فيما يتعلق بممارسة صلاحياتهم والاضطلاع بمسؤولياتهم المتعلقة بالشركة.
ALTERNATE DIRECTORS	**المديرين البديلون**
25. Appointment and removal of alternates	**25- تعيين المديرين البديلين وإقالتهم**
(1) Any director (the "appointor") may appoint as an alternate any other director, or	(1) يجوز لأي مدير ("المدير الأصلي") أن يعين أي مدير آخر مديرًا بديلًا له أو يعين أي شخص

any other person approved by resolution of the directors, to—

تتم الموافقة عليه بموجب قرار المديرين، لكي ـــ

(a) exercise that director's powers, and

(أ) يمارس صلاحية ذلك المدير، و

(b) carry out that director's responsibilities,

(ب) ينفذ مسؤوليات ذلك المدير،

in relation to the taking of decisions by the directors in the absence of the alternate's appointor.

فيما يتعلق باتخاذ القرارات من المديرين في حال غياب المدير الأصلي الذي عين المدير البديل.

(2) Any appointment or removal of an alternate must be effected by notice in writing to the company signed by the appointor, or in any other manner approved by the directors.

(2) يجب تنفيذ أي تعيين أو إقالة للمدير البديل عن طريق إخطار خطي إلى الشركة يوقع عليه المدير الأصلي، أو بأية طريقة أخرى يوافق المديرين عليها.

(3) The notice must—

(3) إن الإخطار يجب أن ـ

(a) identify the proposed alternate, and

(أ) يحدد المدير البديل المقترح، و

(b) in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice.

(ب) يحتوي، في حالة الإخطار بالتعيين، على إفادة يوقع عليها المدير البديل المقترح بأن المدير البديل المقترح يرغب في التصرف بصفته بديلًا للمدير الأصلي الذي أرسل الإخطار.

26. Rights **and responsibilities of alternate directors**. An alternate director has the same rights, in relation to any directors' meeting or directors' written resolution, as the alternate's appointor.

26- حقوق المديرين البديلين وواجباتهم. يكون للمدير البديل الحقوق ذاتها المرتبطة بأي اجتماع للمديرين أو بقرار خطي للمديرين، والمتاحة للمدير الأصلي.

(1) (Alternate directors—

(1) المديرين البديلين ـ

(a) are deemed for all purposes to be directors,

(أ) يُعتبروا لجميع الأغراض مديرين،

(b) are liable for their own acts and omissions,

(ب) يتحملون المسؤولية عن أفعالهم وتقصيرهم،

(c) are subject to the same restrictions as their appointors, and

(ج)يخضعون للقيود ذاتها التي يخضع لها المديرون الأصليون، و

(d) are not deemed to be agents of or for their appointors.

(د) لا يُعدون وكلاء عن المديرين الأصليين.

(2) A person who is an alternate director but not a director—

(2) يجوز للشخص الذي يُعين مديرًا بديلًا لا مديرًا -

(a) may be counted as participating for the purposes of determining whether a quorum is participating (but only if that person's appointor is not participating), and

(أ) أن يحتسب مشاركًا لأغراض تحديد استيفاء النصاب القانوني في المشاركة (ولكن فقط في حال إذا كان المدير الأصلي الذي عين ذلك الشخص غير مشارك)، و

(b) may sign a written resolution (but only if it is not signed or to be signed by that person's appointor),

(ب) أن يوقع على قرار خطي (لكن فقط في حال إذا لم يوقع عليه المدير الأصلي أو ينبغي أن يوقع عليه المدير الأصلي)،

No alternate may be counted as more than one director for such purposes.

ولا يجوز أن يُحتسب أي مدير بديل على أنه أكثر من مدير لتلك الأغراض.

(3) An alternate director is not entitled to receive any remuneration from the company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the company.

(3) لا يحق للمدير البديل أن يحصل على أية مكافأة من الشركة نظير عمله مديرًا بديلًا باستثناء ذلك الجزء من مكافأة المدير الأصلي الذي يحدد المدير الأصلي توجيهات به بموجب إخطار خطي يقدمه إلى الشركة.

27. **Termination of alternate directorship**. An alternate director's appointment as an alternate terminates—

27- إقالة المديرين البديلين من منصبهم. ينتهي تعيين المدير البديل بصفته مديرًا بديلًا في الحالات التالية:

(a) when the alternate's appointor revokes the

(أ) عندما يُسحب المدير

appointment by notice to the company in writing specifying when it is to terminate,

الأصلي الذي عينه التعيين بموجب إخطار يوجه خطيًا إلى الشركة ويحدد موعد إنهاء التعيين.

(b) on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director,

(ب) فور وقوع أي حدث يتعلق بالمدير البديل ينتج عنه، في حال وقوعه فيما يتعلق بالمدير الأصلي، إنهاء تعيين المدير الأصلي بصفته مديرًا.

(c) on the death of the alternate's appointor, or

(ج) فور وفاة المدير الأصلي، أو

(d) when the alternate's appointor's appointment as a director terminates, except that an alternate's appointment as an alternate does not terminate when the appointor retires by rotation at a general meeting and is then re-appointed as a director at the same general meeting.

(د) عندما ينتهي تعيين المدير الأصلي بصفته مديرًا باستثناء أن تعيين المدير البديل بصفته مديرًا بديلًا لا ينتهي عندما يتقاعد المدير الأصلي بالتناوب في اجتماع الجمعية العمومية ويعاد تعيينه بعدها مديرًا في اجتماع الجمعية العمومية نفسه.

PART 4

الجزء الرابع

DECISION-MAKING BY MEMBERS

اتخاذ القرار من جانب الأعضاء

ORGANISATION OF GENERAL MEETINGS

تنظيم اجتماعات الجمعية العمومية

28. Members can call general meeting if not enough directors

28- امكانية قيام الاعضاء بالدعوة للاجتماعات العمومية في حال عدم كفاية المديرين

If—

في الحالات التالية:

<table>
<tr><td>(a) the company has fewer than two directors, and</td><td dir="rtl">(أ) إذا كان عدد المديرين بالشركة أقل من مديرين، و</td></tr>
<tr><td>(b) the director (if any) is unable or unwilling to appoint sufficient directors to make up a quorum or to call a general meeting to do so,</td><td dir="rtl">(ب) إذا كان المدير (إن وجد) غير قادر أو غير راغب في تعيين عدد كافٍ من المديرين ليشكل نصابًا قانونيًا أو يدعو لاجتماع الجمعية العمومية لتنفيذ ذلك،</td></tr>
<tr><td>then two or more members may call a general meeting (or instruct the company secretary to do so) for the purpose of appointing one or more directors.</td><td dir="rtl">يجوز لعضوَين أو أكثر الدعوة لاجتماع الجمعية العمومية (أو إصدار تعليمات إلى سكرتير الشركة لتنفيذ ذلك) لغرض تعيين مدير واحد أو أكثر.</td></tr>
<tr><td>29. Attendance and speaking at general meetings</td><td dir="rtl">29- الحضور والتحدث في اجتماعات الجمعية العمومية</td></tr>
<tr><td>(1) A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.</td><td dir="rtl">(1) يكون أي شخص قادرًا على ممارسة الحق في التحدث في اجتماع الجمعية العمومية عندما يكون ذلك الشخص في وضع يسمح له بأن ينقل إلى كل الحاضرين في الاجتماع، أثناء الاجتماع، أية معلومات أو آراء لدى ذلك الشخص حول أعمال الاجتماع.</td></tr>
<tr><td>(2) A person is able to exercise the right to vote at a general meeting when—</td><td dir="rtl">(2) يكون أي شخص قادرًا على ممارسة حق التصويت في اجتماع الجمعية العمومية في الحالات التالية:</td></tr>
<tr><td>(a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and</td><td dir="rtl">(أ) عندما يكون ذلك الشخص قادرًا على التصويت، أثناء الاجتماع، على القرارات المطروحة للتصويت في الاجتماع، و</td></tr>
<tr><td>(b) that person’s vote can be taken into account in determining whether or not such resolutions are passed at the same time as the other votes of all the other persons attending the meeting.</td><td dir="rtl">(ب) عندما يمكن احتساب تصويت ذلك الشخص في تحديد ما إذا كانت تلك القرارات يتم إصدارها في نفس وقت تصويت جميع الأشخاص الآخرين الذين يحضرون الاجتماع.</td></tr>
</table>

(3) The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

(3) يجوز للمديرين إجراء أية ترتيبات أيًا كانت حسبما يتراءى لهم لتمكين من يحضرون اجتماع الجمعية العمومية من ممارسة حقوقهم في التحدث في الاجتماع أو التصويت فيه.

(4) In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

(4) في تحديد الحضور في اجتماع الجمعية العمومية، لا يهم ولا يشترط أن يوجد أي عضوين أو أكثر يحضرون الاجتماع في نفس المكان مع بعضهم بعضًا.

(5) Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

(5) يحضر شخصان أو أكثر ليسوا في نفس المكان مع بعضهم بعضًا اجتماع الجمعية العمومية إذا كان من الممكن أن يمارسوا حقوقهم المعتادة في التحدث والتصويت لو سمحت لهم ظروفهم بذلك.

30. Quorum for general meetings

30- النصاب القانوني للاجتماعات العمومية

(1) Quorum for a general meeting is two or more qualifying persons representing members holding shares that, in aggregate, represent not less than a simple majority of all voting rights attaching to shares in the capital of the company.

(1) النصـــــاب القـانوني لاجتمـاع الجمعيـة العمومية هو شخصين مؤهلين أو أكثر يمثلون الأعضـــاء الذين يمتلكون أســـهمًا تمثل، في مجموعها، ما لا يقل عن الأغلبية البســـيطة لجميع حقوق التصـويت المرتبطة بالأسـهم في رأس مال الشركة.

(2) No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.

(2) يتعين عدم تداول أية أعمال في اجتماع الجمعية العمومية خلاف تعيين رئيس الاجتماع إذا كان الحاضرون في الاجتماع لا يشكلون نصابًا قانونيًا.

31. Chairing general meetings

31- ترأس اجتماعات الجمعية العمومية

(1) If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.

(1) إذا عين المديرون رئيسًا، فيتعين على الرئيس أن يرأس اجتماعات الجمعية العمومية إذا كان حاضرًا ورغب في ذلك.

(2) If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten

(2) إذا لم يعين المديرون رئيسًا أو إذا لم يرغب الرئيس في أن يرأس الاجتماع أو إذا لم يكن حاضرًا خلال عشر دقائق من الموعد المقرر لبدء

	minutes of the time at which a meeting was due to start—	الاجتماع ـ
	(a) the directors present, or	(أ) يتعين على المديرين الحاضرين، أو
	(b) if no directors are present, the meeting,	(ب) إذا لم يكن هناك أي مديرين حاضرين، فينبغي للاجتماع،
	must appoint a director or member to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.	تعيين مدير أو عضو ليرأس الاجتماع، وينبغي أن يكون تعيين رئيس الاجتماع أول أعمال الاجتماع.
	(3) The person chairing a meeting in accordance with this article is referred to as "the chairman of the meeting".	(3) يشار إلى الشخص الذي يترأس الاجتماع بموجب هذه المادة باسم "رئيس الاجتماع".
32.	**Attendance and speaking by directors and non-members**	**32- الحضور والتحدث من جانب المديرين وغير الأعضاء**
	(1) Directors may attend and speak at general meetings, whether or not they are members.	(1) يجوز للمديرين حضور اجتماعات الجمعية العمومية والتحدث أمامها، سواءً أكانوا أعضاء من عدمه.
	(2) The chairman of the meeting may permit other persons who are not—	(2) يجوز لرئيس الاجتماع أن يسمح لأشخاص آخرين ممن ـ
	(a) members of the company, or	(أ) ليسوا أعضاء بالشركة، أو
	(b) otherwise entitled to exercise the rights of members in relation to general meetings, to attend and speak at a general meeting.	(ب) لا يحق لهم خلاف ذلك ممارسة حقوق الأعضاء فيما يتعلق باجتماعات الجمعية العمومية، وحضور اجتماعات الجمعية العمومية والتحدث أمامها.
33.	**Notice**	**33- الإشعار**
	(1) A general meeting (other than an adjourned meeting) must be called by notice of—	(1) يجب الدعوة إلى اجتماع الجمعية العمومية (بخلاف الاجتماع المؤجل) عن طريق إشعار -
	(a) in the case of an annual general	(أ) في حال اجتماع الجمعية العمومية السنوي،

meeting, at least 21 days, and

قبل 21 يوم على الأقل؛ و

(b) in any other case, at least 14 days.

(ب) في أي حالة أخرى، قبل 14 يوم على الأقل.

34. Adjournment

34- إرجاء الاجتماعات

(1) If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.

(1) إذا كان الأشخاص الذين يحضرون اجتماع الجمعية العمومية خلال نصف ساعة من الموقع المقرر فيه بدء الاجتماع لا يشكلون نصابًا قانونيًا، أو إذا لم يعد النصاب القانوني أثناء الاجتماع حاضرًا، فيتعين على رئيس الاجتماع إرجاء الاجتماع.

(2) The chairman of the meeting may adjourn a general meeting at which a quorum is present if—

(2) يجوز لرئيس الاجتماع إرجاء اجتماع الجمعية العمومية الذي يحضر فيه النصاب القانوني في الحالات التالية:

(a) the meeting consents to an adjournment, or

(أ) إذا وافقت الجمعية العمومية على الإرجاء، أو

(b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

(ب) إذا بدا لرئيس الاجتماع أن الإرجاء ضروري لحماية سلامة أي شخص يحضر الاجتماع أو لضمان مناقشة ومداولة أعمال الاجتماع بطريقة منظمة .

(3) The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.

(3) يتعين على رئيس الاجتماع إرجاء اجتماع الجمعية العمومية إذا تلقى توجيهًا بذلك من الجمعية العمومية.

(4) When adjourning a general meeting, the chairman of the meeting must—

(4) عند إرجاء اجتماع الجمعية العمومية، يجب لرئيس الاجتماع ما يلي:

(a) either specify the time and place to which it is adjourned or state that it is to continue at

(أ) أن يحدد موعد ومكان لإرجاء الاجتماع إليه أو يحدد وجوب استمراره في

<table>
<tr><td></td><td>a time and place to be fixed by the directors, and</td><td>موعد ومكانه يحدد المديرون، و</td></tr>
<tr><td>(b)</td><td>have regard to any directions as to the time and place of any adjournment which have been given by the meeting.</td><td>(ب) أن يراعي أية توجيهات تصدرها الجمعية العمومية بشأن موعد أي إرجاء ومكانه.</td></tr>
<tr><td colspan="2">(5) the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)—</td><td>(5)إذا كان من المقرر حدوث استمرار لاجتماع مؤجل بعد تاريخ إرجائه بمدة تزيد عن 14 يومًا، يتعين على الشركة أن تقدم إخطارًا بذلك مدته سبعة (7) أيام صافية على الأقل (أي باستثناء يوم الاجتماع المؤجل واليوم الذي يُقدم فيه الإخطار) —</td></tr>
<tr><td>(a)</td><td>to the same persons to whom notice of the company's general meetings is required to be given, and</td><td>(أ) إلى نفس الأشخاص الذين يكون مطلوبًا تقديم إخطار اجتماعات الجمعية العمومية للشركة إليهم، و</td></tr>
<tr><td>(b)</td><td>containing the same information which such notice is required to contain.</td><td>(ب) يحتوي على المعلومات ذاتها التي يكون مطلوبًا أن يحتوي عليها ذلك الإخطار.</td></tr>
<tr><td colspan="2">(6) No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.</td><td>(6) لا يجوز مناقشة أية أعمال في اجتماع الجمعية العمومية المؤجل مما لم يكن في الإمكان مناقشتها على الوجه السليم في الاجتماع إذا لم يحدث الإرجاء.</td></tr>
</table>

VOTING AT GENERAL MEETINGS | **التصويت في اجتماعات الجمعية العمومية**

35. **Voting** | **35- التصويت**

<table>
<tr><td>(1) A resolution put to the vote of a general meeting must be decided on a poll duly conducted in accordance with the articles.</td><td>(1) يجوز البت في القرار المطروح للتصويت أمام اجتماع الجمعية العمومية عن طريق اقتراع يتم إجراؤه حسب الأصول بموجب النظام الأساسي.</td></tr>
</table>

36. **Errors and disputes** | **36- الأخطاء والنزاعات**

(1) (1) No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

(1) لا يجوز رفع أي اعتراض على مؤهلات أي شخص يصوت في اجتماع الجمعية العمومية إلا في الاجتماع أو الاجتماع المؤجل الذي يتم الإدلاء فيه بالصوت المعترض عليه، ويسري كل صوت لم يتم رفضه في الاجتماع.

(2) Any such objection must be referred to the chairman of the meeting whose decision is final.

(2) يتعين إحالة أي اعتراض من هذا القبيل إلى رئيس الاجتماع الذي يكون قراره نهائيًا.

37. Procedure on a poll

37- الإجراء المتبع بشأن الاقتراع

(1) Polls at general meetings must be taken when, where and in such manner as the chairman of the meeting directs.

(1) يجب إجراء الاقتراعات في اجتماعات الجمعية العمومية في الموعد والمكان وبالطريقة التي يضع رئيسُ الاجتماع توجيهًا بها.

(2) The chairman of the meeting may appoint scrutineers (who need not be members) and decide how and when the result of the poll is to be declared.

(2) يجوز لرئيس الاجتماع أن يعين مراقبين (لا يحتاجون أن يكونون أعضاء) وأن يقرر كيفية إعلان النتيجة وموعد إعلانها.

(3) The result of a poll shall be the decision of the meeting in respect of the resolution or resolutions on which the poll was taken.

(3)تكون نتيجة الاقتراع هي قرار الاجتماع بخصوص القرار أو القرارات التي تم إجراء الاقتراع عليها.

38. **Content of proxy notices**

38- محتوى إخطارات الوكيل

(1) Proxies may only validly be appointed by a notice in writing (a “proxy notice”) which—

(1) يجوز أن يُعين الوكلاء تعيينًا صحيحًا فقط بموجب إخطار خطي ("إخطار الوكيل") ـ

(a) states the name and address of the member appointing the proxy,

(أ) يحدد اسم وعنوان العضو الذي عين الوكيل،

(b) identifies the person appointed to be that member’s proxy and the general meeting in relation to which that person is appointed,

(ب) يحدد الشخص المعين ليكون وكيلًا عن العضو واجتماع الجمعية العمومية الذي عُين ذلك الشخص بخصوصه،

(c) is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the directors may determine, and	(ج)موقع عليه من العضو الذي عين الوكيل أو موقع عليه نيابةً عنه، أو يُوثق على النحو الذي يحدده المديرون، و
(d) is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.	(د) يُسلم إلى الشركة بموجب النظام الأساسي وأية تعليمات مشتمل عليها في إخطار اجتماع الجمعية العمومية الذي يتعلق به.
(2) The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.	(2) يجوز للشركة أن تطلب تسليم إخطارات الوكيل في صيغة خاصة ويجوز أن تحدد صيغًا أخرى لأغراض مختلفة.
(3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.	(3) يجوز أن تحدد إخطارات الوكيل كيفية تصويت الوكيل المعين بموجبها (أو تحدد امتناع الوكيل عن التصويت) على واحد أو أكثر من القرارات.
(4) Unless a proxy notice indicates otherwise, it must be treated as—	(4) ما لم ينص إخطار الوكيل على خلاف ذلك، يجب أن يُعامل على أنه ـ
(a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and	(أ) يخول السلطة التقديرية للشخص المعين بموجبه، بصفته وكيلًا بشأن كيفية التصويت على أية قرارات فرعية أو إجرائية تُطرح أمام الاجتماع، و
(b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.	(ب) يعين ذلك الشخص وكيلًا فيما يتعلق بإرجاء اجتماع الجمعية العمومية الذي يتعلق به وفيما يتعلق بالاجتماع ذاته.

39. **Delivery of proxy notices**

(1) Any notice of a general meeting must specify the address or addresses ("proxy notification address") at which the company or its agents will receive proxy notices relating to that meeting, or any adjournment of it, delivered in hard copy or electronic form.

(2) A person who is entitled to attend, speak or vote at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.

(3) Subject to paragraphs (4) and (5) below, a proxy notice must be delivered to the proxy notification address identified in the notice of the general meeting not less than 48 hours before the time fixed for the general meeting or adjourned meeting to which it relates.

(4) An appointment under a proxy notice may be revoked by delivering a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given to a proxy notification address.

(5) A notice revoking a proxy appointment only takes effect if it is delivered before—

(a) the start of the meeting or adjourned meeting to which it relates, or

(b) (in the case of a poll not taken on the same day as the meeting or adjourned meeting)

39- تسليم إخطارات الوكيل

8- (1) يجب أن يحدد أي إخطار باجتماع الجمعية العمومية العنوان أو العناوين ("عنوان إخطار الوكيل") التي ستتلقى الشركة أو وكلاؤها عليها إخطارات الوكيل بخصوص ذلك الاجتماع، أو أي تأجيل له، ويُسلم في نسخة ورقية أو في صيغة إلكترونية.

(2) الشخص الذي يحق له حضور اجتماع الجمعية العمومية أو التحدث أمامه أو التصويت فيه يظل مستحقًا لذلك بخصوص ذلك الاجتماع أو أي تأجيل له، حتى إذا سُلم إخطار وكيل ساري المفعول إلى الشركة بواسطة ذلك الشخص أو نيابة عنه.

(3) مع مراعاة عدم الإخلال بالفقرات (4) و (5) أدناه، ينبغي أن يُسلم إخطار الوكيل إلى عنوان إخطار الوكيل المحدد في إشعار اجتماع الجمعية العمومية في موعد أقصاه 48 ساعة قبل الوقت المحدد لاجتماع الجمعية العمومية أو الاجتماع المؤجل الذي يتعلق به.

(4) يجوز إلغاء التعيين بموجب إخطار الوكيل عن طريق تسليم إخطار خطي يقدم بواسطة أو نيابة عن الشخص الذي قُدم إخطار الوكيل بواسطته أو نيابة عنه إلى عنوان إخطار الوكيل.

(5) يسري الإخطار الذي يلغي تعيين الوكيل فقط إذا سُلم قبل أي مما يلي:

(أ) بدء الاجتماع أو الاجتماع المؤجل الذي يتعلق به، أو

(ب) (في حال عدم إجراء الاقتراع في نفس يوم الاجتماع أو الاجتماع المؤجل) الوقت المعين لإجراء الاقتراع الذي يتعلق

the time appointed for taking the poll to which it relates.

به.

(6) If a proxy notice is not signed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

(6) إذا لم يوقع على إخطار الوكيل الشخصُ الذي عين الوكيل، فيجب أن يكون الإخطار مصحوبًا بأدلة خطية تثبت سلطة ذلك الشخص الذي حرره لتحريره نيابة عن الموكل.

40. **Amendments to resolutions**

40- التعديلات على القرارات

(1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if—

(1) يجوز تعديل القرار العادي الواجب اقتراحه في اجتماع الجمعية العمومية عن طريق قرار عادي في الحالات التالية:

(a) notice of the proposed amendment is given to the company secretary in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine), and

(أ) إذا أرسل إخطار التعديل المقترح إلى سكرتير الشركة خطيًا من شخص له الحق في التصويت في اجتماع الجمعية العمومية الواجب اقتراح التعديل أمامه قبل أن ينعقد الاجتماع بمدة لا تقل عن 48 ساعة (أو ذلك الموعد اللاحق الذي يحدده رئيس الاجتماع)، و

(b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.

(ب) إذا لم يغير التعديل المقترح، وفق الرأي المعقول لرئيس الاجتماع، نطاقَ القرار تغييرًا جوهريًا.

(2) A special resolution or members' supermajority resolution to be proposed at a general meeting may be amended by ordinary resolution, if—

(2) يجوز تعديل القرار الخاص أو قرار الأغلبية العظمى للمجلس الواجب اقتراحه في اجتماع الجمعية العمومية عن طريق قرار عادي في الحالات التالية:

(a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and

(أ) إذا اقترح رئيسُ الاجتماع التعديل في اجتماع الجمعية العمومية الواجب اقتراح القرار أمامه، و

(b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

(ب) إذا لم يتجاوز التعديل ما هو ضروري لتصحيح خطأ نحوي أو غير جوهري في القرار.

(3) If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

(3) إذا قرر رئيس الاجتماع خطياً، في تصرفه بحسن نية، أن التعديل على القرار يجانب الصواب، فلن يعمل خطأ الرئيس على إلغاء التصويت على ذلك القرار.

RESTRICTIONS ON MEMBERS' RIGHTS

القيود على حقوق الأعضاء

41. **No voting of shares on which money owed to company.** No voting rights attached to a share may be exercised at any general meeting, at any adjournment of it, or on any poll called at or in relation to it, unless all amounts payable to the company in respect of that share have been paid.

عدم تصويت الأسهم المستحق عليها مبالغ إلى الشركة. لا يجوز ممارسة أية حقوق تصويت تتعلق بسهم ما في أي اجتماع جمعية عمومية أو في أي تأجيل له أو على أي اقتراع تتم الدعوة إليه فيه أو فيما يتعلق به، ما لم تكن جميع المبالغ المستحقة إلى الشركة بخصوص ذلك السهم قد دُفعت.

APPLICATION OF RULES TO CLASS MEETINGS

تطبيق القواعد على اجتماعات فئة الأسهم

42. **Class meetings**. The provisions of the articles relating to general meetings apply, with any necessary modifications, to meetings of the holders of any class of shares.

اجتماعات فئة الأسهم. تسري أحكام النظام الأساسي المتعلقة باجتماعات الجمعية العمومية، مع أية تعديلات ضرورية، على اجتماعات حاملي الأسهم من أية فئة.

PART 5

الجزء الخامس

SHARES AND DISTRIBUTIONS

الأسهم والتوزيعات

43. Powers to issue different classes of share and convertible instruments

43- الصلاحيات في إصدار فئات مختلفة من الأسهم وسندات قابلة للتحويل

(1) Without prejudice to the rights attached to any existing share, the company may issue shares with such rights or restrictions as may be determined.

(1) مع عدم الإخلال بالحقوق المتعلقة بأي سهم موجود، يجوز للشركة أن تصدر أسهمًا بتلك الحقوق أو القيود التي يمكن أن تُحدد.

(a) prior to the sunset date, by members' supermajority resolution; and

(أ) قبل تاريخ الانقضاء بقرار من الأغلبية العظمى للاعضاء؛ و

(b) after the sunset date, by ordinary resolution.

(ب) بعد تاريخ الانقضاء، بقرار عادي.

(2) The company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.

(2) يجوز للشركة أن تصدر أسهمًا يتوجب استردادها أو تكون عرضة لاستردادها حسب اختيار الشركة أو اختيار حاملها، ويجوز للمديرين تحديد شروط وأحكام وطريقة استرداد أية أسهم من هذا القبيل.

(3) Prior to the sunset date, the company shall not issue or allot equity securities (including, for the avoidance of doubt, convertible debt instruments or any other allotment by operation of sections 519(2) and 519(3) of the Companies Regulations) unless such issuance or allotment has been approved by way of members' supermajority resolution. Approval for the purposes of this article 43(3) may be obtained by way of advance general authorisation pursuant to a members' supermajority resolution.

(3) قبل تاريخ الانقضاء، لا يجوز للشركة إصدار أو تخصيص أسهم عادية (بما في ذلك، لتجنب الشك، سندات الدين القابلة للتحويل أو أي تخصيص آخر بموجب الأقسام 519(2) و519(3) من لوائح الشركات) ما لم تتم الموافقة على هذا الإصدار أو التخصيص بقرار من الأغلبية العظمى للاعضاء. يمكن الحصول على الموافقة لأغراض هذه المادة 43 (3) عن طريق إذن عام مسبق بقرار من الأغلبية العظمى للاعضاء.

44. **Payment of commissions on subscription for shares**

44- دفع العمولات على الاكتتاب في الأسهم

(1) The company may pay any person a commission in consideration for that person—

(1) يجوز للشركة أن تدفع لأي شخص عمولة في مقابل قيام ذلك الشخص بما يلي:

(a) subscribing, or agreeing to subscribe, for shares, or

(أ) الاكتتاب في الأسهم أو الموافقة على الاكتتاب فيها، أو

(b) procuring, or agreeing to procure, subscriptions for shares.

(ب) ضمان الاكتتابات في الأسهم أو الموافقة على ضمانها.

(2) Any such commission may be paid—

(2) يجوز دفع أية عمولة من هذا القبيل على النحو التالي:

(a) in cash, or in fully paid or partly paid shares or other securities, or partly in one way and partly in the other, and

(أ) نقدًا أو بأسهم أو أوراق مالية مدفوع قيمتها كاملة أو مدفوع قيمتها جزئيًا، أو بشكل جزئي بطريقة واحدة وبشكل جزئي بطريقة أخرى، و

(b) in respect of a conditional or an absolute subscription.

(ب) بخصوص الاكتتاب المشروط أو الاكتتاب المطلق.

INTERESTS IN SHARES

الفوائد في الأسهم

45. **Company not bound by less than absolute interests**. Except as required by law, no person is to be recognised by the company as holding any share upon any trust, and except as otherwise required by law or the articles, the company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

45- الشركة غير ملزمة بأقل من الفوائد المطلقة. باستثناء ما يتطلبه القانون، لن تعترف الشركة بأي شخص على أنه يحتفظ بالسهم على سبيل الأمانة، وباستثناء ما يتطلبه القانون أو هذا النظام الأساسي، فلن تكون الشركة بأي حال من الأحوال ملزمة بأية فائدة في سهم أو تقر بأية فائدة في سهم بخلاف ملكية حامل السهم المطلقة فيه وجميع الحقوق المرتبطة به.

SHARE CERTIFICATES

شهادات الأسهم

46. **Certificates to be issued except in certain cases**. The company must issue each member with one or more certificates in respect of the shares which that member holds.

46- وجوب إصدار الشهادات باستثناء حالات معينة. يجب على الشركة أن تصدر شهادة واحدة أو أكثر لكل عضو بخصوص الأسهم التي يملكها ذلك العضو.

(1) This article does not apply to—

(1) لا تنطبق هذه المادة على ما يلي:

(a) uncertificated shares, or

(أ) الأسهم الصادرة دون شهادة، أو

(b) shares in respect of which the Companies Regulations permit the company not to issue a certificate.

(ب) الأسهم التي يسمح نظام الشركات للشركة ألا تصدر شهادة بخصوصها.

(2) All certificates must be issued free of charge.

(2) ينبغي أن تُصدر جميع شهادات الأسهم مجانًا.

(3) No certificate may be issued in respect of shares of more than one class.

(3) لا يجوز إصدار أية شهادة بخصوص أسهم لها أكثر من فئة واحدة.

(4) If more than one person holds a share, only one certificate may be issued in respect of it.

(4) إذا ملك أكثر من شخص سهمًا، فيجوز إصدار شهادة واحدة فقط بخصوصه.

47. **Contents and execution of share certificates**.

47- محتويات شهادات الأسهم وتحريرها

(1) Every certificate must specify—

(1) يجب أن تحدد كل شهادة ما يلي:

(a) in respect of how many shares, of what class, it is issued,

(أ) عدد الأسهم ومن أية فئة أُصدرت،

(b) the issue price of those shares,

(ب) سعر إصدار تلك الأسهم،

(c) the amount paid up on them, and

(ج)المبلغ المدفوع عليها، و

(d) any distinguishing numbers assigned to them.

(د) أية أرقام مميزة مخصصة لها.

(2) Certificates must—

(2) يجب للشهادات استيفاء الشروط التالية:

(a) have affixed to them the company's common seal or an official seal which is a facsimile of the company's common seal with the addition on its face of the word

(أ) أن تُمهر بالختم العام للشركة أو الختم الرسمي الذي يكون نسخة من الختم العام للشركة مع إضافة على وجهه لكلمة "أوراق مالية" ("ختم الأوراق المالية")، أو

"Securities" (a "securities seal"), or

(b) be otherwise executed in accordance with the Companies Regulations.

(ب) أن تُحرر خلاف ذلك بموجب نظام الشركات.

48. Consolidated share certificates

48- شهادات الأسهم المجمعة

(1) When a member's holding of shares of a particular class increases, the company may issue that member with—

(1) عندما تزداد الأسهم التي يحملها عضو من فئة معينة، فيجوز للشركة أن تصدر لذلك العضو ما يلي:

(a) a single, consolidated certificate in respect of all the shares of a particular class which that member holds, or

(أ) شهادة وحيدة مجمعة بخصوص جميع تلك الأسهم من تلك الفئة بعينها التي يملكها ذلك العضو، أو

(b) a separate certificate in respect of only those shares by which that member's holding has increased.

(ب) شهادة منفصلة فقط بخصوص تلك الأسهم التي زادت بها ملكية ذلك العضو.

(2) When a member's holding of shares of a particular class is reduced, the company must ensure that the member is issued with one or more certificates in respect of the number of shares held by the member after that reduction. But the company need not (in the absence of a request from the member) issue any new certificate if—

(2) عند تخفيض ملكية أسهم عضو من فئة معينة من الأسهم، يجب على الشركة أن تضمن أن العضو تُصدر له شهادة واحدة أو أكثر بخصوص عدد الأسهم التي يملكها العضو بعد ذلك التخفيض. ومع ذلك، لا تحتاج الشركة (في حال عدم توجيه العضو طلبًا) إلى إصدار أية شهادة جديدة، في الحالات التالية:

(a) all the shares which the member no longer holds as a result of the reduction, and

(أ) إذا كانت جميع الأسهم التي لم يعد العضو يملكها نتيجة التخفيض ممثلة بنفس الشهادة، و

(b) none of the shares which the member retains following the reduction, were, immediately before the reduction,

(ب) إذا لم تكن أي من الأسهم التي يحتفظ العضو بها بعد التخفيض، قبل التخفيض مباشرة، ممثلة بنفس الشهادة.

represented by the same certificate.

(3) A member may request the company, in writing, to replace—

(3) يجوز للعضو أن يطلب من الشركة خطيًا أن:

(a) the member's separate certificates with a consolidated certificate, or

(أ) تستبدل الشهادات المجمعة للعضو بالشهادات المنفصلة، أو

(b) the member's consolidated certificate with two or more separate certificates representing such proportion of the shares as the member may specify.

(ب) تستبدل بالشهادة المجمعة للعضو شهادتين منفصلتين أو أكثر تمثل تلك النسبة من الأسهم حسبما يحدد العضو.

(4) When the company complies with such a request it may charge such reasonable fee as the directors may decide for doing so.

(4) عندما تلتزم الشركة بذلك الطلب، فيجوز لها أن تفرض ذلك الرسوم المعقولة الذي يحددها المديرون نظير ذلك.

(5) A consolidated certificate must not be issued unless any certificates which it is to replace have first been returned to the company for cancellation.

(5) يجب ألا تُصدر الشهادة المجمعة ما لم تُعاد أولًا إلى الشركة أية شهادات تحل الشهادة المجمعة محلها لكي تلغيها الشركة.

49. Replacement share certificates

49- شهادات الأسهم البديلة

(1) (If a certificate issued in respect of a member's shares is—

(1) في حال إذا كانت الشهادة الصادرة بخصوص أسهم العضو ـ

(a) damaged or defaced, or

(أ) قد تعرضت للتلف أو المحو، أو

(b) said to be lost, stolen or destroyed,

(ب) زُعم أنها قد فُقدت أو سُرقت أو تعرضت للتلف،

that member is entitled to be issued with a replacement certificate in respect of the same shares.

فيحق لذلك العضو أن تُصدر له شهادة بديلة بخصوص الأسهم ذاتها.

(2) A member exercising the right to be issued with such a replacement certificate—

(2) إن العضو الذي يمارس الحق في أن تُصدر له تلك الشهادة البديلة ـ

(a) may at the same time exercise the right to be issued with a single certificate or separate certificates,

(أ) يجوز له في الوقت نفسه أن يمارس الحق في أن تُصدر له شهادة واحدة أو شهادات منفصلة،

(b) must return the certificate which is to be replaced to the company if it is damaged or defaced, and

(ب) يتعين عليه أن يعيد الشهادة الواجب استبدالها إلى الشركة إذا تعرضت الشهادة للتلف أو المحو، و

(c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

(ج)يجب عليه أن يلتزم بتلك الشروط التي يحددها المديرون نحو الأدلة والتعويض ودفع رسم معقول.

SHARES NOT HELD IN CERTIFICATED FORM

الأسهم المملوكة بصيغة غير صادر بها شهادة

50. Uncertificated shares

50- الأسهم الصادرة دون شهادة

(1) In this article, "the relevant rules" means—

(1) في هذه المادة، يقصد بمصطلح "القواعد ذات الصلة":

(a) any applicable provision of the Companies Regulations about the holding, evidencing of title to, or transfer of shares other than in certificated form, and

(أ) أي حكم معمول به من أحكام نظام الشركات عن ملكية الأسهم وإثبات ملكيتها ونقل ملكيتها، بخلاف الأسهم الصادرة بموجب شهادة، و

(b) any applicable legislation, rules or other arrangements made under or by virtue of such provision.

(ب) أي قانون أو قاعدة أو ترتيبات أخرى معمول بها تصدر بموجب ذلك الحكم.

(2) The provisions of this article have effect subject to the relevant rules.	(2) تسري أحكام هذه المادة شريطة عدم الإخلال بالقواعد ذات الصلة.
(3) Any provision of the articles which is inconsistent with the relevant rules must be disregarded, to the extent that it is inconsistent, whenever the relevant rules apply.	(3) لن يُعتد بأي حكم من أحكام النظام الأساسي يتعارض مع القواعد ذات الصلة، وفي حال تعارض ذلك الحكم مع القواعد ذات الصلة، يُحتكم إلى القواعد ذات الصلة وتكون لها الأولوية.
(4) Any share or class of shares of the company may be issued or held on such terms, or in such a way, that—	(4) يجوز إصدار أي سهم أو فئة من أسهم الشركة أو تملكها بناءً على تلك الشروط وبتلك الطرق، بحيث:
(a) title to it or them is not, or must not be, evidenced by a certificate, or	(أ) لا تُبت الملكية فيها أو لا يجب أن تُبت عن طريق شهادة، أو
(b) it or they may or must be transferred wholly or partly without a certificate.	(ب) يجب أن تُنقل ملكيتها كليًا أو جزئيًا دون شهادة.
(5) The directors have power to take such steps as they think fit in relation to—	(5) يكون للمديرين الصلاحية لاتخاذ تلك الإجراءات التي تتراءى لهم فيما يتعلق بما يلي:
(a) the evidencing of and transfer of title to uncertificated shares (including in connection with the issue of such shares),	(أ) إثبات ونقل ملكية الأسهم الصادرة دون شهادة (بما في ذلك فيما يتعلق بإصدار تلك الأسهم)،
(b) any records relating to the holding of uncertificated shares,	(ب) أية سجلات تتعلق بحمل أسهم صادرة دون شهادة،
(c) the conversion of certificated shares into uncertificated shares, or	(ج)تحويل الأسهم الصادرة بموجب شهادة إلى أسهم صادرة دون شهادة، أو
(d) the conversion of uncertificated shares into certificated shares.	(د) تحويل الأسهم الصادرة دون شهادة إلى أسهم صادرة بموجب شهادة.

(6) The company may by notice to the holder of a share require that share—

(6) يجوز للشركة، بموجب إخطار يوجه إلى حامل السهم، أن تطلب ما يلي:

(a) if it is uncertificated, to be converted into certificated form, and

(أ) أن يحول السهم، إذا كان صادرًا دون شهادة، إلى سهم صادر بصيغة لها شهادة،

(b) if it is certificated, to be converted into uncertificated form, to enable it to be dealt with in accordance with the articles.

(ب) أن يحول السهم، إذا كان صادرًا بموجب شهادة، إلى سهم صادر دون شهادة، لتمكينها من التعامل معه بموجب النظام الأساسي.

(7) If—

(7) في حال إذا:

(a) the articles give the directors power to take action, or require other persons to take action, in order to sell, transfer or otherwise dispose of shares, and

(أ) كان النظام الأساسي يعطي المديرون صلاحية اتخاذ الإجراءات أو يتطلب من الأشخاص الآخرين اتخاذ إجراء، لبيع الأسهم أو نقل ملكيتها أو خلاف ذلك التصرف فيها، و

(b) uncertificated shares are subject to that power, but the power is expressed in terms which assume the use of a certificate or other written instrument,

(ب) كانت الأسهم الصادرة دون شهادة تخضع لتلك الصلاحية، لكن الصلاحية عُبر عنها بشروط تفترض استخدام شهادة أو وثيقة خطية آخرى،

the directors may take such action as is necessary or expedient to achieve the same results when exercising that power in relation to uncertificated shares.

فيجوز للمديرين اتخاذ ذلك الإجراء الضروري أو اللازم لتحقيق النتائج ذاتها عند ممارسة تلك الصلاحية فيما يتعلق بالأسهم الصادرة دون شهادة.

(8) In particular, the directors may take such action as they consider appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of an uncertificated share or otherwise to enforce a lien in respect of it.

(8) على وجه الخصوص، يجوز للمديرين أن يتخذوا ذلك الإجراء الذي يتراءى لهم لتحقيق بيع السهم الصادر دون شهادة أو نقل ملكيته أو التصرف فيه أو مصادرته أو إعادة تخصيصه أو التنازل عنه، أو خلاف ذلك تنفيذ رهن الامتياز بخصوصه.

(9) Unless the directors otherwise determine, shares which a member holds in uncertificated form

(9) ما لم يحدد المديرون خلاف ذلك، ينبغي أن تُعامل الأسهم التي يحملها الأعضاء بصيغة ليس

must be treated as separate holdings from any shares which that member holds in certificated form.

لها شهادة على أنها عضوات منفصلة عن أية أسهم يحملها العضو في صيغة لها شهادة.

(10) A class of shares must not be treated as two classes simply because some shares of that class are held in certificated form and others are held in uncertificated form.

(10) يجب ألا تعامل فئة أسهم على أنها فئتان فقط لمجرد أن بعض الأسهم من تلك الفئة مملوكة بصيغة لها شهادة والبعض الآخر مملوكة بصيغة ليس لها شهادة .

PARTLY PAID SHARES

الأسهم المدفوع قيمتها جزئيًا

51. **Company's lien over partly paid shares**. The company has a lien ("the company's lien") over every share which is partly paid for any part of that share's issue price which has not been paid to the company, and which is payable immediately or at some time in the future, whether or not a call notice has been sent in respect of it.

51- رهن الشـركة على الأسـهم المدفوع قيمتها جزئيًا. يكون للشركة رهن ("رهن الشركة") على كل سـهم مدفوع قيمته جزئيًا نظير أي جزء من سعر إصدار ذلك السهم الذي لم يُدفع إلى الشركة، والمسـتحق على الفور أو في فترة ما لاحقة في المستقبل، سواء أكان إخطار دفع المبالغ المستحقة قد أرسل بخصوصه أم لم يتم ارساله.

(1) The company's lien over a share—

(1) يسري على رهن الشركة على السهم ما يلي:

(a) takes priority over any third party's interest in that share, and

(أ) يكون لرهن الشركة على السهم الأولوية على أية فائدة مستحقة لطرف ثالث في ذلك السهم، و

(b) extends to any dividend or other money payable by the company in respect of that share and (if the lien is enforced and the share is sold by the company) the proceeds of sale of that share.

(ب) يمتد رهن الشركة على السهم إلى أية أرباح الأسهم أو أية مبالغ أخرى مستحقة على الشركة بخصوص ذلك السهم وأيضًا حصيلة بيع ذلك السهم (في حال إذا نفذت الشركة الرهن وباعت السهم).

(2) The directors may at any time decide that a share which is or would otherwise be subject to the company's lien shall not be subject to it, either wholly or in part.

(3) يجوز للمديرين في أي وقت أن يقرروا ألا يخضع لرهن الشركة سهم خاضع له، سواءً أكان ذلك كليًا أو جزئيًا.

52. Enforcement of the company's lien

52- تنفيذ رهن الشركة

(1) Subject to the provisions of this article, if the company may sell a share as determined by the directors in the following situations:

(1) مع مراعاة عدم الإخلال بأحكام هذه المادة، يجوز للشركة أن تبيع سهم بالطريقة التي يحددها المديرون في الحالات التالية:

(a) a lien enforcement notice has been given in respect of a share, and

(أ) إذا قُدم إخطار بتنفيذ الرهن بخصوص سهم، و

(b) the person to whom the notice was given has failed to comply with it.

(ب) إذا لم يلتزم الشخص الذي قُدم إليه الإخطار.

(2) A lien enforcement notice—

(2) إن إخطار تنفيذ الرهن

(a) may only be given in respect of a share which is subject to the company's lien, in respect of which a sum is payable and the due date for payment of that sum has passed,

(أ) يجوز أن يُقدم فقط بخصوص السهم الذي يخضع لرهن الشركة، والمستحق عليه دفع مبلغ وانقضى تاريخ استحقاق دفع ذلك المبلغ،

(b) must specify the share concerned,

(ب) يجب أن يحدد السهم المعني،

(c) must require payment of the sum payable within 14 days of the notice,

(ج)يجب أن يطلب دفع المبلغ المستحق خلال 14 يومًا من الإخطار،

(d) must be addressed either to the holder of the share or to a person entitled to it by reason of the holder's death, bankruptcy or otherwise, and

(د) يجب أن يُوجه إما إلى حامل السهم وإما إلى الشخص المستحق له بسبب وفاة حامل السهم أو إفلاسه أو خلاف ذلك، و

(e) must state the company's intention to sell the share if the

(ه) ينبغي أن يحدد نية الشركة في بيع السهم إذا لم يتم الالتزام بالإخطار.

notice is not complied with.

(3) Where shares are sold under this article—

(3) في حال بيع الأسهم بموجب هذه المادة،

(a) the directors may authorise any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the purchaser, and

(أ) يجوز للمديرين تفويض أي شخص بتحرير صك نقل ملكية الأسهم إلى المشتري أو الشخص الذي يسميه المشتري، و

(b) the transferee is not bound to see to the application of the consideration, and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale.

(ب) لن يكون المنقول إليه ملزمًا بالتقيد باستخدام المقابل المادي، ولن تتأثر ملكية المنقول إليه بأي عدم انتظام أو عدم سريان في الإجراءات المؤدية إلى البيع.

(4) The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the lien) must be applied—

(4) ينبغي أن يُستخدم صافي حصيلة أي بيع (بعد دفع تكاليف البيع وأية تكاليف أخرى لتنفيذ الرهن) على الوجه التالي:

(a) first, in payment of so much of the sum for which the lien exists as was payable at the date of the lien enforcement notice,

(أ) أولًا، في الوفاء بكثير من المبلغ الموجود بشأنه الرهن والمستحق أيضًا في تاريخ إخطار تنفيذ الرهن،

(b) second, to the person entitled to the shares at the date of the sale, but only after the certificate for the shares sold has been surrendered to the company for cancellation or a suitable indemnity has been given for any lost certificates, and subject to a lien

(ب) ثانيًا، إلى الشخص المستحق للسهم في تاريخ البيع، ولكن فقط بعد تسليم الشهادة الخاصة بالسهم المبيع إلى الشركة لإلغائه أو تقديم تعويض مناسب عن أية شهادات مفقودة، وشريطة عدم الإخلال بالرهن المعادل لرهن الشركة على الأسهم قبل البيع نظير أية مبالغ مستحقة بخصوص الأسهم بعد تاريخ إخطار تنفيذ الرهن.

equivalent to the company's lien over the shares before the sale for any money payable in respect of the shares after the date of the lien enforcement notice.

(5) A statutory declaration by a director or the company secretary that the declarant is a director or the company secretary and that a share has been sold to satisfy the company's lien on a specified date—

(5) إن الإقرار القانوني من قبل مدير أو من قبل سكرتير الشركة بأن المُقر مدير أو سكرتير الشركة وأن السهم قد بيع للوفاء برهن الشركة في تاريخ محدد ـ

(a) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share, and

(أ) يكون دليلًا قاطعًا على الحقائق الواردة فيه بحق جميع الأشخاص الذين يزعمون بأحقيتهم في السهم، و

(b) subject to compliance with any other formalities of transfer required by the articles or by law, constitutes a good title to the share.

(ب) يمثل ملكية صحيحة للسهم شريطة الالتزام بأية إجراءات رسمية لنقل الملكية التي يتطلبها النظام الأساسي أو القانون.

53. **Call notices**. Subject to the terms on which shares are allotted, the directors may send a notice (a "call notice") to a member requiring the member to pay the company a specified sum of money (a "call") which is payable in respect of shares which that member holds at the date when the directors decide to send the call notice.

53- إخطارات دفع المبالغ المستحقة. مع مراعاة عدم الإخلال بالنظام الأساسي وبالشروط التي تُخصص الأسهم بناءً عليها، يجوز للمديرين إرسال إخطار ("إخطار دفع المبالغ المستحقة") إلى عضو يطلبون فيه من العضو أن يدفع إلى الشركة المبلغ المالي ("المبلغ المستحق") المستحق بخصوص الأسهم التي يحملها ذلك العضو في تاريخ قرار المديرين بإرسال إخطار دفع المبالغ المستحقة.

.

(1) A call notice—

(1) إن إخطار دفع المبالغ المستحقة ـ

(a) may not require a member to pay a call which exceeds the

(أ) من الممكن ألا يطلب من العضو دفع المبلغ المستحق الذي يتجاوز إجمالي المبلغ غير المدفوع على أسهم ذلك

total sum unpaid on that member's shares,	العضو،
(b) must state when and how any call to which it relates it is to be paid, and	(ب) يجب أن يحدد موعد وطريقة وجوب دفع المبلغ المستحق الذي يتعلق به، و
(c) may permit or require the call to be paid by instalments.	(ج)يجوز أن يسمح بدفع المبلغ المستحق بالتقسيط.
(2) A member must comply with the requirements of a call notice, but no member is obliged to pay any call before 14 days have passed since the notice was sent.	(2) يتعين على العضو أن يلتزم بمتطلبات إخطار المبالغ المستحقة على الأسهم، ولكن لن يكون العضو ملزمًا بدفع أي مبالغ مطلوبة قبل مرور 14 يومًا من إرسال الإخطار.
(3) Before the company has received any call due under a call notice the directors may—	(3) قبل أن تتسلم الشركة أية مبالغ مستحقة بموجب إخطار دفع المبالغ المستحقة، يجوز للمديرين ـ
(a) revoke it wholly or in part, or	(أ) إلغاء المبلغ المستحق، كليًا أو جزئيًا، أو
(b) specify a later time for payment than is specified in the notice,	(ب) تحديد موعد لاحق للدفع بعد التاريخ المحدد في الإخطار،
by a further notice in writing to the member in respect of whose shares the call is made.	بموجب إخطار خطي آخر إلى العضو الذي سُدد المبلغ المطلوب بخصوص أسهمه.
54. **Liability to pay calls**. Liability to pay a call is not extinguished or transferred by transferring the shares in respect of which it is required to be paid.	**54-المسؤولية عن دفع المبالغ المستحقة.** لا تسقط المسؤولية عن دفع المبلغ المستحق على الأسهم ولا تُنقل عن طريق نقل ملكية الأسهم المطلوب دفع المبالغ المستحقة بخصوصه.
(1) Joint holders of a share are jointly and severally liable to pay all calls in respect of that share.	(1) يكون حاملون المشتركون للسهم مسؤولين على سبيل التضامن والتكافل عن دفع جميع المبالغ المستحقة بخصوص ذلك السهم.
(2) Subject to the terms on which shares are allotted, the directors may, when issuing shares,	(2) مع مراعاة عدم الإخلال بالشروط التي تُخصص الأسهم بناءً عليها، يجوز للمديرين، عند

إصدار الأسهم،

provide that call notices sent to the holders of those shares may require them—

أن يشترطوا أن تتطلب إخطارات دفع المبالغ المطلوبة على الأسهم، والمرسلة إلى حاملي تلك الأسهم، تتطلب منهم ما يلي:

(a) to pay calls which are not the same, or

(أ) أن يدفعوا المبالغ المستحقة التي لا تكون نفس المبالغ، أو

(b) to pay calls at different times.

(ب) أن يدفعوا المبالغ المطلوبة في أوقات مختلفة.

55. When call notice need not be issued

55- عندما لا يحتاج الأمر إصدار إخطار دفع المبالغ المستحقة

(1) A call notice need not be issued in respect of sums which are specified, in the terms on which a share is issued, as being payable to the company in respect of that share —

(1) لا تدعو الحاجة إلى إصدار إخطار دفع المبالغ المستحقة بخصوص المبالغ المحددة، بالشروط التي أصدر السهم بناءً عليها، باعتبارها مستحقة إلى الشركة بخصوص ذلك السهم ـــ

(a) on allotment,

(أ) عند التخصيص،

(b) on the occurrence of a particular event, or

(ب) فور وقوع حدث معين، أو

(c) on a date fixed by or in accordance with the terms of issue.

(ج)في تاريخ يُحدد بموجب شروط الإصدار.

(2) But if the due date for payment of such a sum has passed and it has not been paid, the holder of the share concerned is treated in all respects as having failed to comply with a call notice in respect of that sum, and is liable to the same consequences as regards the payment of interest and forfeiture.

(2) رغم ذلك، إذا انقضى تاريخ استحقاق سداد ذلك المبلغ ولم يُسدد، فيعامل حامل السهم المعني في جميع النواحي على أنه لم يلتزم بإخطار الدفع بخصوص ذلك المبلغ ويكون مسؤولًا عن العواقب ذاتها مثل دفع الفائدة والمصادرة.

56. **Failure to comply with call notice: automatic consequences**

56- عدم الالتزام بإخطار دفع المبالغ المستحقة: العواقب التلقائية

(1) If a person is liable to pay a call and fails to do so by the call payment date—

(1) إذا كان شخص مسؤولًا عن دفع المبلغ المستحق على السهم ولم يدفعه بحلول موعد الدفع

<table>
<tr><td></td><td>المحدد، يسري ما يلي:</td></tr>
<tr><td>(a) the directors may issue a notice of intended forfeiture to that person, and</td><td>(أ) يجوز للمديرين إصدار إخطار المصادرة المزمع إلى ذلك الشخص، و</td></tr>
<tr><td>(b) until the call is paid, that person must pay the company interest on the call from the call payment date at the relevant interest rate.</td><td>(ب) يتعين على ذلك الشخص، إلى أن يُدفع المبلغ المستحق على الأسهم، أن يدفع إلى الشركة فائدةً على المبلغ المستحق من تاريخ دفع المبلغ المستحق بسعر الفائدة المتعارف عليه.</td></tr>
<tr><td>(2) For the purposes of this article—</td><td>(2) لأغراض هذه المادة ـــ</td></tr>
<tr><td>(a) the “call payment date” is the time when the call notice states that a call is payable, unless the directors give a notice specifying a later date, in which case the “call payment date” is that later date,</td><td>(أ) يقصد بمصطلح "تاريخ دفع المبلغ المستحق" موعد استحقاق دفع المبلغ المستحق المبين في إخطار دفع المبلغ المستحق، ما لم يرسل المديرون إخطارًا بخلاف ذلك يحدد تاريخًا لاحقًا، وفي تلك الحالة، يكون "تاريخ دفع المبلغ المستحق" هو ذلك التاريخ اللاحق.</td></tr>
<tr><td>(b) the “relevant interest rate” is—</td><td>(ب) يقصد بمصطلح "سعر الفائدة المتعارف عليه":</td></tr>
<tr><td>(i) the rate fixed by the terms on which the share in respect of which the call is due was allotted,</td><td>1) السعر المحدد بموجب الشروط التي خُصص بناءً عليها السهم المستحق دفع مبلغ بخصوصه،</td></tr>
<tr><td>(ii) such other rate as was fixed in the call notice which required payment of the call, or has otherwise been</td><td>2) ذلك السعر الآخر الذي حُدد في إخطار دفع المبلغ المستحق والذي تطلب دفع المبلغ المستحق، أو خلاف ذلك قد حدده المديرون، أو</td></tr>
</table>

determined by the directors, or

(iii) if no rate is fixed in either of these ways, 5 per cent per annum.

3) إذا لم يُحدد السعر بأية من هاتين الطريقتين، يكون بما نسبته 5 % في السنة.

(3) The directors may waive any obligation to pay interest on a call wholly or in part.

(3) يجوز للمديرين التنازل عن أي التزام بدفع فائدة على المبلغ المستحق على السهم، كليًا أو جزئيًا.

57. Notice of intended forfeiture. A notice of intended forfeiture—

57- الإخطار بالمصادرة المزمع تطبيقها. إن الإخطار بالمصادرة المزمع تطبيقها:

(a) may be sent in respect of any share in respect of which a call has not been paid as required by a call notice,

(أ) يجوز أن يُرسل بخصوص أي سهم لم يُسدد بخصوصه المبلغ المستحق حسبما يتطلب إخطار دفع المبلغ المستحق.

(b) must be sent to the holder of that share or to a person entitled to it by reason of the holder's death, bankruptcy or otherwise,

(ب) يجب أن يُرسل إما إلى حامل ذلك السهم أو إلى الشخص المستحق له بسبب وفاة حامل السهم أو إفلاسه أو خلاف ذلك،

(c) must require payment of the call and any accrued interest by a date which is not less than 14 days after the date of the notice,

(ج)يجب أن يطلب سداد المبلغ المستحق على السهم وسداد أية فائدة مستحقة بحلول التاريخ الذي يكون بعد تاريخ الإخطار بمدة لا تقل عن 14 يومًا،

(d) must state how the payment is to be made, and

(د) يجب أن يحدد كيفية وجوب سداد المبلغ المستحق، و

(e) must state that if the notice is not complied with, the shares in respect of which the

(ه) يجب أن يحدد أنه إذا لم يتم الالتزام بالإخطار، ستكون الأسهم المستحق دفع مبلغ بخصوصها عرضةً للمصادرة.

call is payable will be liable to be forfeited.

58. **Directors' power to forfeit shares.** If a notice of intended forfeiture is not complied with before the date by which payment of the call is required in the notice of intended forfeiture, the directors may decide that any share in respect of which it was given is forfeited, and the forfeiture is to include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.

58- صلاحية المديرين في مصادرة الأسهم. إذا لم يتم الالتزام بإخطار المصادرة المزمعة قبل التاريخ المطلوب فيه سداد الطلب في إخطار المصادرة يجوز للمديرين أن يقرروا مصادرة أي سهم قدم الإخطار بخصوصه، وتشمل المصادرة جميع ارباح الأسهم أو المبالغ الأخرى المستحقة بخصوص الأسهم المُصادَرة ولم تُدفع قبل المصادرة.

59. Effect of forfeiture

59- أثر المصادرة

(1) The forfeiture of a share extinguishes

(a) all interests in that share, and all claims and demands against the company in respect of it, and

(b) all other rights and liabilities incidental to the share as between the person whose share it was prior to the forfeiture and the company.

(1) تعمل المصادرة على إسقاط ما يلي:

(أ) جميع الفوائد في ذلك السهم، وجميع المطالبات والمطالب المرفوعة ضد الشركة بخصوصه، و

(ب) جميع الحقوق والالتزامات المصاحبة للسهم فيما بين الشخص الذي كان السهم سهمه قبل المصادرة وبين الشركة.

(2) Any share which is forfeited in accordance with the articles—

(a) is deemed to have been forfeited when the directors decide that it is forfeited,

(b) is deemed to be the property of the company, and

(c) may be sold, re-allotted or otherwise

(2) أي سهم يُصادر بموجب النظام الأساسي –

(أ) يُعد قد صودر عندما يقرر المديرين مصادرته،

(ب) يُعد ملكًا للشركة، و

(ج)يجوز أن يباع أو يعاد تخصيصه أو

		disposed of as the directors think fit.	التصرف فيه خلاف ذلك حسبما يتراءى للمديرين.
(3)	If a person's shares have been forfeited—		(3) إذا تمت مصادرة أسهم شخص، يسري ما يلي:
	(a)	the company must send that person notice that forfeiture has occurred and record it in the register of members,	(أ) يجب على الشركة أن ترسل إخطارًا إلى ذلك الشخص بأن المصادرة قد وقعت وتقيدها في سجل الأعضاء،
	(b)	that person ceases to be a member in respect of those shares,	(ب) لن يصبح ذلك الشخص بعدها عضوًا بخصوص تلك الأسهم،
	(c)	that person must surrender the certificate for the shares forfeited to the company for cancellation,	(ج)ينبغي لذلك الشخص تسليم الشهادة بخصوص الأسهم المُصادَرة إلى الشركة لإلغائها،
	(d)	that person remains liable to the company for all sums payable by that person under the articles at the date of forfeiture in respect of those shares, including any interest (whether accrued before or after the date of forfeiture), and	(د) يظل ذلك الشخص مسؤولًا أمام الشركة عن جميع المبالغ المستحقة على ذلك الشخص بموجب النظام الأساسي في تاريخ المصادرة بخصوص تلك الأسهم، بما في ذلك أية فائدة (سواءً أكانت مستحقة قبل تاريخ المصادرة أو بعده) ، و
	(e)	the directors may waive payment of such sums wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.	(ه) يجوز للمديرين التنازل عن دفع تلك المبالغ، كليًا أو جزئيًا، أو تنفيذ الدفع دون أي أجر إضافي مقابل قيمة الأسهم في وقت المصادرة أو نظير أي مقابل مادي يُستلم عند التصرف فيها.

(4) At any time before the company disposes of a forfeited share, the directors may decide to cancel the forfeiture on payment of all calls and interest due in respect of it and on such other terms as they think fit.	(4) في أي وقت قبل تصرف الشركة في الأسهم المصادرة، يجوز للمديرين اتخاذ القرار بإلغاء المصادرة فور دفع جميع المبالغ المطلوبة والفائدة المستحقة بخصوصها وبناءً على تلك الشروط الأخرى التي تتراءى لهم.
60. Procedure following forfeiture	**60- الإجراء التالي للمصادرة**
(1) If a forfeited share is to be disposed of by being transferred, the company may receive the consideration for the transfer and the directors may authorise any person to execute the instrument of transfer.	(1) إذا توجب التصرف في السهم المُصادَر عن طريق نقل ملكيته، يجوز للشركة أن تتقاضى المقابل المادي المحدد نظير نقل الملكية، ويجوز للمديرين تفويض أي شخص لتحرير صك نقل الملكية.
(2) A statutory declaration by a director or the company secretary that the declarant is a director or the company secretary and that a share has been forfeited on a specified date—	(2) إن الإقرار القانوني من قبل مدير أو من قبل سكرتير الشركة بأن المُقر مدير أو سكرتير الشركة وأن السهم قد صودر في تاريخ محدد –
(a) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share, and	(أ) يكون دليلًا قاطعًا على الحقائق الواردة فيه بحق جميع الأشخاص الذين يزعمون بأحقيتهم في السهم، و
(b) subject to compliance with any other formalities of transfer required by the articles or by law, constitutes a good title to the share.	(ب) يمثل ملكية صحيحة للسهم شريطة الالتزام بأية إجراءات رسمية لنقل الملكية التي يتطلبها النظام الأساسي أو القانون.
(3) A person to whom a forfeited share is transferred is not bound to see to the application of the consideration (if any) nor is that person's title to the share affected by any irregularity in or invalidity of the process leading to the forfeiture or transfer of the share.	(3) لا يكون الشخص الذي نُقلت إليه ملكية السهم المُصادَر ملزمًا بمراقبة استخدام المقابل المادي (إن وجد) ولا تتأثر ملكية ذلك الشخص بأية إجراءات غير سليمة أو غير قانونية تؤدي إلى مصادرة السهم أو نقل ملكيته.
(4) If the company sells a forfeited share, the person who held it prior to its forfeiture is entitled to	(4) إذا باعت الشركة سهمًا مُصادَرًا، يحق للشخص الذي كان يملكه قبل مصادرته أن يحصل

receive from the company the proceeds of such sale, net of any commission, and excluding any amount which—	من الشركة على حصيلة ذلك البيع، وصافي أية عمولة، ويستثنى من ذلك أي مبلغ:
(a) was, or would have become, payable, and	(أ) كان أو من الممكن أن يصبح، مستحقًا، و
(b) had not, when that share was forfeited, been paid by that person in respect of that share, but no interest is payable to such a person in respect of such proceeds and the company is not required to account for any money earned on them.	(ب) لم يُدفع، عند مصادرة ذلك السهم، من ذلك الشخص بخصوص ذلك السهم، ولكن لن يُستحق دفع أية فائدة إلى ذلك الشخص بخصوص تلك الحصيلة، ولن يُطلب من الشركة تقديم تفسير عن أية مبلغ اكتسبتها عليها.
61. **Surrender of shares**	**61- التنازل عن الأسهم**
(1) A member may surrender any share—	(1) يجوز للعضو أن يتخلى عن أي سهم في الحالات التالية:
(a) in respect of which the directors may issue a notice of intended forfeiture,	(أ) في حال إذا كان السهم يجوز للمديرين إصدار إخطار بالمصادرة المزمعة بخصوصه،
(b) which the directors may forfeit, or	(ب) إذا كان السهم يجوز للمديرين مصادرته، أو
(c) which has been forfeited.	(ج)إذا كان السهم قد تمت مصادرته.
(2) The directors may accept the surrender of any such share.	(2) يجوز للمديرين قبول التخلي عن ذلك السهم.
(3) The effect of surrender on a share is the same as the effect of forfeiture on that share.	(3) يكون تأثير التخلي على السهم هو نفس تأثير المصادرة على ذلك السهم.
(4) A share which has been surrendered may be dealt with in the same way as a share which has been forfeited.	(4) يجوز التعامل مع السهم الذي قد تم التخلي عنه بنفس الطريقة التي يتم بها التعامل مع السهم الذي قد تمت مصادرته.

TRANSFER AND TRANSMISSION OF SHARES

نقل ملكية الأسهم وانتقالها

62. Transfers of certificated shares

62- عمليات نقل ملكية الأسهم الصادرة بموجب شهادة

(1) Certificated shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of—

(1) يجوز نقل ملكية الأسهم الصادرة بموجب شهادة عن طريق صك نقل ملكية بأية صيغة اعتيادية أو بأية صيغة أخرى يوافق المديرين عليها، يُحرر بواسطة أو نيابة عن:

(a) the transferor, and

(أ) ناقل ملكية الأسهم، و

(b) if any of the shares is partly paid) the transferee.

(ب) المنقول إليه الملكية (إذا كان أي من الأسهم مدفوع قيمته جزئيًا).

(2) No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.

(2) لا يجوز فرض أي رسم نظير تسجيل أي وثيقة نقل ملكية أو مستند آخر يتعلق بملكية أي سهم أو يؤثر عليه.

(3) The company may retain any instrument of transfer which is registered.

(3) يجوز للشركة أن تحتفظ بأي وثيقة نقل ملكية يتم تسجيلها.

(4) The transferor remains the holder of a certificated share until the transferee's name is entered in the register of members as holder of it.

(4) يظل ناقل الملكية هو مالك سهم صادر دون شهادة حتى يُقيد اسم المنقول إليه في سجل الأعضاء على أنه حامل لذلك السهم.

(5) The directors may refuse to register the transfer of a certificated share if—

(5) يجوز للمديرين رفض تسجيل نقل ملكية السهم الصادر بموجب شهادة في الحالات التالية:

(a) the share is not fully paid,

(أ) إذا لم يكن السهم مدفوع قيمته كاملةً،

(b) the transfer is not lodged at the company's registered office or such other place as the directors have appointed,

(ب) إذا لم يُودع نقل الملكية في المقر الرئيسي المسجل للشركة أو ذلك المكان الآخر الذي قد حدده المديرين،

(c) the transfer is not accompanied by the certificate for the

(ج)إذا كان نقل الملكية غير مصحوب بشهادة للأسهم التي تتعلق به، أو ذلك الدليل الآخر

shares to which it relates, or such other evidence as the directors may reasonably require to show the transferor's right to make the transfer, or evidence of the right of someone other than the transferor to make the transfer on the transferor's behalf,	الذي يطلبه المديرين بشكل معقول لإظهار حق ناقل الملكية في إجراء نقل الملكية، أو دليل على حق شخص آخر غير الناقل لإجراء النقل نيابةً عن الناقل،
(d) the transfer is in respect of more than one class of share, or	(د) إذا كان نقل الملكية بخصوص أكثر من فئة واحدة من الأسهم، أو
(e) the transfer is in favour of more than four transferees.	(ه) إذا كان نقل الملكية لصالح أكثر من أربعة أشخاص منقول إليهم.
(6) If the directors refuse to register the transfer of a share, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.	(6) إذا رفض المديرين تسجيل نقل ملكية السهم، يتعين أن يُعاد صك نقل الملكية إلى المنقول إليه مع إخطار بالرفض ما لم يشك المديرين بأن النقل المقترح من الممكن أن ينطوي على احتيال.
63. Transfer of uncertificated shares. A transfer of an uncertificated share must not be registered if it is in favour of more than four transferees.	**63- نقل ملكية الأسهم الصادرة دون شهادة.** يجب ألا يُسجل نقل ملكية السهم الصادر دون شهادة إذا كانت لصالح أكثر من أربعة أشخاص منقول إليهم.
64. Transmission of shares	**64- انتقال الأسهم**
(1) If title to a share passes to a transmittee, the company may only recognise the transmittee as having any title to that share.	(1) إذا انتقلت ملكية السهم إلى المنقول إليه، يجوز للشركة فقط أن تعترف بالمنقول إليه على أنه له أية ملكية لذلك السهم.
(2) Nothing in these articles releases the estate of a deceased member from any liability in respect	(2) لا يوجد نص في هذا النظام الأساسي يعفي تركة العضو المتوفى من أي التزام بخصوص السهم الذي يملكه ذلك العضو منفردًا أو بالاشتراك

of a share solely or jointly held by that member.

مع آخرين.

65. **Transmittees' rights**

-65 حقوق المنقول إليهم

(1) A transmittee who produces such evidence of entitlement to shares as the directors may properly require—

(1) إن المنقول إليه الملكية الذي يقدم ذلك الدليل على الأحقية في الأسهم بناءً على طلب المديرين أصوليًا ــ

(a) may, choose either to become the holder of those shares or to have them transferred to another person, and

(أ) يجوز له، أن يختار إما أن يصبح مالكًا لتلك الأسهم وإما أن ينقلها إلى شخص آخر، و

(b) pending any transfer of the shares to another person, has the same rights as the holder had.

(ب) يكون له انتظارًا لنقل ملكية الأسهم إلى شخص آخر، نفس الحقوق التي كانت لمالك الأسهم.

(2) But transmittees do not have the right to attend or vote at a general meeting in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

(2) رغم ذلك، ليس للمنقول إليهم الحق في الحضور في اجتماع الجمعية العمومية أو التصويت فيه بخصوص الأسهم التي يستحقونها، بسبب وفاة مالك السهم أو إفلاسه أو خلاف ذلك، ما لم يصبحوا مالكين لتلك الأسهم.

66. **Exercise of transmittees' rights**. Transmittees who wish to become the holders of shares to which they have become entitled must notify the company in writing of that wish.

-66 ممارسة حقوق المنقول إليهم. ينبغي للمنقول إليهم الذين يرغبون في أن يصبحوا مالكين للأسهم والتي أصبحوا مستحقين لها أن يخطروا الشركة خطيًا بتلك الرغبة.

(1) If the share is a certificated share and a transmittee wishes to have it transferred to another person, the transmittee must execute an instrument of transfer in respect of it.

(1) إذا كان السهم سهمًا صادرًا بموجب شهادة ورغب المنقول إليه السهم في نقله إلى شخص آخر، فيتعين على المنقول إليه أن يحرر صك نقل الملكية بخصوصه.

(2) If the share is an uncertificated share and the transmittee wishes to have it transferred to another person, the transmittee must—

(2) إذا كان السهم سهمًا صادرًا دون شهادة ورغب المنقول إليه السهم في نقله إلى شخص آخر، يلتزم المنقول إليه بما يلي:

(a) procure that all appropriate instructions are given to effect the transfer, or

(أ) أن يضمن أن تُصدر جميع التعليمات المناسبة لتنفيذ نقل الملكية، أو

(b) procure that the uncertificated share is changed into certificated form and then execute an instrument of transfer in respect of it.

(ب) أن يضمن أن السهم الصادر دون شهادة يتم تغييره إلى سهم صادر بموجب شهادة، ويحرر بعدها صك نقل الملكية بخصوصه.

(3) Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

(3) يتعين أن يُعامل أي نقل يُبرم أو يُحرر بموجب هذه المادة كما لو كان قد أبرمه أو حرره الشخص الذي قد اشتق منه المنقول إليه الحقوق بخصوص السهم، وكما لو كان الحدث الذي تسبب في النقل لم يقع.

67. **Transmittees bound by prior notices**. If a notice is given to a member in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the member before the transmittee's name has been entered in the register of members.

67- التزام المنقول إليهم بالإخطارات المسبقة. إذا قُدم إخطار إلى عضو بخصوص الأسهم واستحق المنقول إليه تلك الأسهم، يلتزم المنقول إليه بالإخطار إذا كان الإخطار قد قُدم للعضو قبل أن يُقيد اسم المنقول إليه في سجل الأعضاء.

CONSOLIDATION OF SHARES

تجميع الأسهم

68. Procedure for disposing of fractions of shares

68- الإجراء المتخذ للتصرف في أجزاء الأسهم

(1) This article applies where—

(1) تسري هذه المادة في الحالات التالية:

(a) there has been a consolidation or division of shares, and

(أ) في حال إذا كان هناك تجميع للأسهم أو تقسيم لها، و

(b) as a result, members are entitled to fractions of shares.

(ب) في حال إذا كان الأعضاء، نتيجة ذلك، يستحقون أجزاء من الأسهم.

(2) The directors may—

(2) يجوز للمديرين ما يلي:

(a) sell the shares representing the fractions to any person including the company for the best price reasonably obtainable,

(أ) بيع الأسهم التي تمثل أجزاء إلى أي شخص بما في ذلك الشركة بأفضل الأسعار التي يمكن الحصول عليها بشكل معقول،

(b) in the case of a certificated share, authorise any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the purchaser, and

(ب) تفويض أي شخص، في حال السهم الصادر بموجب شهادة، لتحرير وثيقة نقل ملكية الأسهم إلى المشتري أو الشخص الذي يسميه المشتري، و

(c) distribute the net proceeds of sale in due proportion among the holders of the shares.

(ج)توزيع صافي حصيلة البيع بالنسبة الصحيحة بين حاملي الأسهم.

(3) Where any holder's entitlement to a portion of the proceeds of sale amounts to less than a minimum figure determined by the directors, that member's portion may be distributed to an organisation which is a charity registered by virtue of the laws of the Abu Dhabi.

(3) في حال إذا بلغت أحقية حامل السهم في جزء من حصيلة البيع أقل من الحد الأدنى للرقم الذي حدده المديرون، فيجوز توزيع نصيب ذلك العضو على مؤسسة خيرية مسجلة بموجب قانون إمارة أبوظبي.

(4) (4) The person to whom the shares are transferred is not obliged to ensure that any purchase money is received by the person entitled to the relevant fractions.

(4) لا يكون الشخص الذي تُنقل إليه ملكية الأسهم ملزمًا بأن يضمن استلام الشخص المستحق للأجزاء المعنية لأي مبلغ شراء.

(5) (5) The transferee's title to the shares is not affected by any irregularity in or invalidity of the process leading to their sale.

(5) لا تتأثر ملكية المنقول إليه الأسهم بأية إجراءات غير صحيحة أو غير قانونية تؤدي إلى بيعها.

DISTRIBUTIONS

التوزيعات

69. Procedure for declaring dividends. The company may by ordinary

69- الإجراء المتبع لإعلان أرباح الأسهم. يجوز للشـــركـة بموجـب قرار عـادي أن تعلن أربـاح

resolution declare dividends, and the directors may decide to pay interim dividends.	الأســـــهم، ويجوز أن يقرر المـديرين دفع أربـاح الأسهم المؤقتة.
(1) A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.	(1) ينبغي عدم إعلان أية أرباح الأسهم ما لم يقدم المديرين التوصية بشأن مبلغها. وينبغي ألا تتجاوز أرباح الأسهم المذكورة المبلغَ الذي يوصي به المديرين.
(2) No dividend may be declared or paid unless it is in accordance with members' respective rights.	(2) لا يجوز إعلان أية أرباح الأسهم أو دفعها ما لم يكن ذلك بموجب الحقوق الخاصة بالأعضاء.
(3) Unless the members' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each member's holding of shares on the date of the resolution or decision to declare or pay it.	(3) ما لم يحدد قرار الأعضاء إعلان أرباح الأسهم أو قرار المديرين بدفع أرباح الأسهم، أو الشروط التي تُصدر الأسهم بناءً عليها، ما لم يحدد خلاف ذلك، فيجب أن تُدفع أرباح الأسهم عن طريق الرجوع إلى ملكية أسهم كل عضو في تاريخ القرار بإعلانها أو دفعها.
(4) If the company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.	(4) إذا قُسم رأس مال أسهم الشركة إلى فئات مختلفة، فلا يجوز دفع أرباح الأسهم على الأسهم التي تحمل حقوق مؤجلة أو غير مميزة إذا تأخرت أية أرباح الأسهم مميزة في وقت دفعها.
(5) The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.	(65) يجوز للمديرين أن يدفعوا على فترات أية أرباح الأسهم مستحقة بمعدل ثابت إذا ظهر لهم أن الأرباح المتاحة للتوزيع تجيز الدفع.
(6) If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.	(6) إذا تصرف المديرين بحسن نية، فلن يتحمل المديرين أية مسؤولية أمام حاملي الأسهم التي تمنح حقوقًا مميزة عن أية خسارة يمكن أن يتعرضوا لها بسبب الدفع القانوني لأرباح الأسهم المؤقتة على الأسهم ذات الحقوق المؤجلة أو الحقوق التي ليس لها أولوية.

70. Calculation of dividends

70- حساب أرباح الأسهم

(1) (All dividends must be—

(1) يسري على جميع أرباح الأسهم ما يلي:

(a) declared and paid according to the amounts paid up on the shares on which the dividend is paid, and

(أ) يجب أن تُعلن وتُدفع وفقًا للمبالغ المدفوعة على الأسهم التي دُفعت أرباح الأسهم عليها، و

(b) apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

(ب) يجب أن تُخصص وتُدفع تناسبيًا إلى المبالغ المدفوعة على الأسهم أثناء أي جزء أو أجزاء من الفترة التي دُفعت بخصوصها أرباح الأسهم.

(2) If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly.

(2) إذا أصدر أي سهم بناءً على شروط تنص على أن السهم مؤهل للحصول على أرباح الأسهم اعتبارًا من تاريخ معين، فيتعين أن يكون ذلك السهم مؤهلًا للحصول على أرباح الأسهم بناءً على ذلك.

(3) For the purposes of calculating dividends, no account is to be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount.

(3) لأغراض حساب أرباح الأسهم، لا يُحتسب أي مبلغ تم دفعه على السهم مسبقًا قبل تاريخ استحقاق دفع ذلك المبلغ.

71. Payment of dividends and other distributions

71- دفع أرباح الأسهم والتوزيعات الأخرى

(1) Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means—

(1) في حال إذا كانت أرباح الأسهم أو المبالغ الأخرى، التي تمثل توزيعات، مستحقة بخصوص سهم ما، فيجب أن تُدفع عن طريق وسيلة واحدة أو أكثر مما يلي:

(a) transfer to a bank account specified by the distribution recipient either in writing or as the

(أ) التحويل إلى حساب بنكي يحدده مستلم التوزيع إما خطيًا أو حسبما يقرر المديرين خلاف ذلك،

directors may otherwise decide,	
(b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide,	(ب) إرسال شيك مستحق الدفع إلى مستلم التوزيع عن طريق البريد على العنوان المسجل لمستلم التوزيع (إذا كان مستلم التوزيع حاملًا لسهم) أو (في أية حالة أخرى) إلى العنوان الذي يحدده مستلم التوزيع إما خطيًا وإما حسبما يحدد المديرين خلاف ذلك،
(c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide, or	(ج)إرسال شيك مستحق الدفع إلى ذلك الشخص، الذي قد حدده مستلم التوزيع، عن طريق البريد إلى ذلك العنوان الذي حدده مستلم التوزيع خطيًا أو حسبما يحدد المديرين خلاف ذلك، أو
(d) any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.	(د) بأية وسيلة دفع أخرى يتفق المديرين عليها مع مستلم التوزيع إما خطيًا وإما بتلك الوسيلة الأخرى التي يحددها المديرين.
(2) In the articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable—	(2) في النظام الأساسي، يقصد بمصطلح "مستلم التوزيع"، بخصوص السهم المستحق بشأنه أرباح الأسهم أو المبالغ الأخرى، ما يلي:
(a) the holder of the share, or	(أ) حامل السهم، أو
(b) if the share has two or more joint holders,	(ب) إذا كان السهم يحمله شخصان أو

whichever of them is named first in the register of members, or

(c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

72. **Deductions from distributions in respect of sums owed to the company**

(1) If—

(a) a share is subject to the company's lien, and

(b) the directors are entitled to issue a lien enforcement notice in respect of it,

they may, instead of issuing a lien enforcement notice, deduct from any dividend or other sum payable in respect of the share any sum of money which is payable to the company in respect of that share to the extent that the company is entitled to require payment under a lien enforcement notice.

(2) Money so deducted must be used to pay any of the sums payable in respect of that share.

(3) The company must notify the distribution recipient in writing of—

(a) the fact and amount of any such deduction,

(b) any non-payment of a dividend or other sum payable in respect of a

أكثر، أيهما يُسمى أولًا في سجل الأعضاء، أو

(ج)المنقول إليه، وذلك إذا لم يعد حامل السهم مستحقًا للسهم بسبب الوفاة أو بسبب الإفلاس، أو خلاف ذلك بإعمال القانون.

72- **الاستقطاعات من التوزيعات بخصوص المبالغ المستحقة إلى الشركة**

(1) في حال إذا:

(أ) خضع السهم لرهن الشركة، و

(ب) كان للمديرين الأحقية في إصدار إخطار تنفيذ الرهن بخصوصه،

فيجوز لهم، بدلًا من إصدار إخطار تنفيذ الرهن، أن يستقطعوا من أية أرباح الأسهم أو من أية مبالغ أخرى تُستحق بخصوص السهم أية مبالغ مالية تُستحق إلى الشركة بخصوص ذلك السهم بقدر أحقية الشركة في طلب الدفع بموجب إخطار تنفيذ الرهن.

(2) يجب أن تُستخدم المبالغ المستقطعة لدفع أي من المبالغ المستحقة بخصوص ذلك السهم.

(3) يتعين على الشركة إخطار مستلم التوزيع خطيًا بما يلي:

a) حقيقة ومبلغ أي استقطاع من هذا القبيل،

b) أي عدم سداد الأسهم الأرباح أو المبالغ الأخرى المستحقة بخصوص السهم

share resulting from any such deduction, and	الناتجة عن أي استقطاع من هذا القبيل، و
(c) how the money deducted has been applied.	c) الكيفية التي استخدمت بها المبالغ المالية المستقطعة.
73. **No interest on distributions**. The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by—	**73- عدم فرض فائدة على التوزيعات.** لا يجوز للشــركة أن تدفع فائدة على أية أرباح الأســهم أو أية مبالغ أخرى تُســتحق بخصــوص الســهم ما لم يُنص على خلاف ذلك في:
(a) the terms on which the share was issued, or	(أ) الشروط التي أصدر السهم بناءً عليها، أو
(b) the provisions of another agreement between the holder of that share and the company.	(ب) أحكام الاتفاق الآخر المبرم بين حامل ذلك السهم وبين الشركة.
74. **Unclaimed distributions**	**74- التوزيعات غير المطالب بها**
(1) All dividends or other sums which are—	(1) جميع أرباح الأسهم أو المبالغ الأخرى التي تكون:
(a) payable in respect of shares, and	(أ) مستحقة الدفع بخصوص الأسهم، و
(b) unclaimed after having been declared or become payable,	(ب) غير مطالب بها بعد أن أعلنت أو أصبحت مستحقة،
may be invested or otherwise made use of by the directors for the benefit of the company until claimed.	يجوز استثمارها أو خلاف ذلك استغلالها من المديرين لمصلحة الشركة حتى تتم المطالبة بها.
(2) The payment of any such dividend or other sum into a separate account does not make the company a trustee in respect of it.	(2) لا يعمل دفع أية أرباح الأسهم أو أية مبالغ أخرى في حساب منفصل على جعل الشركة وصيًا بخصوصها.
(3) If—	(3) في حال إذا:

(a) twelve years have passed from the date on which a dividend or other sum became due for payment, and

(b) the distribution recipient has not claimed it,

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the company.

75. **Non-cash distributions**. Subject to the terms of issue of the share in question, the company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).

(1) If the shares in respect of which such a non-cash distribution is paid are uncertificated, any shares in the company which are issued as a non-cash distribution in respect of them must be uncertificated.

(2) For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution—

(a) fixing the value of any assets,

(b) paying cash to any distribution recipient on the basis of that

a) مرت مدة اثني عشر عامًا من تاريخ استحقاق أرباح الأسهم أو المبالغ الأخرى للدفع، و

b) لم يطالب بها مستلم التوزيع،

لن يكون مستلم التوزيع مستحقًا لأرباح الأسهم المذكورة أو تلك المبالغ الأخرى ولن تظل مستحقة على الشركة.

75- التوزيعات غير النقدية. مع مراعاة عدم الإخلال بشروط إصدار السهم المعني، يجوز للشركة، بموجب قرار عادي بناءً على توصية المديرين، أن تقرر دفع جميع أو أي جزء من أرباح الأسهم أو تلك التوزيعات الأخرى المستحقة بخصوص السهم عن طريق تحويل الأصول غير النقدية ذات القيمة المعادلة (بما في ذلك، على سبيل المثال وليس الحصر، الأسهم أو الأوراق المالية الأخرى في أية شركة).

(1) إذا كانت الأسهم التي تُدفع بخصوصها تلك التوزيعات غير النقدية أسهمًا صادرة دون شهادة، فيجب أن تكون أية أسهم في الشركة تصدر باعتبارها توزيعات غير نقدية بخصوصها أسهمًا صادرة دون شهادة.

(2) لأغراض دفع التوزيع غير النقدي، يجوز للمديرين إجراء أية ترتيبات أيًا كانت حسبما يتراءى لهم، بما في ذلك، في حال إذا ظهرت أية صعوبة بخصوص التوزيع، ما يلي:

(أ) تحديد قيمة أية أصول،

(ب) دفع مبالغ نقدية إلى أي مستلم للتوزيعات على أساس تلك القيمة لتقييم

value in order to adjust the rights of recipients, and

وتثمين حقوق المستلمين، و

(c) vesting any assets in trustees.

(ج)انتقال أية أصول إلى الأوصياء.

76. **Waiver of distributions**. Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the company notice in writing to that effect, but if—

76- التنـازل عن التوزيعـات. يجوز لمســتلمي التوزيعات التنازل عن أحقيتهم في أرباح الأســهم أو التوزيعـات الأخرى المســتحقـة بخصـــوص الســـهم، وذلك بتقديم إخطار خطي إلى الشـــركة بذلك، ولكن في حال ـ

(a) the share has more than one holder, or

a) إذا كان للسهم حامل واحد أو أكثر، أو

(b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

b) إذا كان أكثر من شخص يستحق السهم، سواءً بسبب وفاة أو إفلاس حامل واحد للسهم أو حاملي السهم المشتركين أو خلاف ذلك،

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

إذا لم يكن الإخطار ساريًا ما لم يتم التعبير عن وجوب تقديمه، وتوقيعه من جميع حاملي السهم أو الأشخاص المستحقين للسهم خلاف ذلك.

CAPITALISATION OF PROFITS

رسملة الأرباح

77. **Authority to capitalise and appropriation of capitalised sums**

77- السلطة لرسملة وتخصيص مبالغ الرسملة

(1) The directors may, if they are so authorised by an ordinary resolution—

(1) يجوز للمديرين، إذا كانوا مخولين بموجب قرار عادي أن ينفذوا ما يلي:

(a) decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to

(أ) أن يقرروا رسملة أية أرباح للشركة (سواءً أكانت متاحة للتوزيع من عدمه) ليست مطلوبة لدفع أرباح الأسهم ممتازة أو أية مبلغ قائم للحساب الدائن للشركة بخصوص احتياطي استرداد رأس المال، و

the credit of the company's capital redemption reserve, and

(b) appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.

(ب) أن يخصصوا أية مبالغ يقررون رسملتها ("مبلغ الرسملة") إلى الأشخاص الذين كان يمكن أن يستحقوها إذا وزعت على سبيل أرباح الأسهم ("الأشخاص المستحقون") وبنفس النسب.

(2) Capitalised sums must be applied—

(2) يجب استعمال مبالغ الرسملة على الأوجه التالية:

(a) on behalf of the persons entitled, and

a) نيابة عن الأشخاص المستحقين لها، و

(b) in the same proportions as a dividend would have been distributed to them.

b) بنفس النسبة التي كان يمكن توزيع أرباح الأسهم بها عليهم.

(3) Any capitalised sum may be applied in paying up new shares of an issue price equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

(3) يجوز أن تُستخدم أية مبالغ رسملة في سداد المبالغ المستحقة على أية أسهم لها سعر إصدار مساوي لمبلغ الرسملة الذي يُخصص ويضاف على أنه مستحق الدفع كاملًا إلى الأشخاص المستحقين له أو حسب توجيههم.

(4) A capitalised sum which was appropriated from profits available for distribution may be applied—

(4) يجوز أن يُستخدم مبلغ الرسملة الذي خُصص من الأرباح المتاحة للتوزيع، في النواحي التالية:

(a) in or towards paying up any amounts unpaid on existing shares held by the persons entitled, or

(أ) للوفاء بقيمة بأية مبلغ مستحقة على الأسهم الموجودة التي يملكها الشخص المستحق لتلك المبالغ، أو

(b) in paying up new debentures of the company which are

(ب) للوفاء بقيمة السندات الجديدة للشركة والتي تُخصص فيما بعد وتضاف

then allotted credited as fully paid to the persons entitled or as they may direct.

باعتبارها مدفوعة القيمة كاملةً إلى الأشخاص المستحقين لها أو حسب توجيههم.

(5) The directors may—

(5) يجوز للمديرين ما يلي:

(a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another,

(أ) استخدام مبالغ الرسملة بموجب الفقرات (3) و (4) بشكل جزئي بطريقة وبشكل جزئي بطريقة أخرى،

(b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments), and

(ب) إجراء تلك الترتيبات التي تتراءى لهم للتعامل مع الأسهم أو السندات التي تصبح قابلة للتوزيع في كسور بموجب هذه المادة (بما في ذلك إصدار شهادات أجزاء الأسهم أو سداد دفعات نقدية)، و

(c) authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article.

(ج)تفويض أي شخص لإبرام اتفاقية مع الشركة نيابة عن جميع الأشخاص المستحقين تكون ملزمة عليهم بخصوص تخصيص الأسهم والسندات إليهم بموجب هذه المادة.

PART 6

الجزء السادس

MISCELLANEOUS PROVISIONS

أحكام متنوعة

COMMUNICATIONS

المراسلات

78. **Means of communication to be used**. Anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Regulations

78- وسـائل الاتصـال الواجب اسـتخدامها. يجوز أن يُرسـل أو يُقدم أي شـيء تقدمه الشـركة أو ترسـله بموجب هذا النظام الاسـاسـي بأية طريقة ينص نظام الشـركات عليها من مسـتندات أو

provides for documents or information which are authorised or required by any provision of the Companies Regulations to be sent or supplied by or to the company.

معلومات مصرح بإرسالها أو تقديمها أو مطلوب إرسالها أو تقديمها بموجب أحكام نظام الشركات بواسطة الشركة أو إليها.

(1) Any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.

(1) يجوز أن يُرسل أو يُقدم أي إخطار أو مستند واجب إرساله أو تقديمه إلى مدير بخصوص اتخاذ القرارات من قبل المديرين، وذلك عن طريق الوسائل التي طلب المدير الإرسال أو التقديم بواسطتها مع تلك الإخطارات أو المستندات في الوقت الراهن.

(2) A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

(2) يجوز للمدير أن يتفق مع الشركة على أن الإخطارات أو المستندات المرسلة إلى ذلك المدير بطريقة معينة تُعد قد استُلمت خلال فترة زمنية محددة من إرسالها، وهي في الوقت الحالي تحديدًا أقل من 48 ساعة.

79. **Failure to notify contact details**

79- عدم الإخطار ببيانات الاتصال

(1) If—

(a) the company sends two consecutive documents to a member over a period of at least 12 months, and

(b) each of those documents is returned undelivered, or the company receives notification that it has not been delivered,

that member ceases to be entitled to receive notices from the company.

(1) في حال إذا:

a) أرسلت الشركة مستندين متتاليين إلى عضو على مدار فترة 12 شهرًا على الأقل، و

b) وأعيد كل مستند من هذه المستندات دون تسليم، أو تلقت الشركة إخطارًا بأنه لم يتم تسليمه،

فلن يصبح بعدها ذلك العضو مستحقًا لتلقي إخطارات من الشركة.

(2) A member who has ceased to be entitled to receive notices from the company becomes entitled

(2) يصبح العضو الذي لم يعد مستحقًا لتلقي إخطارات من الشركة مستحقًا لتلقي تلك الإخطارات مجددًا عن طريق إرسال ما يلي إلى

to receive such notices again by sending the company—	الشركة:
(a) a new address to be recorded in the register of members, or	(أ) العنوان الجديد الواجب تسجيله في سجل الأعضاء، أو
(b) if the member has agreed that the company should use a means of communication other than sending things to such an address, the information that the company needs to use that means of communication effectively.	(ب) المعلومات التي تحتاجها الشركة لاستخدام وسائل الاتصالات بفعالية، وذلك إذا وافق العضو على أن الشركة ينبغي أن تستخدم وسائل اتصال بخلاف إرسال أشياء إلى ذلك العنوان.
ADMINISTRATIVE ARRANGEMENTS	**الترتيبات الإدارية**
80. **Company seals**. Any common seal may only be used by the authority of the directors.	**80- أختام الشركة.** يجوز أن يُستخدم أي ختم عام للشركة فقط بموجب سلطة المديرين.
(1) The directors may decide by what means and in what form any common seal or securities seal is to be used.	(1) يجوز للمديرين أن يقرروا بأية وسيلة وبأية صيغة يتوجب استخدام الختم العام أو ختم الأوراق المالية.
(2) Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.	(2) ما لم يقرر المديرين خلاف ذلك، إذا كان للشركة ختم عام ومُهرت به وثيقة، فيجب أن يوقع على الوثيقة شخص واحد مفوض على الأقل في حضور شاهد يصادق على صحة التوقيع.
(3) For the purposes of this article, an authorised person is—	(3) لأغراض هذه المادة، يقصد بالشخص المفوض:
(a) any director of the company,	(أ) أي مدير بالشركة،

(b) the company secretary, or

(ب) سكرتير الشركة، أو

(c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

(ج)أي شخص مفوض من المديرين لغرض التوقيع على المستندات التي يمهر بها الختم العام.

(4) If the company has an official seal for use abroad, it may only be affixed to a document if its use on that document, or documents of a class to which it belongs, has been authorised by a decision of the directors.

(4) إذا كان للشركة ختم رسمي مخصص للاستخدام خارج البلاد، فيجوز أن يُمهر به المستند إذا كان استخدامه على ذلك المستند، أو تلك المستندات من الفئة التي تنتمي إليها، مصرحًا به بموجب قرار من المديرين.

(5) If the company has a securities seal, it may only be affixed to securities by the company secretary or a person authorised to apply it to securities by the company secretary.

(5) إذا كان للشركة ختم أوراق مالية، فيجب أن تُمهر به الأوراق المالية من سكرتير الشركة أو الشخص المصرح له من سكرتير الشركة باستخدامه على الأوراق المالية.

(6) For the purposes of the articles, references to the securities seal being affixed to any document include the reproduction of the image of that seal on or in a document by any mechanical or electronic means which has been approved by the directors in relation to that document or documents of a class to which it belongs.

(6) لأغراض النظام الأساسي، تشمل الإشارات إلى ختم الأوراق المالية التي يُمهر به أي مستند، إعادة إنتاج صورة لذلك الختم على مستند بوسيلة ميكانيكية أو إلكترونية قد وافق عليها المديرين فيما يتعلق بذلك المستند أو تلك المستندات من لفئة التي ينتمي إليها.

81. Destruction of documents

81- التخلص من المستندات

(1) The company is entitled to destroy—

(1) يحق للشركة أن تتخلص مما يلي:

(a) all instruments of transfer of shares which have been registered, and all other documents on the basis of which any entries are made in the register of members, from six years after

(أ) جميع مستندات نقل ملكية الأسهم التي قد سُجلت، وجميع المستندات الأخرى التي وضعت على أساسها أية قيود في سجل الأعضاء، من ست سنوات بعد تاريخ التسجيل،

the date of registration,

(b) all dividend mandates, variations or cancellations of dividend mandates, and notifications of change of address, from two years after they have been recorded,

(ب) جميع مستندات تفويض أرباح الأسهم أو التغييرات أو الإلغاءات الخاصة بمستندات تفويض أرباح الأسهم، والإخطارات بتغيير العنوان، من عامين بعد تسجيلها،

(c) all share certificates which have been cancelled from one year after the date of the cancellation,

(ج)جميع شهادات الأسهم التي ألغيت من عام بعد تاريخ إلغائها،

(d) all paid dividend warrants and cheques from one year after the date of actual payment, and

(د) جميع أوامر دفع وشيكات أرباح الأسهم المدفوعة من عام واحد بعد تاريخ دفعها فعليًا، و

(e) all proxy notices from one year after the end of the meeting to which the proxy notice relates.

(ه) جميع إخطارات الوكيل من عام واحد بعد انتهاء الاجتماع الذي يتعلق به إخطار الوكيل.

(2) If the company destroys a document in good faith, in accordance with the articles, and without notice of any claim to which that document may be relevant, it is conclusively presumed in favour of the company that—

(2) إذا تخلصت الشركة من مستند بحسن نية، بموجب النظام الأساسي، ودون إخطار بأية مطالبة يمكن أن يكون المستند متعلقًا بها، فمن المفترض قطعًا لصالح الشركة ما يلي:

(a) entries in the register purporting to have been made on the basis of an instrument of transfer or other document so destroyed were duly and properly made,

(أ) أن القيود الواردة في السجل، والتي تفيد بأنه قد حُرر وأبرم على أساس وثيقة نقل الملكية أو مستند آخر تم إتلافه والتخلص منه قد أجريت وفق الأصول المرعية وكما ينبغي،

(b) any instrument of transfer so destroyed was a valid and

(ب) أن أي وثيقة نقل ملكية تم إتلافه والتخلص منها على هذا النحو كان صكًا

effective instrument duly and properly registered,

ساريًا ونافذًا وتم تسجيله أصوليًا وعلى نحو سليم،

(c) any share certificate so destroyed was a valid and effective certificate duly and properly cancelled, and

(ج)أن أية شهادة أسهم تم إتلافها والتخلص منها على هذا النحو كانت شهادة سارية ونافذة وتم تسجيلها أصوليًا وعلى نحو سليم، و

(d) any other document so destroyed was a valid and effective document in accordance with its recorded particulars in the books or records of the company.

(د) أن أي مستند آخر تم إتلافه والتخلص منه على هذا النحو كان مستندًا ساريًا ونافذًا بموجب بياناته المسجلة في دفاتر الشركة أو سجلاتها.

(3) This article does not impose on the company any liability which it would not otherwise have if it destroys any document before the time at which this article permits it to do so.

(3) لا تفرض هذه المادة على الشركة أية مسؤولية لم تكن لتضطلع بأدائها خلاف ذلك إذا أتلفت وتخلصت من أي مستند قبل وقت سماح هذه المادة لها بأن تفعل ذلك.

(4) In this article, references to the destruction of any document include a reference to its being disposed of in any manner.

(4) في هذه المادة، تشمل الإشارات إلى التخلص من أي مستند الإشارة إلى التخلص منه بأية طريقة.

82. **No right to inspect accounts and other records**. Except as provided by law or authorised by the directors or an ordinary resolution of the company, no person is entitled to inspect any of the company's accounting or other records or documents merely by virtue of being a member.

82- عدم الحق في الاطلاع على الحسابات والسجلات الأخرى. باستثناء ما ينص القانون عليه أو يفوض المديرين به أو ينص عليه في قرار عادي للشركة، لا يحق لأي شخص معاينة أي من السجلات او المستندات المحاسبية أو السجلات والمستندات الأخرى للشركة لمجرد كونه عضوًا.

83. **Provision for employees on cessation of business**. The directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than

83- مخصص الموظفين فور التوقف عن العمل. يجوز للمديرين أن يقرروا وضع مخصص لمصلحة الأشخاص المعينين من قبل الشركة أو سبق أن تم تعينتهم من الشركة أو أي من الشركات التابعة لها (بخلاف المدير أو المدير

a director or former director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

الســـــابق) فيمـا يتعلق بـإيقـاف أو نقـل أعمـال الشـركة أو الشـركات التابعة لها، كليًا أو جزئيًا، إلى أي شخص.

DIRECTORS' INDEMNITY AND INSURANCE

تعويض المديرين والتأمين عليهم

84. **Indemnity**

84- التعويض

(1) (Subject to paragraph (2), a relevant director of the company or an associated company may be indemnified out of the company's assets against—

(1) مع مراعاة عدم الإخلال بالفقرة (2)، يجوز تعويض المدير المعني بالشركة أو شركة تابعة من أصول الشركة عن أي مما يلي:

(a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company,

(أ) أية مسؤولية أو التزام يكابده ذلك المدير فيما يتعلق بأي إهمال أو تقصير أو مخالفة للواجب أو خيانة للأمانة بخصوص الشركة أو شركة ذات صلة،

(b) any liability incurred by that director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 222(6) of the Companies Regulations),

(ب) أية مسؤولية أو التزام يكابده ذلك المدير فيما يتعلق بأنشطة الشركة أو شركة ذات صلة بصفته وصيًا على برنامج معاشات مهنية (المبين تعريفه في البند 222 (6) من نظام الشركات)،

(c) any other liability incurred by that director as an officer of the company or an associated company.

(ج)أي مسؤولية أو التزام يكابده ذلك المدير بصفته مسؤولًا بالشركة أو شركة ذات صلة.

(2) This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies

(2) لا تفوض هذه المادة بأي تعويض قد يكون محظورًا أو يصبح ملغيًا بموجب أي حكم من أحكام نظام الشركات أو بموجب أي حكم آخر من أحكام

Regulations or by any other provision of law.

القانون.

(3) In this article—

(3) في هذه المادة:

(a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and

(أ) تكون الشركات شركات ذات صلة إذا كانت واحدة منها شركة تابعة للآخر أو كانت كلاهما شركات تابعة لنفس الشخص الاعتباري،

(b) a "relevant director" means any director or former director of the company or an associated company.

(ب) يقصد بمصطلح "المدير المعني" أي مدير أو مدير سابق بالشركة أو بشركة ذات صلة.

85. **Insurance**

85- التأمين

(1) The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss.

(1) يجوز للمديرين أن يقرروا شراء التأمين والاحتفاظ به على نفقة الشركة لمصلحة أي مدير معني بخصوص أية خسارة ذات صلة.

(2) In this article—

(2) في هذه المادة:

(a) a "relevant director" means any director or former director of the company or an associated company,

(أ) يقصد بمصطلح "المدير المعني" أي مدير أو مدير سابق بالشركة أو بشركة ذات صلة.

(b) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or

(ب) يقصد بمصطلح "الخسارة ذات الصلة" أية خسارة أو التزام قد كابده المدير المعني أو من الممكن أن يكابده فيما يتعلق بالتزامات أو صلاحيات ذلك المدير بخصوص الشركة، أو أية شركة ذات صلة أو أي صندوق معاشات أو برنامج أسهم الموظفين بالشركة أو شركة ذات صلة، و

associated company, and

companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.	تكون الشـــركات شـــركات ذات صـــلة إذا كانت واحدة منها تابعة للآخر أو كانت كلاهما تابعتان لنفس الشخص الاعتباري.

ANNEX VI

BAYANAT FINANCIAL INFORMATION

BAYANAT FOR MAPPING AND SURVEYING SERVICES – BAYANAT LLC

Reports and financial statements for the year ended 31 December 2021

BAYANAT FOR MAPPING AND SURVEYING SERVICES – BAYANAT LLC

Reports and financial statements
for the year ended 31 December 2021

Contents	Pages

Chief executive officer's report
for the year ended 31 December 2021

The Chief Executive Officer has pleasure in submitting his report, together with the audited financial statements of Bayanat for Mapping and Surveying Services – Bayanat LLC ("the Company") for the year ended 31 December 2021.

Principal activities

The principal activities of the Company are data classification & analysis services, data collection from one or more sources, data storing and recovering, computer devices and equipment domain consultancy, air photography, survey planning, air photography and information management systems engineering consultancy, work measurement and space, marine survey engineering consultancy, maps and drawings copying services, typing and documents photocopying services, computer systems and software designing, geographical maps drawing, book publication, maps and atlas printing, onshore and offshore oil and gas fields and facilities services.

Results

Revenue and profit for the year ended 31 December 2021 amounting to AED 366,665,188 (2020: AED 247,750,581) and AED 96,286,837 (2020: AED 70,036,224), respectively.

Release

The chief executive officer release from liability the Management and the external auditor in connection with their duties for the year ended 31 December 2021.

Auditors

The chief executive officer propose the re-appointment of Deloitte & Touche (M.E.) as external auditor for the year ending 31 December 2022.

On behalf of the Board

....

Chief Executive Officer

Deloitte & Touche (M.E.)
Level 11, Al Sila Tower
Abu Dhabi Global Market Square
Al Maryah Island
P.O. Box 990
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United Arab Emirates

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF BAYANAT FOR MAPPING AND SURVEYING SERVICES – BAYANAT LLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Bayanat for Mapping and Surveying Services – Bayanat LLC (the "Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2021, and a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the period ended in accordance with the International Financial Reporting Standards (IFRSs).

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the other ethical requirements that are relevant to our audit of the Company's financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Chief executive officer's Report which we obtained prior to the date of the audit report. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 obtained prior to the date of this auditor's 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.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF BAYANAT FOR MAPPING AND SURVEYING SERVICES – BAYANAT LLC (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and their presentation in compliance with applicable provisions of the articles of association of the Company and UAE Federal Law No. (2) Of 2015 (as amended), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 taken together, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF BAYANAT FOR MAPPING AND SURVEYING SERVICES – BAYANAT LLC (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015 (as amended), we report that for the year ended 31 December 2021:

- we have obtained all the information and explanations we considered necessary for the purposes of our audit;
- the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended);
- the Company has maintained proper books of account;
- the financial information included in the Chief executive officer's report, in so far as it relates to these financial statements, is consistent with the books of account of the Company;
- as disclosed in note 1 to the financial statements the Company has not purchased or invested in any shares during the financial year ended 31 December 2021;
- as disclosed in note 1, there were no social contributions during the financial year ended 31 December 2021;
- note 11 to the financial statements discloses material related party transactions and the terms under which they were conducted; and
- based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2021 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) or its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2021.

Deloitte & Touche (M.E.)

Mohammad Khamees Al Tah
Registration No. 717
20 July 2022
Abu Dhabi
United Arab Emirates

Statement of financial position
as at 31 December 2021

	Notes	2021 AED	2020 AED
ASSETS			
Non-current assets			
Property and equipment	5	22,310,373	20,463,437
Intangible assets	6	830,751	43,768
Refundable deposits	7	-	37,970,094
Total non-current assets		23,141,124	58,477,299
Current assets			
Inventories		253,621	791,885
Contract assets	8	244,830,547	113,126,035
Contract cost	9	12,920,934	-
Refundable deposits	7	26,471,129	-
Trade and other receivables	10	7,423,826	3,360,653
Due from related parties	11	102,610,801	35,439,417
Cash and bank balances	12	56,773,109	18,748,145
Total current assets		451,283,967	171,466,135
Total assets		474,425,091	229,943,434
EQUITY AND LIABILITIES			
Equity			
Share capital	13	3,000,000	3,000,000
Additional capital	14	197,000,000	-
Statutory reserve	15	1,500,000	1,500,000
Retained earnings		53,938,277	87,651,440
Total equity		255,438,277	92,151,440
Non-current liabilities			
Employees' end-of-service benefits	16	3,883,242	517,693
Deferred government grants	24	-	1,543,410
Total non-current liabilities		3,883,242	2,061,103
Current liabilities			
Trade and other payables	17	145,329,086	43,552,777
Due to related parties	11	15,984,861	92,178,114
Loan from related parties	11	53,789,625	-
Total current liabilities		215,103,572	135,730,891
Total liabilities		218,986,814	137,791,994
Total equity and liabilities		474,425,091	229,943,434

Hasan Ahmed Al Hosani
Chief Executive Officer

Mansoor Al Mansoori
Board of Directors -Chairman

Renyl Rauf
Chief Financial Officer

The accompanying notes form an integral part of these financial statements.

Statement of profit or loss and other comprehensive income for the year ended 31 December 2021

	Notes	2021 AED	2020 AED
Revenue	**18**	**366,665,188**	247,750,581
Direct costs	**19**	**(190,312,566)**	(133,758,827)
Gross profit		**176,352,622**	113,991,754
General and administrative expenses	**20**	**(79,912,061)**	(43,111,209)
Finance expenses		**(1,636,546)**	(828,483)
Other income / (expenses)		**1,482,822**	(15,838)
Profit for the year	**21**	**96,286,837**	70,036,224
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**96,286,837**	70,036,224

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
for the year ended 31 December 2021

	Share capital AED	Additional capital AED	Statutory reserves AED	Retained earnings/ (accumulated losses) AED	Total AED
Balance at 1 January 2020	3,000,000	-	1,500,000	(6,670,145)	(2,170,145)
Transfer of net assets from related parties (note 1)	-	-	-	24,285,361	24,285,361
Total comprehensive income for the year	-	-	-	70,036,224	70,036,224
As at 1 January 2021	3,000,000	-	1,500,000	87,651,440	92,151,440
Total comprehensive income for the year	-	-	-	96,286,837	96,286,837
Waiver of related party payable by an entity under common control (refer note 11)	-	-	-	67,000,000	67,000,000
Increase in share capital (refer note 14)	-	197,000,000	-	(197,000,000)	-
At 31 December 2021	**3,000,000**	**197,000,000**	**1,500,000**	**53,938,277**	**255,438,277**

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
for the year ended 31 December 2021

	Notes	2021 AED	2020 AED
Cash flows from operating activities			
Profit for the year		**96,286,837**	70,036,224
Adjustments for:			
Depreciation of property and equipment	**5**	**6,631,036**	4,135,511
Amortisation of intangible assets	**6**	**145,009**	1,699,805
Finance expenses		**1,636,546**	828,483
Provision for employees' end-of-service benefits	**16**	**3,584,997**	148,705
Operating cash flows before movements in working capital		**108,284,425**	76,848,728
(Increase)/ decrease in trade and other receivables		**(4,063,173)**	1,498,475
Increase in contract assets		**(131,704,512)**	(88,514,074)
Increase in contract cost		**(12,920,934)**	-
Decrease/(increase) in refundable deposits		**11,498,965**	(37,970,094)
Decrease in inventories		**538,264**	96,366
Increase in due from related parties		**(67,171,384)**	(10,572,097)
Increase in trade and other payables		**100,232,899**	7,049,979
(Decrease)/ increase in due to related parties		**(9,193,253)**	73,845,050
Cash (used in)/ generated from operating activities		**(4,498,703)**	22,282,333
Employees' end-of-service benefits paid	**16**	**(219,448)**	(157,673)
Finance cost paid		**(1,636,546)**	(828,483)
Net cash (used in)/ generated from operating activities		**(6,354,697)**	21,296,177
Investing activities			
Acquisition of property and equipment	**5**	**(8,477,972)**	(15,498,559)
Acquisition of intangible assets	**6**	**(931,992)**	-
Transfer of cash balance from Bayanat Division	**1**	**-**	12,950,527
Net cash used in investing activities		**(9,409,964)**	(2,548,032)
Cash flows from financing activity			
Proceeds of loan from related parties		**53,789,625**	-
Net increase in cash and cash equivalents		**38,024,964**	18,748,145
Cash and cash equivalents at the beginning of the year		**18,748,145**	-
Cash and cash equivalents at the end of the year		**56,773,109**	18,748,145
Non-cash transactions			
Transfer of net assets from Bayanat Division	**1**	**-**	6,692,759
Transfer of net assets from an entity under common control	**1**	**-**	4,642,075
Addition to property and equipment accrued	**5**	**-**	5,808,493
Issuance of additional capital	**14**	**197,000,000**	**-**
Waiver of related party balance	**11**	**67,000,000**	**-**

Notes to the financial statements
for the year ended 31 December 2021

1 General information

Bayanat for Mapping & Surveying Services- Bayanat LLC ("the Company") was incorporated and registered in the Emirate of Abu Dhabi, United Arab Emirates (U.A.E.) as a Limited Liability Company on 4 February 2008. The registered office of the Company is at P.O. Box 111143, Abu Dhabi, U.A.E.

On 14 December 2021, the shareholders resolved to change the legal status of the Company from Limited Liability Company to a Private Joint Stock Company. Subsequent to the year end, the Company has completed the legal formalities.

The principal activities of the Company are data classification & analysis services, data collection from one or more sources, data storing and recovering, computer devices and equipment domain consultancy, air photography, survey planning, air photography and information management systems engineering consultancy, work measurement and space, marine survey engineering consultancy, maps and drawings copying services, typing and documents photocopying services, computer systems and software designing, geographical maps drawing, book publication, maps and atlas printing, onshore and offshore oil and gas fields and facilities services.

Effective 1 January 2020, Group 42 Holding Ltd ("Parent Company") entered into an agreement "Share Purchase Agreement" with Emirates Defense Industries Company PJSC ("previous shareholder") and Emirates Defence Industries Operations Company ("previous shareholder") to purchase the entire issued share capital of Bayanat for Mapping & Surveying Services- Bayanat LLC.

Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 and will come into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the "2015 Law"). The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

The Company has not purchased or invested in any shares during the financial year ended 31 December 2021

There were no social contributions made during the financial year ended 31 December 2021

Transaction with related parties under common control:

Transfer of net assets from Bayanat for Mapping & Surveying Services Division (the "division') *to the legal entity of Bayanat for Mapping and Surveying Services- Bayanat LLC*

Effective 1 January 2020, the Company entered into an agreement "Business Transfer Agreement" with Emirates Defense Industries Company LLC ("previous shareholder") to transfer the net assets and business operation of Bayanat for Mapping & Surveying Services Division (the "division').

Notes to the financial statements
for the year ended 31 December 2021 (continued)

1 General information (continued)

Transaction with related parties under common control:(continued)

The amounts recognised in respects of the identifiable net assets transferred are as set out in the table below:

Particulars	**Total AED**
Property and equipment (net)	3,291,896
Intangible asset (net)	1,743,572
Cash and bank balance	12,950,527
Trade receivable	4,859,128
Due from related parties	24,867,320
Prepayments and other receivables	6,337,785
Inventories	888,251
Contract assets	11,761,290
Trade payables	(20,515,535)
Due to related parties	(14,785,902)
Accrued and other liabilities	(9,684,975)
Employees' end-of-service benefits	(526,661)
Deferred government grants	(1,543,410)
Total net assets transferred	**19,643,286**

Transferred of net assets of D100 project from an entity under common control to the legal entity of Bayanat for Mapping and Surveying Services – Bayanat LLC.

Effective 1 January 2020, the Company entered into an agreement "Business Transfer Agreement" with an entity under common control to transfer one of the operating division namely, as D100.

The amounts recognised in respects of the identifiable net assets transferred are as set out in the table below:

Particulars	**Total AED**
Contract work in process	7,924,649
Contract liabilities	(1,411,763)
Accrued expenses and other liabilities	(493,794)
Due to related parties	(1,377,017)
Total net assets transferred	**4,642,075**

Total transfers of net assets under common control transactions amounting to AED 24,285,361.

2 Application of new and revised International Financial Reporting Standards (IFRS)

2.1 New and revised IFRSs applied with no material effect on the financial statements

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to Interest Rate Benchmark Reform in IFRS 9 and IFRS 7	The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.
Amendments to IFRS 16 Leases relating to Covid-19-Related Rent Concessions	The amendments provide practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID- 19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2021.

2.2 New and revised IFRS in issue but not yet effective

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 17: *Insurance contracts* (effective from 1 January 2023).
- Amendments to IFRS 10: *Consolidated financial statements* and IAS 28: *Investments in associates and joint ventures* - sale or contribution of assets between an investor and its associate or joint venture (effective date not yet decided).
- Amendments to IAS 1: *Presentation of financial statements* - classification of liabilities as current or non-current (effective from 1 January 2023).
- Amendments to IFRS 3: *Business combinations* - reference to the conceptual framework (effective from 1 January 2022).
- Amendments to IAS 16: *Property, plant and equipment* - proceeds before intended use (effective from 1 January 2022).
- Amendments to IAS 37: *Provisions, contingent liabilities and contingent assets* - onerous contracts - cost of fulfilling a contract (effective from 1 January 2022).
- Annual Improvements to IFRS standards 2018-2020: The annual improvements include amendments to IFRS 1: *First-time adoption of IFRS* (effective from 1 January 2022), IFRS 9: *Financial Instruments* (effective from 1 January 2022), IFRS 16: *Leases* (effective date not yet decided) and IAS 41: *Agriculture* (effective from 1 January 2022).

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

- Amendments to IAS 1: *Presentation of Financial Statements* and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies (effective date 1 January 2023).
- Amendments to IAS 1: *Accounting Policies, Changes in Accounting Estimates and Errors*—Definition of Accounting Estimates (effective date 1 January 2023).
- Amendments to IAS 12: *Income Taxes—Deferred Tax* related to Assets and Liabilities arising from a Single Transaction (effective date 1 January 2023).

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company’s financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments as highlighted in previous paragraphs, may have no material impact on the financial statements of the Company in the period of initial application.

3 Significant accounting policies

Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB) and the applicable provision of the Articles of Association of the Company and the UAE Federal Law No. (2) of 2015 (as amended).

Basis of preparation

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on fair value of the consideration given in exchange for assets.

The Company presents its statement of financial position broadly in order of liquidity, with a distinction based on expectations regarding recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current), presented in the notes.

Revenue recognition

When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability. The Company classifies its contract assets and liabilities as current and non-current based on the timing and pattern of flow of economic benefits.

3 Significant accounting policies (continued)

Revenue recognized point in time

Sale of products/services

For products/services sold to customers, revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a product or service to a customer. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data.

Revenue recognized over time

Contract revenue

The Group provides services relating to technology and computer services activities, computer consultancy and computer facilities management activities, computer programming activities and other information service activities such as treasury financial systems and application development. The revenue from these projects are recognised over the time of which the services are provided.

Contract assets and liabilities

The Company has determined that contract assets and liabilities are to be recognised at the performance obligation level and not at the contract level and both contract assets and liabilities are to be presented separately in the financial statements. The Company classifies its contract assets and liabilities as current and non-current based on the timing and pattern of flow of economic benefits.

Property and equipment

Recognition and measurement
Items of property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property and equipment is the purchase cost, together with any incidental expenses of acquisition. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Subsequent costs
The cost of replacing component of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in the statement of profit or loss and other comprehensive income.

3 Significant accounting policies (continued)

Property and equipment

Depreciation
Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and capital work in progress) less their residual values over their useful lives, using the straight-line method, on the following basis:

	Years
Office and computer equipment	3-5
Furniture and fixtures	3-5

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Capital work-in-progress
Expenditure incurred on property and equipment which are not complete and ready for use at the reporting date are treated as capital work-in-progress. Depreciation is not provided on such assets until they are ready for their intended use and transferred to the appropriate asset category.

Intangible assets

Intangible assets acquired separately
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives on the following basis:

	Years
Computer software and licenses	3-5

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of property and equipment and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets, intangible assets (excluding goodwill) and investment property to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3 Significant accounting policies (continued)

Impairment of property and equipment and intangible assets (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Employees’ end-of-service benefits

Provision also made for the full amount of end-of-service benefits due to employees in accordance with the Company’s policy, which is at least equal to the benefits payable in accordance with UAE Labor Law, for their period of service up to the end of reporting period.

With respect to its national employees, the Company makes contributions to the relevant UAE Government pension scheme calculated as a percentage of the employees’ salaries. The obligations under these schemes are limited to these contributions, which are expensed when due.

3 Significant accounting policies (continued)

Foreign currencies

For the purpose of these financial statements UAE Dirhams (AED) is the functional and the presentation currency of the Company.

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

Government grants

Government grants are initially recognised in the financial statements as a deferred liability. Subsequent to initial recognition, such grants are released to the statement of profit or loss on a systematic basis over the periods in which the related expense are recognised.

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Fair value of financial instruments

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 Company has access at that date. The fair value of a liability reflects its non-performance risk.

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

When one is available, the Company 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.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would consider in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

3 Significant accounting policies (continued)

Fair value of financial instruments (continued)

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order 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.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

3 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

Despite the foregoing, the Company may make the following irrevocable election / designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

i) Amortised cost and effective interest rate method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

i) Amortised cost and effective interest rate method (continued)

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

3 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

ii) Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

The Company designated all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called ‘accounting mismatch’) that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

3 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

iii) Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on trade and other receivables (excluding advances to suppliers and prepayments), contract assets, due from related parties and bank balances. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade and other receivables (excluding advances to suppliers and prepayments), contract assets, due from related parties and bank balances. The expected credit losses on these financial assets are estimated using a loss rate that is specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

3 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

In particular, the following information is considered when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default,
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Company employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

3 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, considering legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

3 Significant accounting policies (continued)

Financial instruments (continued)

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognized in the statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in the statement profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch statement of in profit or loss. The remaining amount of change in the fair value of liability is recognized in statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in statement of other comprehensive income are not subsequently reclassified to statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Company that are designated by the Company as at FVTPL are recognized in profit or loss.

The Company does not have any financial liabilities classified at FVTPL.

3 Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not designated as FVTPL are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Company intends to settle on a net basis.

4 Critical accounting judgments and key sources of estimation uncertainty

While applying the accounting policies as stated in note 3, management of the Company has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgments and estimate made by management are summarised as follows:

4.1 Critical judgments in applying the Company's accounting policies

The following are the critical judgments, apart from those involving estimations (see 4.2 below), that the management have made in the process of applying the Company's accounting policies and have the most significant effect on the amounts recognised in the financial statements.

Judgements in determining the timing of satisfaction of performance obligations

The Company recognises revenue over time as it performs continuous transfer of control of goods or services to the customers. Because customers simultaneously receive and consumes the benefits provided and the control transfer takes place over time, revenue is also recognised based on the extent of transfer/completion of transfer of each performance obligation (POs). In determining the method for measuring progress for these POs, the Company considered the nature of these goods and services as well as the nature of its performance. The Company's promise under the contracts is to prepare the software and provide them to their customers in number of steps along with support services. Provided that the nature of the products is highly customised and services are highly interrelated, the performance obligation is considered as satisfied upon receipt of acceptance of services from the customer.

Classification of additional capital

In the process of classifying the additional capital, management has made various judgments to determine whether the balance, on initial recognition, is classified as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. In making its judgment, management has considered the detail criteria and related guidance for the classification of financial instruments as set out in IAS 32 *Financial Instrument: Presentation*, in particular, whether the instrument includes a contractual obligation to deliver cash or another financial asset to another entity and whether it may be settled in the Company's own equity instrument. Based on the criteria, management has concluded that the additional capital should be classified under equity.

Classification of loans from shareholder and a related party

Loans from shareholder and a related party ("the parties") represents funds provided by the parties and is classified as a liability. In determining whether the balance is a financial liability or an equity instrument, management has considered the detailed criteria set out IAS 32 *Financial Instrument: Presentation*. Further, management also considered the fact that the funds are interest bearing and repayable on demand. Management is satisfied that it is appropriately classified as a liability in the statement of financial position.

Notes to the financial statements
for the year ended 31 December 2021 (continued)

4 Critical accounting judgments and key sources of estimation uncertainty (continued)

4.1 Critical judgments in applying the Company's accounting policies (continued)

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company considers qualitative and quantitative reasonable and supportable forward looking information. The loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP, interest rate and consumer price index in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, is discussed as below:

Calculation of loss allowance

When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, considering cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. As per ECL model, the allowance for trade and other receivable, contract asset and due from related parties is AED nil as at 31 December 2021.

Useful lives of property and equipment and intangible assets

As described in note 3, the Company reviews the estimated useful lives of property and equipment, and intangible assets at the end of each annual reporting period in accordance with IAS 16: *Property, plant and equipment* and IAS 38: *Intangible assets*, respectively. Management determined that current year expectations do not differ from previous estimates.

Impairment of property and equipment and intangible assets

Property and equipment and intangible assets are assess for impairment based on assessment of cash flows on individual cash generating units when there is indication of impairment. Cash flows are determined based on contractual agreements and estimations over the useful life of the assets and discounted using a range of discounting rates representing the rate of return on such cash generating units. The net present values are compared to the carrying amounts to assess any probable impairment. Management is satisfied that no impairment provision is necessary on property and equipment and intangible assets.

Notes to the financial statements
for the year ended 31 December 2021 (continued)

5 Property and equipment

	Office and computer equipment AED	Furniture and fixtures AED	Capital work in progress AED	Total AED
Cost				
At 1 January 2020	-	-	-	-
Transfer of net assets from related parties (note 1)	22,099,173	8,773,080	-	30,872,253
Additions during the year	21,307,052	-	-	21,307,052
At 1 January 2021	43,406,225	8,773,080	-	52,179,305
Additions during the year	2,987,055	24,958	5,465,959	8,477,972
At 31 December 2021	**46,393,280**	**8,798,038**	**5,465,959**	**60,657,277**
Accumulated depreciation				
At 1 January 2020	-	-	-	-
Transfer of net assets from related parties (note 1)	18,807,277	8,773,080	-	27,580,357
Charge for the year	4,135,511	-	-	4,135,511
At 1 January 2021	22,942,788	8,773,080	-	31,715,868
Charge for the year	6,628,985	2,051	-	6,631,036
At 31 December 2021	**29,571,773**	**8,775,131**	**-**	**38,346,904**
Carrying amount				
At 31 December 2021	**16,821,507**	**22,907**	**5,465,959**	**22,310,373**
Carrying amount				
At 31 December 2020	20,463,437	-	-	20,463,437

Additions includes capital accruals amounting to AED nil in 2021 (2020: AED 5,808,493).

Property and equipment include fully depreciated assets with cost of AED 34,582,541 (2020: AED 32,916,977)

Notes to the financial statements
for the year ended 31 December 2021 (continued)

6 Intangible assets

	Total AED
Cost	
At 1 January 2020	-
Transfer of net assets from related parties (note 1)	8,500,509
At 1 January 2021	8,500,509
Additions during the year	931,992
At 31 December 2021	**9,432,501**
Amortisation	
At 1 January 2020	-
Charge for the year	1,699,805
Transfer of net assets from related parties (note 1)	6,756,936
At 1 January 2021	8,456,741
Charge for the year	145,009
At 31 December 2021	**8,601,750**
Carrying amount:	
At 31 December 2021	**830,751**
At 31 December 2020	43,768

Intangible assets comprise of computer software and licenses. No impairment loss on intangible assets was recognised during the year.

*Development cost for a software product amounting to AED 19,570,301 was capitalized during the year and subsequent to recognition, management entered into an agreement to sell the complete product as a part of a new project. The development cost was then recognised in the statement of profit or loss as a direct cost towards this project.

7 Refundable deposits

Refundable deposits are placed with a bank against performance guarantees issued to customers.

Notes to the financial statements
for the year ended 31 December 2021 (continued)

8 Contract assets

	2021	2020
	AED	AED
Contract assets	**244,830,547**	113,126,035

Contract assets represents balances due from customers under software development, installation and support service contracts that arise when the Company receives payments from customers in line with a series of performance related milestones. Also, contract assets primary relates to the Company's right on consideration for goods and services provided but not billed at the reporting date. The Company recognises a contract asset for any work performed.

Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. Payments that are not due from the customer until the services are complete and therefore a contract asset is recognised over the period in which the services are performed to represent the entity's right to consideration for the services transferred to date. All the contract assets are expected to be realized within one year hence classified under current assets.

There is no expected credit loss recognised on the above contract assets (2020: nil).

Contract assets of AED 244,045,438 (2020: AED 110,855,939) pertain to related parties.

9 Contract cost

	2021	2020
	AED	AED
Contract cost	**12,920,934**	-

Contract costs represent costs incurred relating to performance obligation on contracts with customers. The revenue related to these performance obligations will be recognised upon completion and acceptance from customers.

10 Trade and other receivables

	2021	2020
	AED	AED
Trade receivables	**2,885,246**	1,558,794
Advance to suppliers	**4,397,580**	1,628,210
Other receivables	**141,000**	173,649
	7,423,826	3,360,653

10 Trade and other receivables (continued)

The Company measures the loss allowance for trade receivables and refundable deposits at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a loss rate, with reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There is no loss allowance recorded on the trade receivables, refundable deposits and other receivables based on the above assessment made by the management.

The Company has adopted a policy of dealing with only creditworthy counterparties. Adequate credit assessment is made before accepting an order for sale of services or goods from counterparty.

11 Related party transaction and balances

The Company, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with related parties. Related parties comprise of the Company's shareholders, directors, senior management and businesses controlled by them and their families or over which they exercise significant management influence as well as key management personnel. The Company, in the ordinary course of business, enters into transactions, with other business enterprises or individuals that fall within the definition of related parties contained in International Accounting Standard 24 (Revised). The Company has a related party relationship with the Government of Abu Dhabi, directors and executive officers (including business entities over which they can exercise significant influence, or which can exercise significant influence over the Company).

(i) Transaction with related parties included in the financial statements includes the following:

	2021 **AED**	2020 AED
Revenue (note 18)	**366,554,730**	242,136,113
Support services and manpower received (note 20)	**18,655,810**	10,226,965
Waiver of a related party loan*	**67,000,000**	-
Loan from related party**	**36,712,500**	-
Loan from shareholder***	**17,077,125**	-

Management fees are fixed fees charged by a related party for support and manpower services received in accordance with the Intra Group Services Agreement ("the Agreement") between the parties.

Refer to note 12 for details of the Company's cash held with the banks which are related parties.

Refer to notes 8, 16, and 17 for details of balances with related parties.

Notes to the financial statements
for the year ended 31 December 2021 (continued)

11 Related party transaction and balances (continued)

Compensation of key management personnel is as follows:

	2021 AED	2020 AED
Short-term benefits	**5,100,720**	3,000,000
Long-term benefits	**86,437**	-

(ii) Balances with related parties disclosed in the statement of financial position includes the following:

	2021 AED	2020 AED
Due from related parties		
Government entities	**102,610,801**	35,439,417
Due to related parties		
Government entities	**10,212,200**	17,809,506
Entities under common control*	**5,772,661**	74,368,608
	15,984,861	92,178,114

The Company has not recorded any expected credit loss on balances due from related parties (2020: nil).

	2021 AED	2020 AED
Loan from related parties		
Entities under common control **	**36,712,500**	-
Shareholder***	**17,077,125**	-
	53,789,625	-

*During the year, a related party resolved to waive AED 67,000,000 from the balance payable by the Company. The Company accounted for this waiver as a transaction under common control and adjusted the balance to its retained earnings.

**During the year, the Company entered into a loan facility arrangement with G42 Companies Management RSC Ltd (a related party) amounting to USD 50,000,000 (AED 183,625,000), out of which the Company has utilised USD 9,996,596 (AED 36,712,500). The loan bears interest of 4% per annum on the amount of the facility used and is repayable on demand.

***During the year, the Company has entered into a loan facility arrangement with Group 42 Holding Ltd to finance a new developing project amounting to USD 5,600,000 (AED 20,566,000) out of which the Company has utilised USD 4,650,000 (AED 17,077,125). The loan bears interest of 4% per annum on the amount of the facility used and shall be repayable on the commercialization of the project which is expected to be 12 months from the date of drawdown.

In accordance with an agreement, the Company is utilizing the premises of a related party for nil consideration.

12 Cash and bank balances

	2021 AED	2020 AED
Cash in hand	**10,000**	10,000
Bank balances	**56,763,109**	18,738,145
	56,773,109	18,748,145

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and considering the historical default experience and the current credit ratings of the bank, the management of the Company have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

Cash at bank of AED 56,763,109 (2020: AED 18,738,145) pertains to banks which are related parties (note 11).

Bank account under the name of a related party amounting to AED 258,797 (2020: AED 365,050) has been assigned for the beneficial interest of the Company.

13 Share capital

	2021 AED	2020 AED
Issued and fully paid:		
3,000 shares of AED 1,000 each	**3,000,000**	3,000,000

The ownership details as at 31 December 2021 and 2020 are as follows:

Shareholder	**% of ownership**	**2021 AED**
Group 42 Holding Limited	**100%**	**3,000,000**

In 2020, Emirates Defence Industries Company PJSC and Emirates Defence Industries Operations Company transferred the entire shareholding of the Company to Group 42 Holding Ltd (note 1).

Notes to the financial statements
for the year ended 31 December 2021 (continued)

14 Additional capital

On 14 September 2021, Group 42 Holding Ltd as the sole shareholder resolved to increase the share capital by AED 197,000,000 by a transfer from retained earnings and reduced the par value per share from AED 1,000 to AED 1. Subsequent to the year end , the Company allocated one share each to 30 new shareholders. The Company has completed the legal formalities and has recognised this as share capital subsequent to the reporting date.

15 Statutory reserve

In accordance with the Articles of Association of the Company and the UAE Federal Law No. (2) (as amended), the company is required to transfer 10% of its net profit for the year to a non-distributable statutory reserve until the time as it equals 50% of the paid up share capital of the Company. This reserve is not available for distribution.

16 Employees' end-of-service benefits

	2021	2020
	AED	AED
As at 1 January	**517,693**	-
Charge for the year	**3,584,997**	148,705
Transfer of net assets from related parties (note 1)	**-**	526,661
Payments made during the year	**(219,448)**	(157,673)
As at 31 December	**3,883,242**	517,693

17 Trade and other payables

	2021	2020
	AED	AED
Trade payables	**5,145,867**	1,504,800
Accrued expenses	**134,431,825**	37,795,404
Advances from customers	**1,201,119**	3,730,041
VAT payable	**4,550,275**	198,568
Other payables	**-**	323,964
	145,329,086	43,552,777

The average credit period on the purchase of goods is 30 days (2020: 30 days). The Company has financial risk management policies in place to ensure that all payables are paid within credit period. No interest is charged on other payables.

Trade and other payables of AED 1,093,325 (2020: AED 3,611,200) pertain to related parties (note 11).

Notes to the financial statements
for the year ended 31 December 2021 (continued)

18 Revenue

The Company derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major product lines.

	2021 AED	2020 AED
Revenue from contracts with customers		
Products and services transferred at point in time	**96,347,547**	89,075,451
Products and services transferred over time	**270,317,641**	158,675,130
	366,665,188	247,750,581

Management expects that the transaction price allocated to the unsatisfied contracts as of the year ended 2021 will be recognised as revenue during the next reporting period amounting to AED 125 million. The remaining, AED 418 million will be recognised from year 2023 to 2026 financial year and AED 77 million in the 2027 financial year.

19 Direct costs

	2021 AED	2020 AED
Staff costs and allowances	**67,942,115**	57,837,749
Materials	**45,619,149**	29,136,198
Consultancy and professional fee	**7,874,797**	16,021,897
Subcontract Cost	**66,637,537**	26,288,904
Depreciation (note 5)	**1,822,535**	3,354,318
Amortisation (note 6)	**8,707**	20,896
Other expenses	**407,726**	1,098,865
	190,312,566	133,758,827

20 General and administrative expenses

	2021 AED	2020 AED
Staff costs and allowances	**42,556,798**	15,291,839
Support services and manpower received (note 11)	**18,655,810**	10,226,965
Legal and consultancy	**2,986,500**	9,383,628
Depreciation (note 5)	**4,808,501**	781,193
Marketing	**3,008,905**	71,822
IT expenses	**4,131,611**	1,987,024
Office expenses	**1,588,997**	917,913
Insurance	**325,365**	501,573
Amortisation (note 6)	**136,302**	1,678,909
Other expenses	**1,713,272**	2,270,343
	79,912,061	43,111,209

Notes to the financial statements
for the year ended 31 December 2021 (continued)

20 General and administrative expenses

Support services and manpower received are fixed fees charged by a related party for support and manpower services received in accordance with the Intra Group Services Agreement ("the Agreement") between the parties.

21 Profit for the year

The profit for the year is impacted by the below major expenses:

	2021	2020
	AED	AED
Staff cost and allowances (note 19 and 20)	**110,498,913**	73,129,588
Depreciation (note 5)	**6,631,036**	4,135,511
Amortisation (note 6)	**145,009**	1,699,805

22 Contingent liabilities and commitments

The Company had the following contingent liabilities and commitments outstanding at 31 December:

	2021	2020
	AED	AED
Performance guarantees	**218,558,288**	214,064,288
Letters of credit	**5,475,698**	42,233,750
Capital commitments	**6,013,790**	-

23 Financial instruments

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

23 Financial instruments (continued)

Financial risk management objectives

The Company's finance department monitors and manages the financial risks relating to the operations of the Company. These risks include market risk, credit risk and liquidity risk. The Company does not enter into or trade in derivative financial instruments for speculative or risk management purposes.

Market risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company'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. The Company is not exposed to any significant currency risk as majority of its transactions are carried out in UAE Dirham.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at 31 December 2021, the Company's maximum exposure to credit risk without considering any collateral held or other credit enhancements, which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Company arises from:

- the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

In order to minimise credit risk, the Company maintain the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the management uses other publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The tables below detail the credit quality of the Company's financial assets, contract assets and financial guarantee contracts, as well as the Company's maximum exposure to credit risk by credit risk rating grades.

	Notes	External credit ratings	Internal credit ratings	12 month or lifetime ECL	Gross carrying amount AED	Loss allowance AED	Net carrying amount AED
31 December 2021							
Trade receivables	10	N/A	(i)	Lifetime ECL	2,885,246	-	2,885,246
Refundable deposit	7	N/A	(i)	Lifetime ECL	26,471,129	-	26,471,129
Contract assets	8	N/A	(i)	Lifetime ECL	244,830,547	-	244,830,547
Due from related parties	11	N/A	(i)	Lifetime ECL	102,610,801	-	102,610,801
Bank balance	12	AA	N/A	12-month ECL	56,763,109	-	56,763,109

Notes to the financial statements
for the year ended 31 December 2021 (continued)

23 Financial instruments (continued)

Credit risk management (continued)

	Notes	External credit ratings	Internal credit ratings	12 month or lifetime ECL	Gross carrying amount AED	Loss allowance AED	Net carrying amount AED
31 December 2020							
Trade receivables	10	N/A	(i)	Lifetime ECL	1,558,794	-	1,558,794
Refundable deposit	7	N/A	(i)	Lifetime ECL	37,970,094	-	37,970,094
Contract assets	8	N/A	(i)	Lifetime ECL	113,126,035	-	113,126,035
Due from related parties	11	N/A	(i)	Lifetime ECL	35,439,417	-	35,439,417
Bank balance	12	AA	N/A	12-month ECL	18,738,145	-	18,738,145

(i) For trade receivables, contract assets, refundable deposits and due from related parties, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by using a loss rate, estimated based on historical credit loss experience based on the past due status of each debtor, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The ageing of trade receivables and due from related parties are presented as follows:

	Not past due AED	0-180 AED	181-365 AED	>365 AED	Total AED
31 December 2021					
Estimated total gross carrying amount	**2,352,536**	**91,781,303**	**10,151,363**	**1,210,845**	**105,496,047**
31 December 2020					
Estimated total gross carrying amount	115,710	10,044,688	22,762,343	4,075,470	36,998,211

Liquidity risk management

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. To manage this risk, the Management periodically assesses liquidity needs and ensures adequate reserves are maintained. Management also monitors forecast and actual cash flows on a regular basis and attempts to match the maturity profiles of the Company's financial assets and liabilities.

Notes to the financial statements
for the year ended 31 December 2021 (continued)

23 Financial instruments (continued)

Liquidity risk management (continued)

The following table summarises the maturity profile of the Company's financial liabilities, with maturities determined on the basis of the remaining period from the end of the reporting period to the contractual repayment date. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

		-------------------------Contractual cashflows---------------			
	Carrying amount	**Total**	**Within 1 year**	**1 - 5 years**	**More than 5 years**
	AED	**AED**	**AED**	**AED**	**AED**
31 December 2021					
Trade and other payables (excluding advances from customers)	**144,127,967**	(144,127,967)	(144,127,967)	**-**	**-**
Due to related parties	**15,984,861**	(15,984,861)	(15,984,861)	**-**	**-**
Loan from related parties	**53,789,625**	(53,789,625)	(53,789,625)	-	-
	213,902,453	**(213,902,453)**	**(213,902,453)**	**-**	**-**
31 December 2020					
Trade and other payables (excluding advances from customers)	39,822,736	(39,822,736)	(39,822,736)	-	-
Due to related parties	92,178,114	(92,178,114)	(92,178,114)	-	-
	132,000,850	(132,000,850)	(132,000,850)	-	-

Management considers that the fair values of financial assets and financial liabilities in the financial statements approximate their carrying amounts.

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, regardless of whether that price is directly observable or estimated using another valuation technique.

The fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability

Notes to the financial statements
for the year ended 31 December 2021 (continued)

24 Deferred government grants

The deferred government grant arises from transaction with the Government of Emirate Abu Dhabi. There are no unfulfilled conditions or other contingencies attaching to this grant.

25 Impact of Covid-19 on significant estimates and critical judgements

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across mainland China and beyond, causing disruptions to businesses and economic activity. The Company considers this outbreak to have had a minimal disruptive impact on the Company's business. The impact of this outbreak on the macroeconomic forecasts has been incorporated into the Company's IFRS 9 estimates of expected credit loss allowances.

26 Authorisation of the financial statements

The financial statements were approved by management and authorised for issue on 20 July 2022.

BAYANAT AI PLC

Reports and consolidated financial statements for the year ended 31 December 2022

BAYANAT AI PLC

Reports and consolidated financial statements
for the year ended 31 December 2022

Contents	**Pages**

Directors' report
for the year ended 31 December 2022

The Directors have the pleasure in submitting their report, together with the audited consolidated financial statements of Bayanat AI PLC (the "Company") and its subsidiary (the "Group") for the year ended 31 December 2022.

Principal activities

The principal activity of the Company is to act as a holding company for the entity within the Group. The principal activities of the subsidiary are data classification & analysis services, technological projects management, innovation & artificial intelligence research & consultancies, data collection from one or more sources, data storing and recovering, computer devices and equipment domain consultancy, air photography, survey planning, air photography and information management systems engineering consultancy, work measurement and space, information technology network services, marine survey engineering consultancy, maps and drawings copying services, typing and documents photocopying services, computer systems and software designing, geographical maps drawing, book publication, maps and atlas printing, onshore and offshore oil and gas fields and facilities services.

Results

Revenue and profit for the year ended 31 December 2022 amounted to AED 788,344,956 (2021: AED 366,665,188) and AED 202,292,344 (2021: AED 96,286,837), respectively. The movement in retained earnings for the year is as follows:

	AED
At 1 January 2022	**53,938,277**
Total comprehensive income for the year	**202,292,344**
Increase in statutory reserve of a subsidiary	**(19,869,678)**
At 31 December 2022	**236,360,943**

Directors

The Board of Directors of the Group has been formed on 10 November 2022.

The Directors of the Group are as follows:

H.E. Tareq Abdul Raheem Al Hosani	Chairman
Mr. Xiaoping Zhang	Vice-Chairman
H.E. Ahmed Tamim Hisham Al Kuttab	Member
Mrs. Elham Abdulghafoor Alqasim	Member
Mr. Waheed Hassan Alzaaki	Member

Directors' report
for the year ended 31 December 2022 (continued)

Release

The Directors release the management and the external auditor from any liability in connection with their duties for the year ended 31 December 2022.

Auditors

Deloitte & Touche (M.E.) LLP have expressed their willingness to be re-appointed as external auditor of the Group for the year ending 31 December 2023.

On behalf of the Board

....
H.E. Tareq Abdul Raheem Al Hosani
Chairman

Deloitte & Touche (M.E.) LLP
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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF BAYANAT AI PLC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Bayanat AI PLC (the "Company"), and its subsidiary (together "the Group") which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Auditor's 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' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. We have communicated the key audit matter to the Audit Committee, but it is not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Audit Committee. We have described the key audit matter we identified and have included a summary of the audit procedures we performed to address this matter.

The key audit matter was 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 this matter.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF BAYANAT AI PLC (continued)

Key Audit Matter (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><th colspan="2">Revenue recognition</th></tr>
<tr><td>
The Group earned revenue of AED 788,344,956 during the year ended 31 December 2022 (2021: AED 366,665,188).
Revenue from contracts with customers is recognized when control over goods and services is transferred to a customer. The Group's contracts with customers include various performance obligations. Revenue from certain contracts is recognized over time whilst revenue from other contracts is recognized at a point in time. In addition, the Group has recognized revenue of AED 44,263,639 based on letter of intent or letter of award signed with customers for which contracts had not been signed at the reporting date.
The determination of revenue to be recognized requires management to apply significant judgements and make significant estimates. These include, in relation to contracts which were only partially fulfilled at the reporting date, determining the percentage of performance obligations completed at this date, and determining whether letter of intent and letter of award were contracts with customers as defined in IFRSs.
The nature of these judgements results in them being susceptible to management override and increases the risk of revenue being recognised in an incorrect period.
Given the magnitude of the amount and inherent risk of misstatement of revenue, we consider revenue recognition to be a key audit matter. We have considered, in accordance with the requirements of ISAs, that there is a risk of fraud related to revenue being misstated by recognition at incorrect values or without a valid contract with the customer.
Refer to the following notes for more details relevant to revenue:

note 3 for the accounting policy;
note 4 for critical accounting judgements and key sources of estimation uncertainty; and
note 17 for details of the amounts and types of revenue recognized during the year

</td><td>
We performed the following procedures in relation to the revenue recognition:

We obtained an understanding of the revenue business process flow and performed walkthroughs to understand the key processes and identify key controls;
We assessed the key controls over revenue to determine if they had been designed and implemented appropriately and tested these controls to determine if they were operating effectively;
We performed substantive testing of selected samples of revenue transactions recorded during the year by reviewing relevant agreements, invoices, customer acceptance certificates, and determined that transactions were recorded in accordance with the substance of the relevant agreements;
For material contracts identified, we have reviewed the contract terms and verified assumptions made in determining the amount of revenue to be recognised, including consideration of discounts, performance penalties and other cost implications of the contract;
For revenue recognised based on letter of intent or letter of award, we have selected samples and inspected the customer acceptance certificates and other related supporting documentation to determine the amount of revenue recognized.
We reviewed management's assessment of letter of intent and letter of award to determine if these letter of intent and letter of award met the definition of contracts with customers as defined in IFRSs;
We performed analytical procedures by comparing the gross margins for the different types of revenue streams to the prior year. If we identified an unexpected margin, we carried out more focused testing on these revenue streams;
We performed procedures to assess whether the revenue recognition criteria adopted by the Group is appropriate and is in accordance with the Group accounting policies and the requirements of IFRSs; and
We assessed the disclosure in the consolidated financial statements relating to revenue recognition against the requirements of IFRSs.

</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF BAYANAT AI PLC (continued)

Other Information

Management is responsible for the other information. The other information comprises the Directors' Report which we obtained prior to the date of the audit report. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do 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 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 obtained prior to the date of this auditor's 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 Management and Those Charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and their presentation in accordance with the applicable provisions of the articles of association of the Company and Abu Dhabi Global Market ("ADGM") Companies Regulations 2020, Companies Regulations (International Accounting Standards) Rules 2015, and for such internal control as management 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, management 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's 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 auditor's 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 taken together, they could reasonably be expected to influence the economic decisions of users taken based on these consolidated financial statements.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF BAYANAT AI PLC (continued)

Auditor's Responsibilities for the Audit of the consolidated financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 auditor's 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 auditor's 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 those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, 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.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF BAYANAT AI PLC (continued)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Further, as required by the provisions of the Abu Dhabi Global Market ("ADGM") Companies Regulations 2020 and Companies Regulations (International Accounting Standards) Rules 2015, we report that:

- the consolidated financial statements of the Group have been prepared in accordance with the requirements of the said Rules and Regulations;
- adequate accounting records have been kept by the Group; and
- the Group's consolidated financial statements are in agreement with the accounting records

Deloitte & Touche (M.E.) LLP

Monah Adnan Abou Zaki
Partner
17 March 2023
Abu Dhabi
United Arab Emirates

Consolidated statement of financial position as at 31 December 2022

	Notes	2022 AED	2021 AED
ASSETS			
Non-current assets			
Property and equipment	5	21,181,045	22,310,373
Intangible assets	6	1,357,344	830,751
Total non-current assets		22,538,389	23,141,124
Current assets			
Inventories		-	253,621
Contract assets	8	272,269,545	244,830,547
Trade and other receivables	10	3,599,492	7,423,826
Due from related parties	11	348,270,556	102,610,801
Contract costs	9	539,650	12,920,934
Refundable deposits	7	24,828,420	26,471,129
Cash and bank balances	12	819,518,920	56,773,109
Total current assets		1,469,026,583	451,283,967
Total assets		1,491,564,972	474,425,091
EQUITY			
Share capital	13	257,142,857	3,000,000
Share premium	13	566,808,172	-
Additional capital	14	-	197,000,000
Other reserves		21,369,678	1,500,000
Retained earnings		236,360,943	53,938,277
Total equity		1,081,681,650	255,438,277
LIABILITIES			
Non-current liability			
Employees' end of service benefits	15	5,693,215	3,883,242
Total non-current liability		5,693,215	3,883,242
Current liabilities			
Trade and other payables	16	310,836,500	145,329,086
Due to related parties	11	34,270,193	15,984,861
Loan from related parties	11	59,083,414	53,789,625
Total current liabilities		404,190,107	215,103,572
Total liabilities		409,883,322	218,986,814
Total equity and liabilities		1,491,564,972	474,425,091

H.E. Tareq Abdul Raheem Al Hosani
Board of Directors - Chairman

Hasan Ahmed Al Hosani
Chief Executive Officer

Renyl Rauf
Chief Financial Officer

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

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022

	Notes	2022 AED	2021 AED
Revenue	**17**	**788,344,956**	366,665,188
Direct costs	**18**	**(468,891,587)**	(190,312,566)
Gross profit		**319,453,369**	176,352,622
General and administrative expenses	**19**	**(81,030,621)**	(79,912,061)
Impairment losses on financial assets and contract assets	**8, 10, 11**	**(38,024,727)**	-
Finance expenses	**20**	**(3,164,067)**	(1,636,546)
Finance income	**20**	**4,401,042**	-
Other income		**657,348**	1,482,822
Profit for the year	**21**	**202,292,344**	96,286,837
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**202,292,344**	96,286,837
Earnings per share	**25**	**0.10**	0.05

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

Consolidated statement of changes in equity for the year ended 31 December 2022

	Share capital AED	Shareholders' current account AED	Share premium AED	Additional capital AED	Other reserves AED	Retained earnings AED	Total equity AED
At 1 January 2021	3,000,000	-	-	-	1,500,000	87,651,440	92,151,440
Total comprehensive income for the year	-	-	-	-	-	96,286,837	96,286,837
Waiver of related party payable by an entity under common control (note 11)	-	-	-	-	-	67,000,000	67,000,000
Increase in share capital (note 14)	-	-	-	197,000,000	-	(197,000,000)	-
At 1 January 2022	3,000,000	-	-	197,000,000	1,500,000	53,938,277	255,438,277
Total comprehensive income for the year	-	-	-	-	-	202,292,344	202,292,344
Increase in share capital (note 14)	197,000,000	-	-	(197,000,000)	-	-	-
Increase in statutory reserve of a subsidiary	-	-	-	-	19,869,678	(19,869,678)	-
Transfer to shareholders' current account (notes 1 and 3)	(200,000,000)	200,000,000	-	-	-	-	-
Issue of shares at inception (note 13)	183,625	(183,625)	-	-	-	-	-
Issue of new shares (note 13)	256,959,232	(199,816,375)	566,808,172	-	-	-	623,951,029
At 31 December 2022	**257,142,857**	**-**	**566,808,172**	**-**	**21,369,678**	**236,360,943**	**1,081,681,650**

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

Consolidated statement of cash flows
for the year ended 31 December 2022

	Notes	2022 AED	2021 AED
Cash flows from operating activities			
Profit for the year		**202,292,344**	96,286,837
Adjustments for:			
Depreciation of property and equipment	5	**10,585,934**	6,631,036
Amortisation of intangible assets	6	**508,234**	145,009
Finance expenses	20	**3,164,067**	1,636,546
Finance income	20	**(4,401,042)**	-
Impairment losses on financial assets and contract assets	8, 10, 11	**38,024,727**	-
Provision for employees' end-of-service benefits	15	**2,488,327**	3,584,997
Operating cash flows before movements in working capital		**252,662,591**	108,284,425
Decrease / (increase) in trade and other receivables		**5,437,944**	(4,063,173)
Increase in contract assets		**(46,388,814)**	(131,704,512)
Decrease / (increase) in contract cost		**12,381,284**	(12,920,934)
Decrease in refundable deposits		**1,642,709**	11,498,965
Decrease in inventories		**253,621**	538,264
Increase in due from related parties		**(300,515,217)**	(67,171,384)
Increase in trade and other payables		**165,507,414**	100,232,899
Increase / (decrease) in due to related parties		**18,285,332**	(9,193,253)
Cash generated from / (used in) operating activities		**109,266,864**	(4,498,703)
Employees' end-of-service benefits paid	15	**(678,354)**	(219,448)
Finance cost paid		**(391,394)**	(1,636,546)
Net cash generated from / (used in) operating activities		**108,197,116**	(6,354,697)
Investing activities			
Acquisition of property and equipment	5	**(9,456,606)**	(8,477,972)
Acquisition of intangible assets	6	**(1,034,827)**	(931,992)
Finance income received		**875,224**	-
Net cash used in investing activities		**(9,616,209)**	(9,409,964)
Cash flows from financing activity			
Proceeds from loan from related parties	11	**40,213,875**	53,789,625
Proceeds on issue of shares, net of costs incurred		**623,951,029**	-
Term deposits placed with original maturities more than three months	12	**(500,000,000)**	-
Net cash flows generated from financing activities		**164,164,904**	53,789,625
Net increase in cash and cash equivalents		**262,745,811**	38,024,964
Cash and cash equivalents at the beginning of the year		**56,773,109**	18,748,145
Cash and cash equivalents at the end of the year	12	**319,518,920**	56,773,109
Non-cash transactions:			
Issuance of additional capital from retained earnings	14	**-**	197,000,000
Loan from related party set-off with due from related parties	11	**37,692,759**	-
Waiver of due to related party balance to retained earnings	11	**-**	67,000,000

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

1 General information

Bayanat AI PLC (the “Company”) is registered in Abu Dhabi Global Market (ADGM) under license number 000008474 as a Public Company Limited by Shares. The Company was incorporated on 28 September 2022 (the “inception date”). The registered address of the Company is Al Sarab Tower, ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates. The Company and its subsidiary are collectively referred to as the Group (the “Group”).

The Company has one wholly owned subsidiary; Bayanat GIQ PJSC (formerly Bayanat for Mapping & Surveying Services – Bayanat PSJC (formerly Bayanat For Mapping and Surveying Services – Bayanat LLC)), in the UAE (the “Subsidiary”).

On 23 September 2022, the shareholders resolved to change the legal name of the Subsidiary from Bayanat For Mapping and Surveying Services – Bayanat PJSC to Bayanat GIQ PJSC. The legal formalities were completed on 17 October 2022.

On 29 September 2022, the Company entered into a Sale Agreement (the “Agreement”) with Group 42 Holding Ltd (the “Ultimate Shareholder”) for the transfer of shares of Bayanat GIQ PJSC (the “Subsidiary”) that is beneficially owned and controlled by the Ultimate Shareholder. As per the agreement, the Ultimate Shareholder has transferred the entire economic interest in the subsidiary to the Company.

On 12 October 2022, the Company has completed the legal formalities in accordance with the Sales Agreement (the “Agreement”) entered into with the Ultimate Shareholder for issuing 1,998,161,764 shares of AED 0.1 each to the Shareholder in lieu of 199,999,971 shares of AED 1 each of Bayanat GIQ PJSC (the “Subsidiary”).

The principal activity of the Company is to act as a holding company for the entity within the Group. The principal activities of the subsidiary are data classification & analysis services, technological projects management, innovation & artificial intelligence research & consultancies, data collection from one or more sources, data storing and recovering, computer devices and equipment domain consultancy, air photography, survey planning, air photography and information management systems engineering consultancy, work measurement and space, information technology network services, marine survey engineering consultancy, maps and drawings copying services, typing and documents photocopying services, computer systems and software designing, geographical maps drawing, book publication, maps and atlas printing, onshore and offshore oil and gas fields and facilities services.

For the year prior to the formation of the Company, the consolidated financial statements represent the financial statements of the Subsidiary using the carrying value of the assets and the liabilities (note 3).

The Company’s ordinary shares are listed on the Abu Dhabi Stock Exchange (ADX) as from 31 October 2022.

There were no social contributions made during the financial year ended 31 December 2022.

2 Application of new and revised International Financial Reporting Standards (IFRS)

2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to IFRS 3 Reference to the Conceptual Framework	The Group has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.
Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use	The Group has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.
Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract	The Group has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements (continued)

Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle	The Group has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to four standards. *IFRS 1 First-time Adoption of International Financial Reporting Standards* The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a). *IFRS 9 Financial Instruments* The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. *IFRS 16 Leases* The amendment removes the illustration of the reimbursement of leasehold improvements.

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS in issue but not yet effective

The Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 17 *Insurance Contracts*	1 January 2023

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach.

The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

In December 2021, the IASB issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17) to address implementation challenges that were identified after IFRS 17 was published. The amendment addresses challenges in the presentation of comparative information.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 10 consolidated financial statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date not yet decided

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.

Amendments to IAS 1 Presentation of Consolidated financial statements: Classification of Liabilities as Current or Non-current	1 January 2023

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively.

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies	1 January 2023
The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's consolidated financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose consolidated financial statements make on the basis of those consolidated financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.	
The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.	
Amendments to IAS 8 – Definition of Accounting Estimates	1 January 2023
The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in consolidated financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications: • A change in accounting estimate that results from new information or new developments is not the correction of an error • The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors	
The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments	

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	**Effective for annual periods beginning on or after**
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the` opening balance of retained earnings (or other component of equity, as appropriate) at that date

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	**Effective for annual periods beginning on or after**
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	1 January 2023
The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 *Insurance Contracts* from applying IFRS 9 *Financial Instruments*, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.	
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024
The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.	
Non-current Liabilities with Covenants (Amendments to IAS 1)	1 January 2024
The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of consolidated financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.	

The above stated new standards and amendments are not expected to have any significant impact on consolidated financial statements of the Group.

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the consolidated financial statements of the Group.

3 Summary of significant accounting policies and estimates

Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB) and the applicable requirements of Abu Dhabi Global Market ("ADGM") Companies Regulations 2020 (as amended), and Companies Regulations (International Accounting Standards) Rules 2015.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

The consolidated financial statements of the Group is presented in United Arab Emirates Dirhams ("AED"), which is the functional currency of the Group.

On 29 September 2022, the Company entered into a Sale Agreement (the "Agreement") with Group 42 Holding Ltd (the "Ultimate Shareholder") for the transfer of shares of Bayanat GIQ PJSC (formerly Bayanat for Mapping & Surveying Services – Bayanat PSJC (formerly Bayanat For Mapping and Surveying Services – Bayanat LLC)) (the "subsidiary") that is beneficially owned and controlled by the Ultimate Shareholder. As per the agreement, the Ultimate Shareholder has transferred the entire economic interest in the subsidiary to the Company.

On 12 October 2022, the Company has completed the legal formalities in accordance with the Sales Agreement (the "Agreement") entered into with Ultimate Shareholder for issuing 1,998,161,764 shares of AED 0.1 each to the Shareholder in lieu of 199,999,971 shares of AED 1 each of Bayanat GIQ PJSC (the "Subsidiary").

The aforementioned transfer of shares to the Company is a common control transaction as the subsidiary will continue to be controlled by the Ultimate Shareholder before and after the reorganization. Therefore, this reorganization is considered to be outside the scope of IFRS 3: *Business Combinations*. The Company has applied the pooling of interest method of accounting for the reorganization.

The basic principle of accounting for business combinations under common control using the pooling of interest method is that the reorganization is without economic substance from the perspective of the controlling party and the combining parties are presented as if they had always been combined. To this effect, the Company accounts for the transaction from the beginning of the period in which the combination occurs, irrespective of its actual date and presents the comparatives to include all combining entities. Since the Company was incorporated on 28 September 2022, the comparatives in the consolidated financial statements for the year ended 31 December 2022 represent the financial information of the subsidiary only.

The concept of pooling of interest is generally based on the premise of a continuation of the combining entities. Consequently, the pre-combination equity composition and history associated with the assets and liabilities would be carried forward upon the combination. In the consolidated financial statements of the Group for the year ended 31 December 2022:

- the share capital of the subsidiary being combined is reflected as 'shareholders' current account';
- the retained earnings of the subsidiary being combined is reflected under 'retained earnings'; and
- the statutory reserves of the subsidiary being combined is reflected under 'other reserves'.

3 Summary of significant accounting policies and estimates (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial position and performance of the Company and its subsidiary. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.

3 Summary of significant accounting policies and estimates (continued)

Basis of consolidation (continued)

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Group Structure

The consolidated financial statements incorporate the financial position and performance of the Company and its subsidiary as disclosed below:

	Ownership interest			
Name of subsidiary	**2022**	2021	**Country of incorporation**	**Principal activities**
Bayanat GIQ PJSC *(formerly Bayanat for Mapping & Surveying Services – Bayanat PSJC (formerly Bayanat For Mapping and Surveying Services – Bayanat LLC))*	100%	100%	UAE	Refer note 1

Subsequent to the year end, Bayanat AI PLC has incorporated two fully owned subsidiaries Mira Aerospace Ltd and Bayanat Investments Ltd registered in Abu Dhabi Global Market (ADGM) under license numbers 000009112 and 000009117 respectively as Private Companies Limited by Shares (refer note 27).

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's executive management.

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 regularly by the Group's executive management to make decisions about resources to be allocated to the segment and assess its performance, and for which financial information is available (note 24).

3 Summary of significant accounting policies and estimates (continued)

Revenue recognition

Revenue is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods and services to customer, excluding amounts collected on behalf of third parties. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

The Group recognises revenue from development of computer software and artificial intelligence services for specialised business applications.

Revenue recognised over time

Development of software and artificial intelligence services

The Group provides a service of developing, installation and maintenance of various software and artificial intelligence products for specialised business operations which are long term in nature. Such services are recognised as a performance obligation satisfied over time. Revenue is recognised for these services based on the stage of completion of the performance milestones of the contract.

The management has assessed that the stage of completion of performance milestones as at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under *IFRS 15 - Revenue from Contracts with Customers*.

Payment for installation of software services is not due from the customer until the installation services are complete and therefore a contract asset is recognised over the period in which the installation services are performed representing the entity's right to consideration for the services performed to date.

Revenue recognised point in time

In certain short-term contracts, as the transfer of control of a product or service to a customer is immediate, revenue is recognized as point in time.

Contract assets and liabilities
The Group has determined that contract assets and liabilities are to be recognised at the performance obligation level and not at the contract level and both contract assets and liabilities are to be presented separately in the consolidated financial statements. The Group classifies its contract assets and liabilities as current and non-current based on the timing and pattern of flow of economic benefits.

3 Summary of significant accounting policies and estimates (continued)

Property and equipment

Recognition and measurement
Items of property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property and equipment is the purchase cost, together with any incidental expenses of acquisition. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Subsequent costs
The cost of replacing component of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in the consolidated statement of profit or loss and other comprehensive income.

Depreciation
Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and capital work in progress) less their residual values over their useful lives, using the straight-line method, on the following basis:

	Years
Leasehold improvements	5
Office and computer equipment	3
Furniture and fixtures	3

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Capital work-in-progress
Expenditure incurred on property and equipment which are not complete and ready for use at the reporting date are treated as capital work-in-progress. Depreciation is not provided on such assets until they are ready for their intended use and transferred to the appropriate asset category.

3 Summary of significant accounting policies and estimates (continued)

Intangible assets

Intangible assets acquired separately
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives on the following basis:

	Years
Computer software and licenses	3

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of property and equipment and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

3 Summary of significant accounting policies and estimates (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Employees' end-of-service benefits

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the year.

A provision is also made for the full amount of end of service benefit due to non-UAE national employees in accordance with the ADGM Employment Regulations 2019, for their period of service up to the end of the year. The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefit is disclosed as a non-current liability.

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law No. (2) of 2000 for Pension and Social Security. Such contributions are charged to profit or loss during the employees' period of service.

Foreign currencies

For the purpose of these consolidated financial statements United Arab Emirates Dirhams ("AED") is the functional and the presentation currency of the Group.

In preparing the consolidated financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except as otherwise stated in the Standards.

3 Summary of significant accounting policies and estimates (continued)

Foreign currencies (continued)

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

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.

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

When one is 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.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would consider in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Cash and cash equivalents

In the consolidated statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and term deposit) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above and form an integral part of the Group's cash.

3 Summary of significant accounting policies and estimates (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order 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.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election / designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3 Summary of significant accounting policies and estimates (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

i) Amortised cost and effective interest rate method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "finance income" line item (note 20).

3 Summary of significant accounting policies and estimates (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

ii) Debt instruments classified as at FVTOCI

Debt instruments held by the Group are classified as at FVTOCI. These instruments are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these instruments as a result of foreign exchange gains and losses, impairment gains or losses and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these instruments had been measured at amortised cost. All other changes in the carrying amount of these instruments are recognised in other comprehensive income. When these instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

iii) Equity instruments carried as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

The Group designated all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

3 Summary of significant accounting policies and estimates (continued)

Financial instruments (continued)

Financial assets (continued)

iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on trade and other receivables (excluding advances to suppliers and prepayments), refundable deposits, contract assets, due from related parties and bank balances. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade and other receivables (excluding advances to suppliers and prepayments), refundable deposits, contract assets, due from related parties and bank balances. The expected credit losses on these financial assets are estimated using a loss rate that is specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3 Summary of significant accounting policies and estimates (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is considered when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default,
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

3 Summary of significant accounting policies and estimates (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Group.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, considering legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3 Summary of significant accounting policies and estimates (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognized in the consolidated statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in the statement profit or loss incorporates any interest paid on the financial liability.

3 Summary of significant accounting policies and estimates (continued)

Financial instruments (continued)

Financial liabilities (continued)

Financial liabilities at FVTPL (continued)

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch statement of in profit or loss. The remaining amount of change in the fair value of liability is recognized in statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in statement of other comprehensive income are not subsequently reclassified to statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognized in profit or loss.

The Group does not have any financial liabilities classified at FVTPL.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not designated as FVTPL are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Group intends to settle on a net basis.

4 Critical accounting judgments and key sources of estimation uncertainty

While applying the accounting policies as stated in note 3, management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgments and estimate made by management are summarised as follows:

4.1 Critical judgments in applying the Group's accounting policies

The following are the critical judgments, apart from those involving estimations (see 4.2 below), that the management have made in the process of applying the Group's accounting policies and have the most significant effect on the amounts recognised in the consolidated financial statements.

Judgements in determining the timing of satisfaction of performance obligations

The Group recognises revenue over time as it performs continuous transfer of control of goods or services to the customers. Because customers simultaneously receive and consumes the benefits provided and the control transfer takes place over time, revenue is also recognised based on the extent of transfer/completion of transfer of each performance obligation (POs). In determining the method for measuring progress for these POs, the Group considered the nature of these goods and services as well as the nature of its performance. The Group's promise under the contracts is to prepare the software and provide them to their customers in number of steps along with support services. Provided that the nature of the products is highly customised and services are highly interrelated, the performance obligation is considered as satisfied upon receipt of acceptance of services from the customer.

Management considers recognizing revenue over time, if one of the following criteria is met, otherwise revenue will be recognized at a point in time:

a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group perform;
b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
c) the Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Capitalisation of costs

Management determines whether the Group will recognise an asset from the costs incurred to fulfil a contract and costs incurred to obtain a contract if the costs meet all the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and
- the costs are expected to be recovered.

4 Critical accounting judgments and key sources of estimation uncertainty (continued)

4.1 Critical judgments in applying the Group's accounting policies (continued)

Determining whether unsigned agreements meet the definition of contract under IFRS 15

Certain projects for the Government of Abu Dhabi, its departments or related parties are executed based on letter of intent or letter of award (including estimates of total project cost and timelines) in line with the Group's historical business practice. Management considers such letter of intent and letter of award to meet the definition of a 'contract with customer' under IFRS 15 since the Group and the customer agree upon the essential elements of a contract and any other lawful conditions under letter of intent or letter of award signed by customer. Matters of detail are left to be agreed upon a later date, and the contract is deemed to be made and binding even in the absence of agreement on these matters of detail.

Classification of loans from shareholder and a related party

Loans from shareholder and a related party ("the parties") represents funds provided by the parties and is classified as a liability. In determining whether the balance is a financial liability or an equity instrument, management has considered the detailed criteria set out IAS 32 *Financial Instrument: Presentation*. Further, management also considered the fact that the funds are interest bearing and repayable on demand. Management is satisfied that it is appropriately classified as a liability in the consolidated statement of financial position.

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group considers qualitative and quantitative reasonable and supportable forward looking information. The loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP, interest rate and consumer price index in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, is discussed as below:

Contract assets

Contract assets represent amounts relating to work performed which is yet to be billed to customers. The contract assets expected to be realised after a period of one year from the reporting date are classified and presented as non-current. Significant judgments are involved in management's assessment of the amounts of revenue and contract assets recognised and the recoverability of these amounts. These judgments are reviewed as events occur and accordingly any changes thereon may have an impact on the amount of revenue and contract assets recognised in these consolidated financial statements.

The Group receives lump sum payments from certain clients in settlement of outstanding invoices and as advances for several projects. The allocation of proceeds against invoices and contract assets is determined based on management's judgment.

4 Critical accounting judgments and key sources of estimation uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, considering cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. As per ECL model, the allowance for contract assets, trade receivables and due from related parties is AED 18,949,816, AED 1,912,208 and AED 17,162,703, respectively, as at 31 December 2022 (2021: AED nil).

Useful lives of property and equipment and intangible assets

As described in note 3, the Group reviews the estimated useful lives of property and equipment, and intangible assets at the end of each annual reporting period in accordance with IAS 16: *Property, plant and equipment* and IAS 38: *Intangible assets*, respectively. Management determined that current year expectations do not differ from previous estimates.

Impairment of property and equipment and intangible assets

Property and equipment and intangible assets are assessed for impairment based on assessment of cash flows on individual cash generating units when there is indication of impairment. Cash flows are determined based on contractual agreements and estimations over the useful life of the assets and discounted using a range of discounting rates representing the rate of return on such cash generating units. The net present values are compared to the carrying amounts to assess any probable impairment. Management is satisfied that no impairment provision is necessary on property and equipment and intangible assets.

5 Property and equipment

	Leasehold improvements AED	Office and computer equipment AED	Furniture and fixtures AED	Capital work in progress AED	Total AED
Cost					
At 1 January 2021	-	43,406,225	8,773,080	-	52,179,305
Additions during the year	-	2,987,055	24,958	5,465,959	8,477,972
At 1 January 2022	-	46,393,280	8,798,038	5,465,959	60,657,277
Additions during the year	1,867,974	7,588,632	-	-	9,456,606
Transfers from capital work in progress	5,465,959	-	-	(5,465,959)	-
At 31 December 2022	**7,333,933**	**53,981,912**	**8,798,038**	**-**	**70,113,883**
Accumulated depreciation					
At 1 January 2021	-	22,942,788	8,773,080	-	31,715,868
Charge for the year	-	6,628,985	2,051	-	6,631,036
At 1 January 2022	-	29,571,773	8,775,131	-	38,346,904
Charge for the year	1,466,963	9,108,232	10,739	-	10,585,934
At 31 December 2022	**1,466,963**	**38,680,005**	**8,785,870**	**-**	**48,932,838**
Carrying amount					
At 31 December 2022	**5,866,970**	**15,301,907**	**12,168**	**-**	**21,181,045**
Carrying amount					
At 31 December 2021	-	16,821,507	22,907	5,465,959	22,310,373

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

5 Property and equipment (continued)

The capital working in progress ("CWIP") pertains to the leasehold improvements for the office of the Group. As at 1 January 2022, it was fully capitalized into leasehold improvements.

Depreciation for the year has been allocated as follows:

	2022 AED	2021 AED
Direct costs (note 18)	**3,910,426**	1,822,535
General and administrative expenses (note 19)	**6,675,508**	4,808,501
	10,585,934	6,631,036

The fully depreciated assets amounted to AED 30,869,051 as at 31 December 2022 (2021: AED 30,074,153).

6 Intangible assets

	Total AED
Cost	
At 1 January 2021	8,500,509
Additions during the year	931,992
At 1 January 2022	9,432,501
Additions during the year	1,034,827
At 31 December 2022	**10,467,328**
Amortisation	
At 1 January 2021	8,456,741
Charge for the year	145,009
At 1 January 2022	8,601,750
Charge for the year	508,234
At 31 December 2022	**9,109,984**
Carrying amount:	
At 31 December 2022	**1,357,344**
At 31 December 2021	830,751

Intangible assets comprise of computer software, licenses. No impairment loss on intangible assets was recognised during the year.

6 Intangible assets (continued)

Amortisation for the year has been allocated as follows:

	2022	2021
	AED	AED
Direct costs (note 18)	**264,783**	8,707
General and administrative expenses (note 19)	**243,451**	136,302
	508,234	145,009

7 Refundable deposits

Refundable deposits are placed with a bank against performance guarantees issued to customers.

8 Contract assets

Contract assets balances relate to the Group's right on consideration for goods and services provided but not billed at the reporting date. Contract assets are recognised for any work performed in line with a series of performance related milestones under software development, installation and support service contracts in excess of amounts billed to the customer.

Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. Payments that are not due from the customer until the services are complete and therefore a contract asset is recognised over the period in which the services are performed to represent the entity's right to consideration for the services transferred to date. All the contract assets are expected to be realized within one year hence classified under current assets.

Carrying amount of contract assets is as follows:

	2022	2021
	AED	AED
Contract assets from signed contracts	**202,760,637**	153,359,427
Contract assets from unsigned contracts	**88,458,724**	91,471,120
Less: expected credit loss allowance	**(18,949,816)**	-
	272,269,545	244,830,547

Contract assets of AED 272,269,545 (2021: AED 244,045,438) pertain to related parties (note 11).

Contract assets include AED 88,458,724 balances which represent revenue recognised based on letter of intent or letter of award signed with customers for which contracts had not been signed as at 31 December 2022 (2021: AED 91,471,120).

8 Contract assets (continued)

Loss allowance on contract assets is as follows:

	Government entities AED	Non-government entities AED	Specific provision AED	Total AED
At 1 January 2021 and at 1 January 2022	-	-	-	-
Loss allowance for contract assets with due less than 1 year	361,082	315,034	-	676,116
Loss allowance for contract assets with due more than 1 year	6,185,943	-	12,087,757	18,273,700
At 31 December 2022	**6,547,025**	**315,034**	**12,087,757**	**18,949,816**

The following table details the risk profile of amounts due from customers based on the Group's provision matrix. The Group is applying different loss patterns for government and non-government customer segments. The loss rate is further distinguished based on the ageing of contract assets.

	Government entities %	Non-government entities %
Rates applied with due less than 1 year	0.61	0.76
Rates applied with due more than 1 year	2	-

9 Contract costs

	2022 AED	2021 AED
Contract costs	**539,650**	12,920,934

Contract costs represent costs incurred relating to performance obligation on contracts with customers. The revenue related to these performance obligations will be recognised upon completion and acceptance from customers.

10 Trade and other receivables

	2022 AED	2021 AED
Trade receivables	**1,912,208**	2,885,246
Less: expected credit loss allowance	**(1,912,208)**	-
	-	2,885,246
Advance to suppliers	**42,466**	4,397,580
Interest receivable	**3,525,818**	-
Other receivables	**31,208**	141,000
	3,599,492	7,423,826

The average credit period on sales of goods is 30 days (2021: 30 days). No interest is charged on outstanding trade receivables.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The ECL on trade receivables are estimated using a loss rate, with reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group has adopted a policy of dealing with only creditworthy counterparties. Adequate credit assessment is made before accepting an order for sale of services or goods from counterparty.

The ECL of AED 1,912,208 is recorded for a customer which the Group has assessed to be fully impaired (2021: AED nil).

	Less than 1 year AED	More than 1 year AED	Total AED
At 1 January 2022 and at 1 January 2022	-	-	-
Net re-measurement of ECL	-	**1,912,208**	**1,912,208**
At 31 December 2022	-	**1,912,208**	**1,912,208**

11 Related party transaction and balances

The Group, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with related parties. Related parties comprise of the Group's shareholders, directors, senior management and businesses controlled by them and their families or over which they exercise significant management influence as well as key management personnel. The Group, in the ordinary course of business, enters into transactions, with other business enterprises or individuals that fall within the definition of related parties contained in International Accounting Standard 24: *Related Party Disclosures*. The Group has a related party relationship with the Government of Abu Dhabi through partial ownership of Ultimate Shareholder by an entity owned by Government of Abu Dhabi, directors and executive officers (including business entities over which they can exercise significant influence, or which can exercise significant influence over the Group).

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

11 Related party transaction and balances (continued)

(i) Transaction with related parties included in the consolidated financial statements includes the following:

	2022 AED	2021 AED
Revenue (note 17)	**788,344,956**	366,554,730
Support services and manpower received (note 19)	**9,599,915**	18,655,810
Purchase of services and materials	**24,371,646**	-
Interest expense	**2,772,673**	-
Offset of a related party loan (including interest accrued) (a)	**37,692,759**	-
Waiver of due to related party balance to retained earnings (c)	**-**	67,000,000
Loan from related party (a)	**36,725,000**	36,712,500
Loan from shareholder (b)	**3,488,875**	17,077,125

Support services and manpower fee are paid by the Group for support and manpower services provided by an entity under common control (a "related party") in accordance with an Intra Group Services Agreement (the "Agreement") between the parties.

Refer to note 12 for details of the Group's cash held with the banks which are related parties. Refer to notes 8, 10, and 16 for details of balances with related parties.

Compensation of key management personnel is as follows:

	2022	2021
Number of key management personnel	**5**	4
Short-term benefits (AED)	**9,012,202**	5,100,720
Long-term benefits (AED)	**620,785**	86,437

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

11 Related party transaction and balances (continued)

(ii) Balances with related parties disclosed in the consolidated statement of financial position includes the following:

	2022 AED	2021 AED
Due from related parties		
Government entities	**147,076,094**	102,610,801
Entities under common control	**218,357,165**	-
	365,433,259	102,610,801
Less: expected credit loss allowance	**(17,162,703)**	-
	348,270,556	102,610,801
Due to related parties		
Government entities	**10,212,200**	10,212,200
Entities under common control (c)	**24,057,993**	5,772,661
	34,270,193	15,984,861

The following table shows the movement in lifetime ECL that has been recognised for due from related parties in accordance with the simplified approach set out in IFRS 9.

	Collectively assessed AED	Individually assessed AED	Total AED
At 1 January 2021 and at 1 January 2022	-	-	-
Net re-measurement of ECL	3,287,986	13,874,717	17,162,703
At 31 December 2022	**3,287,986**	**13,874,717**	**17,162,703**

The following table details the risk profile of amounts due from customers based on the Group's provision matrix. The Group is applying different loss patterns for government and non-government customer segments. The loss rate is further distinguished based on the ageing of due from related parties.

	Government entities %	Non-government entities %
Rates applied with due less than 1 year	0.61	-
Rates applied with due more than 1 year	5	-

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

11 Related party transaction and balances (continued)

	2022 AED	2021 AED
Loan from related parties		
Entities under common control (a)	**36,725,000**	36,712,500
A shareholder (b)	**20,566,000**	17,077,125
Interest payable	**1,792,414**	-
	59,083,414	53,789,625

a) During 2021, the Group entered into a loan facility arrangement with an entity under common control (a "borrower") amounting to USD 50,000,000 (AED 183,625,000). During the year ended 31 December 2022, the Group has utilised an amount of USD 10,000,000 (AED 36,725,000) (2021: USD 9,996,596 (AED 36,712,500)). The loan bears interest of 4% per annum on the amount of the facility used and is repayable on demand.

On 19 August 2022, the Group entered into a settlement agreement with the borrower (an entity under common control) to offset the loan facility outstanding balance utilised during 2021 amounting to USD 9,996,596 (AED 36,712,500) and the related interest accrued for the year amounting to USD 266,919 (AED 980,259) against a receivable balance due from another entity under common control (a related party) for services rendered during the year ended 31 December 2022.

b) During 2021, the Group has entered into a loan facility arrangement with an Ultimate Shareholder to finance a new developing project amounting to USD 5,600,000 (AED 20,566,000). During the year ended 31 December 2022, the Group has utilised an additional amount of USD 950,000 (AED 3,488,875) (2021: AED 17,077,125). The loan bears interest of 4% per annum on the amount of the facility used and shall be repayable on the commercialization of the project which is expected to be 12 months from the date of drawdown.

c) During 2021, a related party resolved to waive AED 67,000,000 from the balance payable by the Group. The Group accounted for this waiver as a transaction under common control and adjusted the balance to its retained earnings.

12 Cash and bank balances

	2022 AED	2021 AED
Cash on hand	**10,000**	10,000
Bank balances	**38,853,772**	56,763,109
Bank deposits with original maturities less than three months	**280,655,148**	-
Cash and cash equivalents	**319,518,920**	56,773,109
Add: term deposits with original maturities more than three months	**500,000,000**	-
Cash and bank balances	**819,518,920**	56,773,109

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Group have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

Bank deposits have maturities of 1 week to 6 months (2021: nil) from the date of placement and carry fixed interest rates ranging on average from 3% to 5% (2021: nil). Deposits are placed on recurring basis and can be withdrawn anytime with 1 day notice and a penalty of 1% earned interest. Finance income earned amounted to AED 4,401,042 as at 31 December 2022 (2021: AED nil).

Cash at bank of AED 819,508,920 (2021: AED 56,763,109) pertains to banks which are related parties (note 11). Bank account under the name of a related party amounting to AED 79,265 (2021: AED 258,797) has been assigned for the beneficial interest of the Group.

13 Share capital

	2022 AED	2021 AED
Issued and fully paid:		
2,571,428,572 shares of AED 0.10 each (2021: 3,000 shares at AED 1,000 each)	**257,142,857**	3,000,000

The movement of share capital are as follows:

	2022 AED	2021 AED
At 1 January	**3,000,000**	3,000,000
Increase in share capital (note 14)	**197,000,000**	-
Transfer to shareholders' contribution (note 1)	**(200,000,000)**	-
Issue of shares at inception *	**183,625**	-
Issue of new shares **	**256,959,232**	-
At 31 December	**257,142,857**	3,000,000

As at 31 December 2021, the share capital pertains to that of Bayanat GIQ PJSC") (formerly Bayanat for Mapping & Surveying Services- Bayanat PSJC (formerly Bayanat For Mapping and Surveying Services – Bayanat LLC)) (the "subsidiary") comprising of 3,000 authorized and issued shares of AED 1,000 each.

*As at date of establishment, on 28 September 2022, the share capital of the Company comprised of 1,838,236 authorized and issued shares of AED 0.1 each.

**On 3 October 2022, the Shareholder resolved to increase the share capital of the Company to AED 200,000,000 divided into 2,000,000,000 shares of AED 0.1 each and approved the offering and listing of the Company on the Abu Dhabi Stock Exchange. The legal formalities were completed on 12 October 2022.

On 13 October 2022, pursuant to the public offering, the share capital of the Company was increased to AED 257,142,857 divided into 2,571,428,572 shares of AED 0.1 each, with 571,428,572 shares being offered for public subscription. The Company's offer price was set at AED 1.1 per share and was fully subscribed, resulting into share premium of AED 571,428,572. Share issue costs amounted to AED 4,620,400.

14 Additional capital

On 14 September 2021, Ultimate Shareholder resolved to increase the share capital of the subsidiary by AED 197,000,000 by a transfer from retained earnings and reduced the par value per share from AED 1,000 to AED 1. The amended articles of association of the Company were notarized by the Notary Public on 10 January 2022, thus the additional contributed capital is subsequently transferred to share capital.

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

15 Employees' end-of-service benefits

	2022 AED	2021 AED
As at 1 January	**3,883,242**	517,693
Charge for the year	**2,488,327**	3,584,997
Payments made during the year	**(678,354)**	(219,448)
As at 31 December	**5,693,215**	3,883,242

16 Trade and other payables

	2022 AED	2021 AED
Trade and other payables	**5,257,621**	5,145,867
Accrued expenses	**278,867,319**	134,431,825
Advances from customers	**18,983,468**	1,201,119
VAT payable	**7,728,092**	4,550,275
	310,836,500	145,329,086

The average credit period on the purchase of goods is 30-60 days (2021: 30-60 days). The Group has financial risk management policies in place to ensure that all payables are paid within credit period. No interest is charged on other payables.

Advances from customers of AED 18,983,468 (2021: AED 1,093,325) pertain to related parties (note 11).

17 Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time. Refer to note 24 for revenue for major product lines.

	2022 AED	2021 AED
Revenue from contracts with customers		
Products and services transferred at point in time	**17,709,484**	96,347,547
Products and services transferred over time	**770,635,472**	270,317,641
	788,344,956	366,665,188

17 Revenue (continued)

	2022 AED	2021 AED
Revenue from contracts with customers		
Government entities	**221,959,259**	366,114,901
Entities under common control	**566,385,697**	439,829
Other entities	**-**	110,458
	788,344,956	366,665,188

Revenue amounting to AED 788,344,956 (2021: AED 366,554,730) pertains to related parties (note 11).

The Group derived all of its revenue from its operation in the UAE (2021: UAE).

The transaction price allocated to (partially) unsatisfied performance obligations at 31 December are as setout below.

	2022 AED	2021 AED
Revenue from contracts with customers	**894,047,404**	358,490,375

Management expects that 37% (2021: 45%) of the transaction price allocated to the unsatisfied performance obligations as at 31 December 2022 will be recognised as revenue during the next reporting period. The remaining 63% (2021: 55%) will be recognised in the future years.

18 Direct costs

	2022 AED	2021 AED
Subcontract costs	**408,006,271**	66,637,537
Materials	**31,863,052**	45,619,149
Staff costs and allowances	**22,374,639**	67,942,115
Depreciation of property and equipment (note 5)	**3,910,426**	1,822,535
Consultancy and professional fee	**1,729,881**	7,874,797
Amortisation of intangible assets (note 6)	**264,783**	8,707
Other expenses	**742,535**	407,726
	468,891,587	190,312,566

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

19 General and administrative expenses

	2022 AED	2021 AED
Staff costs and allowances	**53,392,369**	42,556,798
Support services and manpower received (note 11)	**9,599,915**	18,655,810
Depreciation of property and equipment (note 5)	**6,675,508**	4,808,501
Legal and consultancy	**4,813,856**	2,986,500
Office expenses	**2,937,194**	1,588,997
Marketing	**1,747,696**	3,008,905
Insurance	**1,276,290**	325,365
Amortisation of intangible assets (note 6)	**243,451**	136,302
Other expenses	**344,342**	5,844,883
	81,030,621	79,912,061

20 Finance income / (expenses)

	2022 AED	2021 AED
Interest income	**4,401,042**	-
Interest on loans from related parties (note 11)	**(2,772,673)**	-
Bank charges	**(391,394)**	(1,636,546)
Finance expenses	**(3,164,067)**	(1,636,546)

21 Profit for the year

The profit for the year is impacted by the below major expenses:

	2022 AED	2021 AED
Staff cost and allowances (notes 18 and 19)	**75,767,008**	110,498,913
Depreciation of property and equipment (note 5)	**10,585,934**	6,631,036
Amortisation of intangible assets (note 6)	**508,234**	145,009

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

22 Contingent liabilities

The Group had the following contingent liabilities and commitments outstanding at 31 December:

	2022 **AED**	2021 AED
Performance guarantees	**284,733,471**	218,558,288
Letters of credit	**-**	5,475,698
Capital commitments	**1,917,274**	6,013,790

Above performance guarantees and letters of credit were issued in the normal course of business.

23 Financial instruments

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the consolidated financial statements.

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

Financial risk management objectives

The Group's finance department monitors and manages the financial risks relating to the operations of the Group. These risks include market risk, credit risk and liquidity risk. The Group does not enter into or trade in derivative financial instruments for speculative or risk management purposes.

Market risk management

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.

Foreign currency risk management

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is not exposed to any significant exposure to currency risk as majority of its monetary assets and liabilities are denominated in USD or AED which is pegged to USD.

23 Financial instruments (continued)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2022, the Group's maximum exposure to credit risk without considering any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the Group maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the management uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The tables below detail the credit quality of the Group's financial assets, contract assets and financial guarantee contracts, as well as the Group's maximum exposure to credit risk by credit risk rating grades.

	Notes	External credit ratings	Internal credit ratings	12 month or lifetime ECL	Gross carrying amount AED	Loss allowance AED	Net carrying amount AED
31 December 2022							
Trade receivables	10	N/A	(i)	Lifetime ECL	**1,912,208**	**(1,912,208)**	**-**
Refundable deposit	7	N/A	(i)	Lifetime ECL	**24,828,420**	**-**	**24,828,420**
Due from related parties	11	N/A	(i)	Lifetime ECL	**365,433,259**	**(17,162,703)**	**348,270,556**
Bank balance	12	AA	N/A	12-month ECL	**819,508,920**	**-**	**819,508,920**
Contract assets	8	N/A	(i)	Lifetime ECL	**291,219,361**	**(18,949,816)**	**272,269,545**
31 December 2021							
Trade receivables	10	N/A	(i)	Lifetime ECL	2,885,246	-	2,885,246
Refundable deposit	7	N/A	(i)	Lifetime ECL	26,471,129	-	26,471,129
Due from related parties	11	N/A	(i)	Lifetime ECL	102,610,801	-	102,610,801
Bank balance	12	AA	N/A	12-month ECL	56,763,109	-	56,763,109
Contract assets	8	N/A	(i)	Lifetime ECL	244,830,547	**-**	244,830,547

(i) For trade receivables, contract assets, refundable deposits and due from related parties, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a loss rate, estimated based on historical credit loss experience based on the past due status of each debtor, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

23 Financial instruments (continued)

Liquidity risk management

Liquidity risk is the risk that the Group will be unable to meet its funding requirements. To manage this risk, the Management periodically assesses liquidity needs and ensures adequate reserves are maintained. Management also monitors forecast and actual cash flows on a regular basis and attempts to match the maturity profiles of the Group's financial assets and liabilities.

The following table summarises the maturity profile of the Group's financial liabilities, with maturities determined on the basis of the remaining period from the end of the reporting period to the contractual repayment date. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

	Current less than 1 year AED	**Non-current greater than 1 year AED**	**Total AED**
31 December 2022			
Trade and other payables (excluding advances from customers and VAT payable)	**284,124,940**	**-**	**284,124,940**
Due to related parties	**34,270,193**	**-**	**34,270,193**
Loan from related parties	**59,083,414**	**-**	**59,083,414**
	377,478,547	**-**	**377,478,547**
31 December 2021			
Trade and other payables (excluding advances from customers and VAT payable)	139,577,692	-	139,577,692
Due to related parties	15,984,861	-	15,984,861
Loan from related parties	53,789,625	-	53,789,625
	209,352,178	-	209,352,178

Fair value of financial instruments

Management considers that the fair values of financial assets and financial liabilities in the consolidated financial statements approximate their carrying amounts.

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, regardless of whether that price is directly observable or estimated using another valuation technique.

23 Financial instruments (continued)

Fair value of financial instruments (continued)

The fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability

24 Operating segments

The Group has three reportable segments, as described below. Reportable segments offer different products and services and are managed separately because they require different technology and operational marketing strategies. For each of the strategic business units, the Group's executive management reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segment:

- **Geospatial Artificial Intelligence Solutions (gIQ)**: The gIQ division is a geospatial one-stop shop offering end-to-end services from data acquisition and processing to artificial intelligence services, to a growing number of sectors such as defense, environment, energy & resources, smart cities, and transportation.
- **Smart Mobility Solutions (SMOS)**: The Smart Mobility Solutions division is the pioneer of autonomous driving and unmanned systems in MENA with a proven technological capability and know-how including Autonomous Solutions, Cloud Infra, Digital Twins, Charging Infrastructure, Transportation Super Apps, and Testing and Simulation.
- **Smart Operations Solutions (SOPs)**: The Smart Operations Solutions division is driving the revolution in how entities approach their operations, by providing customers the latest AI-powered innovative technological solutions which deliver both superior efficiency and efficacy.

The Group does not allocate segment results of the holding Company that performs financing activities and certain other functions. Results of the Company are not significant to be disclosed as operating segment because quantitative thresholds are not met and are presented as *Other*.

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

24 Operating segments (continued)

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit, as included in the internal management reports data reviewed by the Group's executive management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

2022	**Geospatial Artificial Intelligence Solutions (gIQ) AED**	**Smart Mobility Solutions (SMOS) AED**	**Smart Operations Solutions (SOPs) AED**	**Other AED**	**Total AED**
Revenue	**265,598,055**	**230,265,750**	**292,481,151**	-	**788,344,956**
Direct cost	**(71,293,532)**	**(141,712,483)**	**(255,885,572)**	-	**(468,891,587)**
Gross profit	**194,304,523**	**88,553,267**	**36,595,579**	-	**319,453,369**
Indirect costs (net)	**(63,975,874)**	**(29,338,006)**	**(27,442,712)**	**3,595,567**	**(117,161,025)**
Reportable segment profit	**130,328,649**	**59,215,261**	**9,152,867**	**3,595,567**	**202,292,344**
2021					
Revenue	112,166,400	-	254,498,788	-	366,665,188
Direct cost	(61,675,260)	-	(128,637,306)	-	(190,312,566)
Gross profit	50,491,140	-	125,861,482	-	176,352,622
Indirect costs (net)	(17,343,587)	-	(62,722,198)	-	(80,065,785)
Reportable segment profit	33,147,553	-	63,139,284	-	96,286,837

25 Earnings per share

The following reflects the calculation of weighted average number of shares for the purposes of basic earnings per share:

	2022	2021
	Shares	Shares
As at 1 January	**2,000,000,000**	3,000
Capitalisation of retained earnings (refer note 14)	-	199,997,000
Share split (refer note 13)	-	1,800,000,000
Issuance of new shares (refer note 13)	**95,499,022**	**-**
	2,095,499,022	2,000,000,000

According to IAS 33, Earnings per share, an increase in shares as a result of capitalisation and share split, the calculation of basic earnings per share for all periods should be adjusted retrospectively. Thus, the Company adjusted the capitalisation and share split at the beginning of the earliest period presented.

Basic earnings per share amounts are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

The following reflects the profit and share data used in to calculate earnings per share:

	2022	2021
Profit attributable to the shareholders of the Company (AED)	**202,292,344**	96,286,837
Weighted average number of ordinary shares issued	**2,095,499,022**	2,000,000,000
Basic earnings per share (AED)	**0.10**	0.05

Diluted earnings per share are not applicable as the Company has not issued any instruments which would have an impact on earnings per share.

26 Corporate income tax

On 3 October 2022, the United Arab Emirates (UAE) Ministry of Finance (“MoF”) issued Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (“CT Law”) to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023. Generally, UAE businesses will be subject to a 9% CT rate, however a rate of 0% will be applied to taxable income not exceeding AED 375,000 or to certain types of entities, as prescribed by way of a Cabinet Decision.

The Group is currently assessing the impact of these laws and regulations and will apply the requirements as further guidance is provided by the relevant tax authorities.

**Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)**

27 Events after reporting period

On 13 October 2022, shareholders agreement was executed between Bayanat AI PLC and a third party to establish a business in respect of the research and development, manufacture and sales of products in the High-Altitude Pseudo Satellite (HAPS) business. The agreement entailed creation of a new subsidiary and subsequent to 31 December 2022, under the terms of the shareholders agreement, Bayanat AI PLC has incorporated Mira Aerospace Ltd on 16 January 2023 as a fully owned subsidiary of Bayanat AI PLC.

Mira Aerospace Ltd is registered in Abu Dhabi Global Market (ADGM) under license number 000009112 as a Private Company Limited by Shares. The principal activity of Mira Aerospace Ltd is unmanned aerial vehicle (drone) services and research and experimental development on natural sciences and engineering.

On completion of the other terms under the agreement which is still ongoing, Bayanat AI PLC would continue to own 53% of Mira Aerospace Ltd and control the Board.

On 17 January 2023 Bayanat AI PLC has incorporated a fully owned subsidiary Bayanat Investments Ltd registered in Abu Dhabi Global Market (ADGM) under license number 000009117 as a Private Company Limited by Shares. The principal activity of Bayanat Investments Ltd is proprietary investment.

28 Authorisation of the consolidated financial statements

The consolidated financial statements were approved by management and authorised for issue on 17 March 2023.

ANNEX VII

YAHSAT FINANCIAL INFORMATION

yahsat الياه سات

Al Yah Satellite Communications Company PJSC

Reports and Consolidated Financial Statements

31 December 2021

Al Yah Satellite Communications Company PJSC

Reports and Consolidated Financial Statements

31 December 2021

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The Directors have pleasure in presenting their report, together with the audited consolidated financial statements of Al Yah Satellite Communications Company PJSC (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 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 and appropriations

For the year ended 31 December 2021, the Group reported revenue of $407,569 thousand (2020: $407,507 thousand) and profit for the year attributable to the shareholders of $69,762 thousand (2020: $68,902 thousand).

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 21 of the consolidated 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
Peng Xiao
Gaston Urda
Adrian Georges Steckel

Auditors

The consolidated financial statements for the year ended 31 December 2021 have been audited by M/s 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: 28 February 2022

KPMG

KPMG Lower Gulf Limited
Level 19, Nation Tower 2
Corniche Road, P.O. Box 7613
Abu Dhabi, United Arab Emirates
Tel. +971 (2) 401 4800, www.kpmg.com/ae

Independent auditors' report

To the Shareholders of Al Yah Satellite Communications Company PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Yah Satellite Communications Company PJSC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant 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 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 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 United Arab Emirates, 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 Matters (continued)

Revenue Recognition	
See note 5 to the consolidated financial statements.	
The key audit matter	How the matter was addressed in our audit
Revenue recognition is considered a key audit matter because of the: — judgments and estimates involved in identification of the lease and non-lease components, classification of lease and recognizing revenue as per IFRS 16 and IFRS 15, respectively; — reliance on multiple, complex information technology (IT) systems and tools used in the initiation, authorization, processing and recording of mobility & data solutions revenue transactions; and — volume of transactions. — the application of revenue recognition standards is complex and involves the exercise of a number of key judgments and estimates in identification of the performance obligations that the Group has in its variety of contracts with the large number of customers and the timing of fulfilling those obligations. We also identified a risk of management override through inappropriate manual topside revenue journal entries as revenue is a key performance indicator for management and Group performance.	Our procedures included, amongst others: — We held discussions with management on IFRS accounting analysis, performed testing of revenue contracts on sample basis and verified that the underlying revenue transactions were accounted in accordance with the relevant IFRS standards; — We obtained an understanding of the significant revenue processes and performed walkthroughs to identify key systems and applications, IT controls and manual controls that are relevant to revenue recognition; — We evaluated the design and implementation and tested the operating effectiveness of the Group's manual and IT controls relating to the initiation, processing and recording of revenue transactions. In doing so, we involved our IT specialists to assist in the audit of general IT environment and the key controls in relevant IT applications and supporting tools, including interface controls between different IT systems; — On a sample basis, we tested that the revenue recognised during the year agrees with underlying contractual arrangements; — We tested the reconciliations between the general ledgers and the IT systems for all the key revenue streams; — We undertook analytical reviews and performed substantive analytical procedures on key revenue streams; — On a sample basis, we evaluated the lease and non-lease elements included in infrastructure contracts in accordance with IFRS 16 and 15, respectively; and — On a sample basis, we tested supporting evidence for manual journal entries posted to revenue accounts

Other Matter - Comparative year audited by another auditor

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 opinion on those statements on 4 April 2021.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon. We obtained the Directors' Report, prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Annual Report after the date of the auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do 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 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, 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.

When we read the remaining sections of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) and for such internal control as management 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, management 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Group's financial reporting process.

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 judgment and maintain professional skepticism 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 management.

- Conclude on the appropriateness of management's 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, 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.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015 (as amended) we report that for the year ended 31 December 2021 :

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended);

iii) the Group has maintained proper books of account;

iv) the financial information included in the Directors' report is consistent with the books of account of the Group;

v) as disclosed in note 30 to the consolidated financial statements, the Group has not purchased any shares during the year ended 31 December 2021;

vi) note 21 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;

Report on Other Legal and Regulatory Requirements (continued)

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2021 any of the applicable provisions of the UAE Federal Law No.(2) of 2015 (as amended) or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2021; and

viii) note 8 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2021.

KPMG Lower Gulf Limited

Richard Ackland
Registration No.: 1015
Abu Dhabi, United Arab Emirates

Date: 28 February 2022

Al Yah Satellite Communications Company PJSC

Consolidated statement of profit or loss

for the year ended 31 December 2021

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	Notes	2021 $ 000	2020 $ 000
Revenue	5	407,569	407,507
Cost of revenue	6	(45,478)	(40,041)
Staff costs	7	(85,506)	(84,208)
Other operating expenses [1]	8	(38,427)	(51,996)
Other income	9	2,323	15,668
Adjusted EBITDA [2]		**240,481**	**246,930**
Depreciation, amortisation and impairment	10	(148,590)	(149,567)
Fair value adjustments on investment property	15	(1,906)	(2,030)
Operating profit		**89,985**	**95,333**
Finance income	11	395	3,216
Finance costs	11	(17,703)	(20,589)
Net Finance costs		**(17,308)**	**(17,373)**
Share of results of equity-accounted investments	19	(9,589)	(16,360)
Profit before income tax		**63,088**	**61,600**
Income tax expense		(215)	(200)
Profit for the year		**62,873**	**61,400**
Loss for the year attributable to non-controlling interests	18	(6,889)	(7,502)
Profit for the year attributable to the Shareholders		**69,762**	**68,902**
Earnings per share			
Basic and diluted ($ per share)	35	0.029	0.028

[1] Other operating expenses include impairment loss on trade receivables and contract assets. For the year ended 31 December 2021, the net impairment was negative (net credit) of $2,418 thousand. For the year ended 31 December 2020, the net impairment was a charge of $6,522 thousand.

[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 4 for a reconciliation of Adjusted EBITDA to profit for the year. Adjusted EBITDA is a non-GAAP measure.

Consolidated statement of comprehensive income

for the year ended 31 December 2021

	Notes	2021 $ 000	2020 $ 000
Profit for the year		**62,873**	**61,400**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Cash flow hedge - effective portion of changes in fair value		3,488	(4,966)
Cash flow hedge - loss reclassified to profit or loss	11	11,595	11,148
Foreign operations - currency translation differences		(7,485)	(28,013)
Other comprehensive income/(loss) for the year		**7,598**	**(21,831)**
Total comprehensive income for the year		**70,471**	**39,569**
Total comprehensive loss attributable to non-controlling interests	18	(6,889)	(7,513)
Total comprehensive income attributable to the Shareholders		**77,360**	**47,082**

The notes on pages 5 to 46 form part of these consolidated financial statements.
The independent auditor's report is set out on pages ii to vii.

Al Yah Satellite Communications Company PJSC

Consolidated statement of financial position

at 31 December 2021

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	Notes	2021 $ 000	2020 $ 000
Assets			
Property, plant and equipment	13	1,131,294	1,116,534
Investment property	15	20,231	22,137
Right-of-use assets	16	15,288	20,645
Intangible assets	17	9,828	13,083
Equity-accounted investments	19	116,203	125,574
Trade and other receivables	22	10,382	11,227
Derivative financial assets	26	3,210	-
Deferred income tax assets		129	94
Total non-current assets		**1,306,565**	**1,309,294**
Inventories	20	5,863	13,291
Trade and other receivables	22	147,625	127,296
Derivative financial assets	26	1,644	-
Income tax assets		187	182
Cash and short-term deposits	23	400,274	224,915
Total current assets		**555,593**	**365,684**
Total assets		**1,862,158**	**1,674,978**
Liabilities			
Trade and other payables	24	82,253	88,539
Borrowings	25	62,669	129,114
Derivative financial liabilities	26	193	8,016
Deferred revenue	27	26,988	22,095
Income tax liabilities		163	288
Total current liabilities		**172,266**	**248,052**
Trade and other payables	24	291,000	291,000
Borrowings	25	469,568	143,655
Derivative financial liabilities	26	-	1,641
Provision for employees' end of service benefits	29	11,238	10,515
Total non-current liabilities		**771,806**	**446,811**
Total liabilities		**944,072**	**694,863**
Net assets		**918,086**	**980,115**
Equity			
Share capital	30	664,334	2,722
Additional paid-in capital	30	-	661,612
Hedging reserve	26	5,426	(9,657)
Statutory reserve	32	9,567	4,103
Translation reserve		(29,687)	(22,202)
Retained earnings		191,744	259,946
Equity attributable to the Shareholders		**841,384**	**896,524**
Non-controlling interests	18	76,702	83,591
Total equity		**918,086**	**980,115**

* Cash and short term deposits include cash and cash equivalents of $277,738 thousand (31 December 2020: US$ 104,915 thousand).

These consolidated financial statements were authorised for issue by the Board of Directors on 28 February 2022 and approved on their behalf by:

DocuSigned by: Musabbeh Al Kaabi
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Chairman of the Board
Musabbeh Al Kaabi

DocuSigned by:
13AA0BE7E75B451...
Chief Executive Officer
Ali Hashem Al Hashemi

DocuSigned by: Andrew Cole
A6BF0B65FED14B7...
Chief Financial Officer
Andrew Francis Cole

The notes on pages 5 to 46 form part of these consolidated financial statements.
The independent auditor's report is set out on pages ii to vii

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Al Yah Satellite Communications Company PJSC

Consolidated statement of changes in equity

for the year ended 31 December 2021

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	Attributable to the Shareholders							
	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
	(Note 30)	(Note 30)	(Note 26)				(Note 18)	
At 1 January 2020	**2,722**	**661,612**	**(15,839)**	**9,903**	**246,044**	**904,442**	**91,104**	**995,546**
Profit for the year	-	-	-	-	68,902	68,902	(7,502)	61,400
Other comprehensive income:								
Currency translation differences	-	-	-	(28,002)	-	(28,002)	(11)	(28,013)
Net loss on fair value of cash flow hedges	-	-	(4,966)	-	-	(4,966)	-	(4,966)
Reclassified to consolidated statement of profit or loss (Note 11)	-	-	11,148	-	-	11,148	-	11,148
Other comprehensive income/(loss) for the year	**-**	**-**	**6,182**	**(28,002)**	**-**	**(21,820)**	**(11)**	**(21,831)**
Total comprehensive income/(loss) for the year	**-**	**-**	**6,182**	**(28,002)**	**68,902**	**47,082**	**(7,513)**	**39,569**
Transactions with the Shareholder:								
Dividends (Note 31)	-	-	-	-	(55,000)	(55,000)	-	(55,000)
At 31 December 2020	**2,722**	**661,612**	**(9,657)**	**(18,099)**	**259,946**	**896,524**	**83,591**	**980,115**
At 1 January 2021	**2,722**	**661,612**	**(9,657)**	**(18,099)**	**259,946**	**896,524**	**83,591**	**980,115**
Profit for the year	-	-	-	-	69,762	69,762	(6,889)	62,873
Other comprehensive income:								
Currency translation differences	-	-	-	(7,485)	-	(7,485)	-	(7,485)
Net gain on fair value of cash flow hedges	-	-	3,488	-	-	3,488	-	3,488
Reclassified to consolidated statement of profit or loss (Note 11) [2]	-	-	11,595	-	-	11,595	-	11,595
Other comprehensive income for the year	**-**	**-**	**15,083**	**(7,485)**	**-**	**7,598**	**-**	**7,598**
Total comprehensive income for the year	**-**	**-**	**15,083**	**(7,485)**	**69,762**	**77,360**	**(6,889)**	**70,471**
Conversion of additional paid-in capital to share capital (Note 30)	661,612	(661,612)	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	5,464	(5,464)	-	-	-
Transactions with the Shareholder:								
Dividends (Note 31)	-	-	-	-	(132,500)	(132,500)	-	(132,500)
At 31 December 2021	**664,334**	**-**	**5,426**	**(20,120)**	**191,744**	**841,384**	**76,702**	**918,086**

[1] Other reserves include translation reserve and statutory reserve.

[2] The amount includes $5,156 thousand on account of discontinuance of hedge accounting (Note 26) and $6,439 thousand relating to periodic reclassifications to profit or loss.

The notes on pages 5 to 46 form part of these consolidated financial statements.
The independent auditor's report is set out on pages ii to vii

Al Yah Satellite Communications Company PJSC

Consolidated statement of cash flows

for the year ended 31 December 2021

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	Notes	2021 $ 000	2020 $ 000
Operating activities			
Profit before income tax		63,088	61,600
Adjustments for:			
Share of results of equity-accounted investments	19	9,589	16,360
Depreciation, amortisation and impairment	10	148,590	149,567
Allowance (reversal of allowance) for expected credit losses	22	(2,418)	6,202
Allowance (reversal of allowance) for inventories	20	(1,087)	2,692
Fair value adjustment to investment property	15	1,906	2,030
Finance income	11	(395)	(3,216)
Finance costs	11	17,703	20,589
Gain on disposal of property, plant and equipment		(31)	-
Gain on transfer of orbital rights - non-cash consideration	9	-	(10,000)
Provision for employees' end of service benefits	29	2,148	2,342
Write-off of property, plant and equipment	13	5	7
Operating profit before working capital changes		**239,098**	**248,173**
Working capital changes:			
Trade and other receivables		(17,066)	2,224
Inventories		8,514	(6,266)
Trade and other payables		(6,305)	(4,330)
Deferred revenue		4,893	(8,812)
Employee end of service payments	29	(1,418)	(1,891)
Income tax paid		(381)	(169)
Net cash from operating activities		**227,335**	**228,929**
Investing activities			
Additions to property, plant and equipment excluding capital work in progress	13	(7,615)	(8,644)
Payments for capital work in progress		(144,811)	(66,040)
Additions to intangible assets	17	(520)	(1,084)
Proceeds on disposal of property, plant and equipment		49	-
Investment in an associate	19	(9,880)	(18,558)
Return of investment in an associate	19	2,080	-
Receipts of short-term deposits with original maturity of over three months		120,000	140,000
Investments in short-term deposits with original maturity of over three months		(122,536)	(120,000)
Interest received		395	3,216
Net cash used in investing activities		**(162,838)**	**(71,110)**
Financing activities			
Proceeds from term loans	25	532,819	-
Repayment of term loans	25	(255,717)	(116,601)
Payment of lease liabilities	16	(4,254)	(10,945)
Interest paid		(7,497)	(17,535)
Transaction costs on borrowings paid	25	(16,290)	-
Settlement of derivative contract liabilities	26	(8,555)	-
Dividend paid to the Shareholder	31	(132,500)	(55,000)
Net cash from / (used in) financing activities		**108,006**	**(200,081)**
Net increase/(decrease) in cash and cash equivalents		**172,503**	**(42,262)**
Net foreign exchange difference		320	(255)
Cash and cash equivalents at 1 January		104,915	147,432
Cash and cash equivalents as at 31 December	23	**277,738**	**104,915**

The notes on pages 5 to 46 form part of these consolidated financial statements.

The independent auditor's report is set out on pages ii to vii.

1 Corporate 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 30).

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.

These consolidated 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. Details of the Company's subsidiaries and its equity-accounted investee are set out in Notes 18 and 19.

2 Significant accounting policies

2.1 Basis of preparation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) and comply where appropriate, with the Articles of Association and applicable requirements of the laws of the UAE.

The Group is required, for the year ended 31 December 2021, to be in compliance with the provisions of the UAE Federal Law No. 2 of 2015, as amended. Federal Decree-Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. On 20 September 2021, the UAE Federal Decree Law No. 32 of 2021 was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. 2 of 2015 (as amended). The Group has 12 months from 2 January 2022 to comply with the provisions of the UAE Federal Decree Law No 32 of 2021.

Basis of measurement

These consolidated 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 consolidated 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.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2021. The basis of consolidation is referred in the following notes:

Basis of consolidation	Note
(i) Subsidiaries	18
(ii) Investments in associates	19
(iii) Transactions eliminated on consolidation	18,19
(iv) Business combinations	37
(v) Transfer of entities under common control	37
(vi) Loss of control of a subsidiary	37
(vii) Acquisition of an associate in a business combination	37

2 Significant accounting policies (continued)

2.3 Summary of significant accounting policies

The Group has applied these accounting policies consistently to all periods presented in these consolidated financial statements.

A) Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Non-derivative financial assets

Non-derivative financial assets comprise loans and receivables and cash and short-term deposits.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income (OCI), it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables, amounts due from related parties and other receivables.

The Group does not have financial assets at fair value through OCI or fair value through profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows of the asset expire, or it transfers the rights to receive the contractual cash flows of the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, where the time value of money is material, receivables are measured at amortised cost using the effective interest method, less impairment losses, if any.

Cash and cash equivalents comprise cash balances and short-term deposits with original maturities of three months or less.

(ii) Non-derivative financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

2 Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

A) Financial instrument (continued)

(ii) Non-derivative financial liabilities (continued)
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial liabilities comprise trade payables, amounts due to related parties, borrowings and other payables and accruals.

(iii) Derivative financial instruments including hedge accounting: Refer to Note 26.

B) Revenue from contract with customers
Refer Note 5.

C) Leases - the Group as a lessor
Refer Note 5 (Infrastructure services) and Note 15 (Investment property).

D) Finance income
Refer Note 11.

E) Other income
Refer Note 9.

F) Property, plant and equipment
Refer Note 13.

G) Capital work in progress
Refer Note 14.

H) Investment property
Refer Note 15.

I) Leases - the Group as a lessee
Refer Note 16.

J) Intangible assets
Refer Note 17.

K) Borrowing costs
Refer Note 11.

L) Impairment

Financial assets
The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets meeting SPPI test carried at amortised cost and at fair value through other comprehensive income (FVOCI). The impairment methodology applied depends on whether there has been a significant increase in credit risk.

To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information including actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations.

Financial assets carried at amortised cost
The Group recognizes lifetime expected credit loss (ECL) for trade receivables, using the simplified approach. The expected credit losses on these financial assets are estimated using loss rates applied against each customer segment for each revenue type to measure expected credit losses. The Group determines the loss rates based on historical credit loss experience, analysis of the debtor's current financial position adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of current and forecast direction of conditions at the reporting date, including, where appropriate, time value of money.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited in the consolidated statement of profit or loss. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

2 Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

L) Impairment (continued)

Non-financial assets and investment in associates (continued)
The carrying amounts of the Group's non-financial assets and investments in associates are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, then the asset's recoverable amount is estimated.

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 that cannot be tested individually 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, or CGU"). The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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.

M) Foreign currency
Transactions in foreign currencies are translated to USD at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to USD at the exchange rate at that date. The resultant foreign exchange gains and losses are recognised in the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Where functional currencies of subsidiaries are different from USD, income and cash flow statements of subsidiaries are translated into USD at average exchange rates for the year that approximate the cumulative effect of rates prevailing on the transaction dates and their assets and liabilities are translated at the exchange date ruling at the end of the reporting period. The resulting exchange differences are recognised in the consolidated statement of other comprehensive income.

The Group's share of results and share of movement in other comprehensive income of equity accounted investments are translated into USD at average exchange rates for the year. Translation differences relating to investments in associates and monetary assets and liabilities that form part of a net investment in a foreign operation are recognised in the consolidated statement of other comprehensive income. When a 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 related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

N) Employee terminal benefits
Refer Note 7.

O) Provisions
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

P) Income tax
Refer Note 12.

Q) Government Grants
Refer Note 28.

R) Current vs non-current classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:
- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period

Or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

2 Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

R) Current vs non-current classification (continued)
A liability is current when it is:
- expected to be settled in the normal operating cycle
- held primarily for the purpose of trading
- due to be settled within twelve months after the reporting period
Or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

S) Fair value measurement
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. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The levels of fair value hierarchy are defined as follows:
Level 1: Measurement using quoted prices (unadjusted) from the active market.
Level 2: Measurement using valuation methods with parameters derived directly or indirectly from observable market data.
Level 3: Measurement using valuation methods with parameters not based exclusively on observable market data.

2.4 Changes in accounting policies and disclosures

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 provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:
- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the consolidated financial statements of the Group as of 31 December 2021.

The amendments also 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. See Note 36 - Market risk for related disclosures about risks, financial assets and financial liabilities indexed to LIBOR and hedge accounting.

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

2.5 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 consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

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.

2.4 Changes in accounting policies and disclosures (continued)

2.5 Standards issued but not yet effective (continued)

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.

IFRS 16 Leases - Lease incentives
The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. 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.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Making Materiality Judgements
The amendment refined its definition of material and issued non-mandatory practical guidance on applying the concept of materiality. The amendment is effective for annual periods beginning on or after 1 January 2023. The amendment is not expected to have a material impact on the Group.

Amendments to IAS 8: Definition of Accounting Estimate
The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendment is effective for annual periods beginning on or after 1 January 2023. The amendment is not expected to have a material impact on the Group.

3 Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties include:
i) Capital management (Note 36)
ii) Financial instrument risk management (Note 36)

Significant accounting judgments

Revenue from contract with customers
Refer Note 5.

Determining the lease term of contracts with renewal and termination options – Group as lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period in the lease term for a) satellite capacity leases where the intention to renew is supported by an approved business case and b) for lease of buildings housing satellite gateways where there are no approved plans for relocation of gateways or cancellation of leases. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Classification of investments
The Group applies significant judgement with respect to the classification of investments, control (including de-facto control), joint control and significant influence exercised on those investments made by the Group. For assessing control, the Group considers power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect its returns. In case, where the Group has less than majority of the voting or similar rights in an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee and de-facto control on listed securities. Management's assessment considers the Group's ability to exercise control in the event of a deadlock situation with other vote holders and in situations where the Group holds convertible instruments, the Group considers potential voting rights.

Based on management's assessment, the classification of the Group's investments do not require any change as of 31 December 2021.

Significant accounting estimates

Impairment of non-financial assets
At the end of each reporting period, management applies the guidance in IAS 36 Impairment of Assets to identify whether there is any objective evidence of impairment of its non-financial assets. In such instances, the assets are subject to an impairment test by comparing their carrying amounts at the balance sheet date to their recoverable amounts. The recoverable amount for an individual asset is estimated and is the higher of its fair value less costs of disposal and its value in use. If the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets the recoverable amount of the cash-generating unit (CGU) to which the asset belongs is determined. An estimate of fair value less cost of disposal or the value in use of the CGU (or asset) is made, using estimated future cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (asset). The assumptions and judgments made in assessing the recoverable value include expectations of contract renewals, price increases on existing contracts and inflation rates.

At the end of the year, management has not identified any indicator that suggests its non-financial assets are impaired.

3 Significant accounting judgments, estimates and assumptions (continued)

Significant accounting estimates (continued)

Impairment of equity-accounted investments
At the end of each reporting period, management applies the guidance in IAS 28 Investments in Associates and Joint Ventures to identify whether there is any objective evidence of impairment of its equity-accounted investments. In such instances, the investments are subject to impairment tests by comparing the carrying amount to the recoverable amount of each investment. Considering the long term nature of these investments, the recoverable amount is determined based on discounted cash flows calculations. Estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The assumptions and judgments made in assessing the value in use include expectations of contract renewals, price increases on existing contracts and inflation rates.

At the end of the year, management identified an indicator that the HPE cash generating unit (HPE CGU) may be impaired. Accordingly the value in use of the HPE CGU was estimated to determine its recoverable amount, using discounted cash flow projections from approved financial forecasts. The projections cover the period from 2022 to 2036 and were discounted using a discount rate of 10.3%. The recoverable amount of the HPE CGU exceeded its carrying value as of 31 December 2021, indicating the CGU is not impaired. The recoverable amount would still be above carrying amount even with a 0.5% reduction in the terminal growth rate or a 0.5% increase in discount rate.

At the end of the year, management has not identified any indicator that suggests that the Group's investment in Al Maisan is impaired.

Impairment of goodwill allocated to Thuraya CGU
At the end of the year, the Group performed its annual impairment test of goodwill which is allocated to the Thuraya CGU. The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows using inputs to the valuation technique that fall under Level 3 of the fair value hierarchy. The recoverable amount as at 31 December 2021 has been determined using cash flow projections from financial budgets approved by senior management covering the period from 2022 to 2029. No growth rate has been applied on the cash flows beyond 2025. The discount rate applied to the cash flow projections is 9.5%. The recoverable amount of the CGU exceeded the carrying value as of 31 December 2021, indicating the CGU is not impaired. The recoverable amount would still be above carrying amount even with a 0.5% reduction in the terminal growth rate or a 0.5% increase in discount rate.

Impairment losses on receivables and contract assets
The Group reviews its receivables and contract assets to assess impairment on a regular basis. In determining whether impairment losses should be recorded in the consolidated statement of profit or loss and other comprehensive income, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime credit losses (ECL) to be recognised from initial recognition of the receivables. An impairment analysis is performed at each reporting date using loss rates applied against each customer segment to measure expected credit losses. The provision rates are based on historical patterns of default for groupings of various customer segments with similar loss patterns (i.e., by geographical region and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

As at 31 December 2021, the Group is carrying an allowance of US$ 21.2 million (2020: US$ 24.9 million).

Useful lives of property, plant and equipment and intangible assets
Management assigns useful lives to property, plant, equipment, and intangible assets based on the intended use of assets and the economic lives of those assets. Subsequent change in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives differing from initial estimates.

For satellite systems, management reviews the technical reports including estimates of the fuel life of the satellites, in determining if any adjustments are required to the useful life. Management also considers other factors including inputs from the satellite insurance markets on total insurable life and availability of underwriters for insurance of the satellite payloads. For other items of property, plant and equipment and intangible assets management has reviewed the useful lives of major items of and determined that no adjustment is necessary.

3 Significant accounting judgments, estimates and assumptions (continued)

Significant accounting estimates (continued)

Fair value of derivative financial instruments
The fair value of interest rate swaps 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. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of derivative financial instruments.

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). The Group applied incremental borrowing rates ranging from 5.9% to 6.3% to the lease liabilities.

Key sources of estimation uncertainty – COVID-19
The outbreak of the novel coronavirus (COVID-19) pandemic 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.

While things are returning to normalcy, future developments cannot be accurately predicted which could impact future financial results, cash flows and financial position.

Al Yah Satellite Communications Company PJSC

Notes to the consolidated financial statements

for the year ended 31 December 2021

4 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 is the Chief Executive Officer. The CODM 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.
- Mobility Solutions segment provides narrow-band satellite solutions under the trade name Thuraya.
- Data Solutions (BCS) segment primarily represents the Group's Yahclick business providing broadband satellite solutions in Africa, Middle East and Asia.
- '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 consolidated 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 5.

The segment information for the year ended 31 December 2021 is as follows:

	Infra-structure	Managed solutions	Mobility solutions	Data solutions (BCS)	Other	Recon-ciliation	Total
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
External revenue	236,020	64,227	80,330	26,992	-	-	407,569
Inter-segment revenue	3,300	1,574	680	742	-	(6,296)	-
Total revenue	**239,320**	**65,801**	**81,010**	**27,734**	-	**(6,296)**	**407,569**
Adjusted EBITDA	**163,335**	**33,184**	**27,477**	**(3,515)**	-	-	**240,481**
Depreciation, amortisation and impairment	(90,918)	(115)	(24,581)	(32,976)	-	-	(148,590)
Fair value losses on investment property	-	-	(1,906)	-	-	-	(1,906)
Finance income	2,819	-	8	2,366	-	(4,798)	395
Finance costs	(21,380)	-	(956)	(165)	-	4,798	(17,703)
Share of results - HPE	-	-	-	-	(11,486)	-	(11,486)
Share of results - Al Maisan	-	-	-	-	1,897	-	1,897
Income tax expense	(31)	-	(13)	(171)	-	-	(215)
Profit/(loss) for the year	**73,825**	**33,069**	**29**	**(34,461)**	**(9,589)**	-	**62,873**
Profit/(loss) for the year attributable to non-controlling interests	-	-	3	(6,892)	-	-	(6,889)
Profit/(loss) for the year attributable to the Shareholders	**73,825**	**33,069**	**26**	**(27,569)**	**(9,589)**	-	**69,762**
Capital expenditure	143,339	467	5,579	5,621	-	-	155,006

Al Yah Satellite Communications Company PJSC

Notes to the consolidated financial statements

for the year ended 31 December 2021

4 Segment information (continued)

The segment information for the year ended 31 December 2020 is as follows:

	Infra-structure	Managed solutions	Mobility solutions	Data solutions (BCS)	Other	Recon-ciliation	Total
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
External revenue	238,497	63,220	79,035	26,755	-	-	407,507
Inter-segment revenue	1,299	-	-	578	-	(1,877)	-
Total revenue	**239,796**	**63,220**	**79,035**	**27,333**	-	**(1,877)**	**407,507**
Adjusted EBITDA	**199,244**	**29,043**	**23,933**	**(5,290)**	-	-	**246,930**
Depreciation, amortisation and impairment	(91,318)	(122)	(26,325)	(31,802)	-	-	(149,567)
Fair value losses on investment property	-	-	(2,030)	-	-	-	(2,030)
Finance income	696	-	6	3,050	-	(536)	3,216
Finance costs	(19,510)	-	(1,244)	(371)	-	536	(20,589)
Share of results - HPE	-	-	-	-	(14,307)	-	(14,307)
Share of results - Al Maisan	-	-	-	-	(2,053)	-	(2,053)
Income tax expense	20	-	(1)	(219)	-	-	(200)
Profit/(loss) for the year	**89,132**	**28,921**	**(5,661)**	**(34,632)**	**(16,360)**	-	**61,400**
Loss for the year attributable to non-controlling interests	-	-	(576)	(6,926)	-	-	(7,502)
Profit/(loss) for the year attributable to the Shareholders	**89,132**	**28,921**	**(5,085)**	**(27,706)**	**(16,360)**	-	**68,902**
Capital expenditure	78,526	340	6,420	6,904	-	-	92,190

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 21.

	2021	2020
	$ 000	$ 000
United Arab Emirates	337,292	326,405
Europe	23,732	35,642
Asia	23,510	25,987
Africa	15,084	9,626
North America	7,024	8,792
Others	927	1,055
Revenue	**407,569**	**407,507**

5 Revenue

Accounting policies

The Group has applied the following accounting policy for revenue recognition in the preparation of its consolidated financial statements.

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations. Contracts can be written, oral or implied by the Group's customary business practices.
Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:
a) The Group's performance does not create an asset with an alternate use to the Group and the Group has as an enforceable right to payment for performance completed to date.
b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
c) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

The Group is in the business of leasing of satellite communication capacity and providing telecommunication services via satellite to customers. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Infrastructure revenue primarily represents revenue from leasing of satellite capacity and related services. Lease revenue is recognised in accordance with IFRS 16 (refer to Leases - the Group as a lessor). Service revenue is recognised over time as rendered.

Managed solutions revenue represents end-to-end integrated satellite communication and managed solutions provided to customers (which includes supply of services, goods or both). Revenue is typically recognized in profit or loss based on milestones reached, time elapsed or units delivered. No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due, the associated costs or the possible return of the goods or the rejection of the services provided.

Mobility solutions revenue includes revenue from mobile satellite services (airtime revenue - voice, data and messaging services) and sale of related equipment and accessories. Service revenue is recognised over the period in which the services are provided. Revenue from the sale of goods (i.e. equipment and accessories) is recognised at the point in time when control of the asset is transferred to the customer, generally when the goods are delivered and titles have passed. Revenue is recognised net of returns, upfront discounts and sales commissions. Revenue from the sale of prepaid cards is recognized on the actual utilisation of the prepaid card and is deferred in deferred revenue until the customer uses the airtime, or the credit expires.

Data solutions revenue includes revenue from provision of satellite broadband services to customers and sale of related equipment and accessories. Service revenue is recognised as rendered. Revenue from the sale of goods (i.e. equipment and accessories) is recognised at the point in time when control of the asset is transferred to the customer, generally when the goods are delivered and titles have passed. Revenue is recognised net of returns, upfront discounts and sales commissions.

Leases - the Group as a lessor
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Leases where the Group transfers substantially all of the risks and benefits of ownership of the asset through its contractual arrangements to the customer are considered as a finance lease.

5 Revenue (continued)

Leases - the Group as a lessor (continued)

The amounts due from lessees are recorded in the consolidated statement of financial position as financial assets (finance lease receivables) and are carried at the amount of the net investment in the lease after making provision for impairment.

Leases in which the Group does not transfer substantially all of the risks and benefits of ownership of the asset are classified as operating leases.

Income from operating leases are recognised in profit or loss on a straight-line basis over the lease term.

Infrastructure revenue primarily represents revenue from leasing of satellite capacity and related services. Satellite capacity lease payments are recorded on a straight-line basis over the term of the contract concerned. Deferred revenue represents the unearned balances remaining from amounts received from customers.

Revenue	Notes	2021 $ 000	2020 $ 000
Service rendered		373,756	380,248
Sale of equipment and accessories		33,813	27,259
		407,569	**407,507**
Revenue from related parties is disclosed in Note 21.			
Revenue includes:			
Revenue from contracts with customers (IFRS 15)		276,648	273,804
Income from operating leases (IFRS 16)		130,921	133,703
		407,569	**407,507**
Disaggregation of revenue by operating segment:			
Services rendered:			
Infrastructure		236,020	238,497
Managed solutions*		64,227	63,220
Mobility solutions		49,472	52,078
Data solutions - BCS		24,037	26,453
Sale of equipment and accessories (recognised at a point in time)			
Mobility solutions		30,858	26,957
Data solutions - BCS		2,955	302
	4	**407,569**	**407,507**
*Managed solutions includes revenue recognised at a point in time of $0.9 million (2020: $3 million).			
Timing of recognition of revenue from contracts with customers:			
Over time		241,967	243,525
At a point in time		34,681	30,279
		276,648	**273,804**
Revenue by geography is disclosed in note 4.			
Contracted future revenues			
a) Remaining performance obligations from contracts with customers, expected to be recognised as revenue:			
Within one year		162,401	148,777
More than one year		1,241,145	593,322
		1,403,546	**742,099**
b) Future minimum lease rental receivables under non-cancellable operating leases, where Group is a lessor (excluding investment property)	34	624,624	753,380
Total contracted future revenues		**2,028,170**	**1,495,479**

5 Revenue (continued)

	Notes	2021 $ 000	2020 $ 000
Contract balances:			
Trade receivables, net of loss allowance	22	110,651	94,448
Contract assets	22	17,836	19,827
Contract liabilities:			
Advances from a related party	21	128,040	128,040
Advances from other customers	24	1,592	5,999
Deferred revenue	27	26,988	22,095
Revenue recognised from contract liabilities at the beginning of the year		3,632	3,850

The disclosure on remaining performance obligations does not include the expected consideration related to performance obligations in respect of satellite services for which the group elects to recognize revenue in the amount it has a right to invoice (e.g. subscription revenue on fixed and mobile satellite services).

Trade receivables and amounts due from related parties are non-interest bearing and are generally on terms ranging from 10 to 45 days.

The future minimum lease payments under operating lease arrangements, where the Group is a lessor, are disclosed in Note 34.

Significant accounting judgments and estimates

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining whether unsigned agreements meet the definition of contract under IFRS 15

In relation to certain projects for the Government of Abu Dhabi, its department or related parties performance obligations are fulfilled based on unsigned agreements. Management considers such unsigned contracts to meet the definition of a 'contract with customer' under IFRS 15 since the Group and the customers agree upon the essential elements of a contract and any other lawful conditions. Pending matters of detail to be agreed upon later, the contract is deemed to be binding even in the absence of agreement on these matters of detail. In addition, under Article 132 of the UAE Civil Code, a contract can be oral or written; a contract can also result from acts, which demonstrate the presence of mutual consent between the relevant parties.

Classification of leases

The Group has entered into a Capacity Services Agreement ("CSA") with the UAE Armed Forces (UAEAF), an entity under common control, for a period of 15 years. The capacity services include the lease of capacity of satellite transponders and provision of services relating to the operation of satellite network. The capacity charges payable under the terms of the CSA includes a lease element and a service element which corresponds to the capacity lease and provision of services respectively.

The Group has made various judgments in the process of determining – a) whether this arrangement contains a lease, b) whether it is an operating lease or a finance lease and c) how the capacity charges relating to the lease element and service element will be accounted.

In making its judgments, the Group's management considered the terms and conditions of the CSA, the requirements of relevant standards and the relevant industry practice. The relevant standards include i) IFRS 16 - Leases and ii) IFRS 15 – Revenue from contracts with customers.

Based on the matters mentioned in the preceding paragraphs the Group management has determined that:
a) the arrangement contains a lease, as it conveys a right to use the asset and the fulfilment of the arrangement is dependent on the use of a specified asset
b) the lease element of the arrangement will be accounted as an operating lease as the Group does not transfer substantially risks and rewards incidental to ownership of the assets to UAEAF (Note 21) and
c) the service element of the arrangement will be accounted as revenue to be recognized over time.

6 Cost of revenue

	2021 $ 000	2020 $ 000
Cost of services sold*	18,636	19,971
Cost of equipment and accessories sold	26,842	20,070
	45,478	**40,041**

*Cost of services sold mainly represents supplies procured for managed services and mobile satellite services.

7 Staff costs

Accounting policies

Employee terminal benefits

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the year.

Provision is also made for the full amount of end of service benefit due to non-UAE national employees in accordance with the UAE Labour Law, for their period of service up to the end of the year. The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefit is disclosed as a non-current liability.

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law No. (2), 2000 for Pension and Social Security. Such contributions are charged to the profit or loss during the employees' period of service.

	Note	2021 $ 000	2020 $ 000
Employee costs		73,384	73,266
Outsourced staff costs		12,122	10,942
		85,506	**84,208**
Employee costs include:			
Pension contributions made in respect of UAE national employees in accordance with the UAE Federal Law No. (2), 2000		2,768	2,885
Charged during the year towards employee end of service benefits	29	2,148	2,342

8 Other operating expenses

	Note	2021 $ 000	2020 $ 000
Satellite services operations costs		13,601	12,107
Insurance expenses		7,394	8,716
Facilities and asset maintenance costs		4,378	5,376
Allowance for expected credit losses (reversal)		(2,418)	6,522
IT support costs		3,362	2,974
Marketing expenses		2,895	3,404
Consultancy, legal and advisory expenses		2,511	2,715
Inventory obsolescence (reversal)	20	(1,087)	2,692
Registration and filing expenses		1,388	1,436
Business travel expenses		1,318	985
Bank fees and charges		506	679
Learning and development expenses		312	332
Currency exchange losses - net		916	216
Other expenses		3,351	3,842
		38,427	**51,996**

The Group did not make any material social contributions during the year.

9 Other income

Accounting policies

Income from claims for liquidated damages is recognised in profit or loss as other income or a reduction to operating costs when a contractual entitlement exists, amounts can be reliably measured and receipt is virtually certain. When such claims do not relate to compensations for loss of income or are not towards incremental operating costs, the amounts are taken to the consolidated statement of financial position and recorded as a reduction in the cost of the related asset.

Insurance proceeds received from loss claims relating to assets insured is recognised in profit or loss as other income when the Group has an unconditional contractual right to receive the compensation.

Gain arising from transfer of Orbital rights is recognised in profit or loss, as other income, when:
a) Yahsat has fulfilled all its material obligations that allow the transfer of the rights and
b) any remaining Yahsat obligation(s), is merely administrative with a low risk of failure.

For the purpose of calculating the gain arising from transfer of Orbital rights, if the consideration for transfer comprises both cash and non-cash elements, the fair value of consideration is
a) The consideration agreed in cash plus
b) Fair value of non-monetary consideration. Where the non-monetary consideration is in the form of services to be rendered (either by the buyer of the orbital rights or by another third party), recent market transactions or quotations obtained from other service providers for a similar service forms the basis for estimating the fair value.

	Notes	2021 $ 000	2020 $ 000
Rental income from investment property	15	1,287	1,091
Gain on transfer of orbital rights		-	14,000
Others		1,036	577
		2,323	**15,668**

During the previous year, the Group entered into an Orbital Location Agreement with a satellite operator to transfer the beneficial rights in certain orbital rights to the operator. The fair value of the consideration for the transfer was $14 million, comprising of $4 million in cash and a non-monetary consideration in the form of a right to future orbital services valued at $10 million. The fair value of the consideration received was recorded as gain on transfer of orbital right included within Other income for the year ended 31 December 2020.

10 Depreciation, amortisation and impairment

	Notes	2021 $ 000	2020 $ 000
Depreciation of property, plant and equipment	13	139,307	139,286
Depreciation of right-of-use assets	16	5,377	5,534
Amortisation of intangible assets	17	3,906	4,534
Impairment of non-current assets	13	-	213
		148,590	**149,567**

11 Finance costs and Finance Income

Accounting policies

Finance income

Finance income comprises interest income on funds invested and is recognised as it accrues in profit or loss using the effective interest method.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of the assets until such time the assets are substantially ready for their intended use.

Where funds are borrowed specifically for the purpose of obtaining a qualifying asset, any investment income earned on temporary surplus funds is deducted from borrowing costs eligible for capitalisation. In the case of general borrowings, a capitalisation rate, which is the weighted average rate of general borrowing costs, is applied to the expenditure on qualifying assets and included in the cost of the asset.

A borrowing originally made to develop a qualifying asset is treated as part of general borrowings when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense when incurred.

11 Finance costs and Finance income (continued)

Finance costs and Finance income	Notes	2021 $ 000	2020 $ 000
Finance income			
Interest on short term deposit with banks		204	432
Interest on deposits with related party	21	191	2,784
		395	**3,216**
Finance costs			
Interest expense on borrowings - term loans		(4,710)	(8,225)
Interest expense on borrowings - lease liabilities	16	(973)	(1,216)
Finance charges		(425)	-
Fair value losses on derivative financial instruments transferred from other comprehensive income		(11,595)	(11,148)
		(17,703)	**(20,589)**
Net finance costs		**(17,308)**	**(17,373)**

12 Income tax expense

Accounting policies

The tax expense / credit for the year comprise current and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Also deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill in a business combination. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted in the jurisdiction of the individual companies by the end of the reporting period and are expected to apply when the related deferred income tax liability is settled or the deferred income tax asset is realised. A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilised.

Deferred income tax assets and liabilities offset when:
a) a legally enforceable right exists to offset current income tax assets against current income tax liabilities
b) the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The taxes mainly relate to the subsidiaries in the Netherlands and South Africa and are not significant. Hence no further disclosures are provided.

13 Property, plant and equipment

Accounting policies

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or construction of a qualifying asset are capitalised.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gains or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income / other expenses in profit or loss.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

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

The estimated useful lives used in the current and comparative periods are as follows:

Asset category	Years
Buildings	15-40
Leasehold improvements (included in buildings)	5-10
Satellite systems	9-18
Plant and machinery	15-40
Furniture and fixtures	3-4
Office equipment and vehicles	3-5
Computers and software	3

13 Property, plant and equipment (continued)

	Land and building	Satellite systems	Plant and machinery	Other equipment	Capital work in progress	Total
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Cost						
At 1 January 2020	100,541	2,970,985	16,753	32,616	19,180	3,140,075
Additions	-	6,595	87	1,962	82,016	90,660
Transfers	-	2,665	-	-	(2,665)	-
Disposals/write-offs	(7)	-	-	-	-	(7)
Exchange differences	-	-	-	148	-	148
Other transfers	-	(263)	-	-	-	(263)
At 31 December 2020	**100,534**	**2,979,982**	**16,840**	**34,726**	**98,531**	**3,230,613**
Depreciation						
At 1 January 2020	22,642	1,727,757	6,439	28,390	-	1,785,228
Charge for the year	2,674	133,769	893	1,950	-	139,286
Exchange differences	-	-	-	16	-	16
At 31 December 2020	**25,316**	**1,861,526**	**7,332**	**30,356**	**-**	**1,924,530**
Impairment						
At 1 January 2020	5,272	184,064	-	-	-	189,336
Charge for the year	213	-	-	-	-	213
At 31 December 2020	**5,485**	**184,064**	**-**	**-**	**-**	**189,549**
Net book value	**69,733**	**934,392**	**9,508**	**4,370**	**98,531**	**1,116,534**
Cost						
At 1 January 2021	100,534	2,979,982	16,840	34,726	98,531	3,230,613
Additions	59	4,265	128	3,163	146,851	154,466
Transfers	-	18,273	-	161	(18,434)	-
Transfer to intangible assets (Note 17)	-	-	-	(597)	-	(597)
Disposals	-	-	-	(159)	-	(159)
Write-offs	-	-	-	-	(5)	(5)
Exchange differences	-	-	-	(284)	-	(284)
At 31 December 2021	**100,593**	**3,002,520**	**16,968**	**37,010**	**226,943**	**3,384,034**
Depreciation						
At 1 January 2021	25,316	1,861,526	7,332	30,356	-	1,924,530
Charge for the year	2,674	133,642	853	2,138	-	139,307
Disposals	-	-	-	(141)	-	(141)
Exchange differences	-	-	-	(41)	-	(41)
Transfer to intangible assets (Note 17)	-	-	-	(464)	-	(464)
At 31 December 2021	**27,990**	**1,995,168**	**8,185**	**31,848**	**-**	**2,063,191**
Impairment						
At 1 January and 31 December 2021	**5,485**	**184,064**	**-**	**-**	**-**	**189,549**
Net book value	**67,118**	**823,288**	**8,783**	**5,162**	**226,943**	**1,131,294**

Other equipment includes furniture and fixtures, office equipment vehicles and computers.

Note 14 provides details of the capital work in progress.

14 Capital work in progress

Accounting policies

The Group capitalises all costs relating to assets as capital work in progress, until the date of completion and commissioning of these assets. These costs are transferred from capital work in progress to the appropriate asset category upon completion and commissioning and depreciated over their useful economic lives from the date of such completion and commissioning.

Capital work in progress as of the end of the reporting period comprise mainly of satellite systems.

During the prior year, the Group entered into a contract for the 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). Additions during the year relating to T4-NGS amounted to $141.6 million (2020: $76.8 million). As of 31 December 2021, the cumulative cost relating to T4-NGS amounted to $218.4 million (31 December 2020: $76.8 million).

Borrowing costs capitalised during the year relating to T4-NGS amounted to $4.3 million at a capitalisation rate of 3.7% (2020: $ 1 million at a capitalisation rate of 5.4%).

15 Investment property

Accounting policies

Investment properties are properties which are held to earn rentals and / or for capital appreciation.

Investment properties are measured initially at cost including transaction costs and for properties under development all direct costs attributable to the design and construction including related staff costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are included in the statement of profit or loss in the period in which they arise.

Transfers from owner-occupied property to investment property is made only when there is a change in use evidenced by end of owner-occupation. Up to the date when an owner-occupied property becomes an investment property carried at fair value, the group depreciates the property and recognizes any impairment losses that have occurred relating to the property transferred.

	Land	Building	Total
	$ 000	$ 000	$ 000
Investment property accounted at fair value			
At At 1 January 2020	18,451	5,716	24,167
Net loss from fair value adjustment	(1,540)	(490)	(2,030)
At 31 December 2020	**16,911**	**5,226**	**22,137**
At At 1 January 2021	16,911	5,226	22,137
Net loss from fair value adjustment	(1,446)	(460)	(1,906)
At 31 December 2021	**15,465**	**4,766**	**20,231**

The investment property relates to the Dubai building and associated land (property) of Thuraya. 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.

Leasing arrangements

The investment properties are leased to tenants under operating leases with rents payable periodically. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the group may obtain bank guarantees for the term of the lease. Although the group is exposed to changes in the residual value at the end of the current leases, the group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Rental income from investment property is recognized in other income (Note 9). Direct operating expenses incurred on investment property during the year amounted to $606 thousand (2020: $564 thousand).

	2021	2020
	$ 000	$ 000
Minimum lease payments receivable on leases of investment properties are as follows:		
Year 1	891	953
Year 2	301	418
Year 3	265	12
Year 4	188	-
Year 5	188	-
Beyond Year 5	62	-
	1,895	**1,383**

16 Leases - Group as a Lessee

This note provides information for leases where the group is a lessee, related right-of-use assets and lease liabilities.

Accounting policies

Leases, where the Group is a lessee, are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
a) fixed payments (including in-substance fixed payments), less any lease incentives receivable
b) variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
c) amounts expected to be payable by the group under residual value guarantees
d) the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
e) payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:
a) where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
b) uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the lessee which does not have recent third party financing, and
c) makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
a) the amount of the initial measurement of lease liability
b) any lease payments made at or before the commencement date less any lease incentives received
c) any initial direct costs, and
d) restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

A lease modification is a change in scope of the lease, or the consideration for the lease that was not part of the original terms of the lease. When a modification increases the scope of the lease adding more underlying assets and the consideration is commensurate, the modification is accounted as a separate lease contract. However, if a modification increases the scope of the lease without adding the right to use of more underlying assets, or the increase in lease consideration is not commensurate, the modification is accounted for by remeasuring the existing lease. The lease liability is remeasured at the effective date of modification, using a revised discount rate, with a corresponding adjustment to the right of use asset. The lessee uses the incremental borrowing rate as the revised discount rate if the rate implicit in the lease for the remainder of the lease term is not readily determinable.

The estimated useful lives of right-of-use assets are as follows:

Asset category	**Years**
Right-of-use assets - satellite systems	3.5
Right-of-use assets - buildings	4-10

16 Leases - Group as a Lessee (continued)

A) Right-of-use assets

Carrying amounts and movements during the period	Satellite systems $ 000	Buildings $ 000	Total $ 000
At 1 January 2020	13,477	14,678	28,155
Lease modification	(2,384)	-	(2,384)
Additions	-	446	446
Retirement	-	(38)	(38)
Depreciation expense	(3,790)	(1,744)	(5,534)
At 31 December 2020	**7,303**	**13,342**	**20,645**
At 1 January 2021	7,303	13,342	20,645
Additions	-	20	20
Depreciation expense	(3,659)	(1,718)	(5,377)
At 31 December 2021	**3,644**	**11,644**	**15,288**

B) Lease liabilities

The table below provides the changes in the lease liabilities arising from financing activities, including both cash and non-cash changes:

	Notes	2021 $ 000	2020 $ 000
Lease liabilities			
At 1 January		19,797	31,502
Additions		20	446
Accretion of interest	11	973	1,216
Retirement		-	(38)
Lease modification		-	(2,384)
Payments		(4,254)	(10,945)
At 31 December	25	**16,536**	**19,797**
of which current		4,773	5,466
of which non-current		11,763	14,331
Amounts recognized in profit or loss in relation to leases			
Depreciation expense of right-of-use assets		5,377	5,534
Interest expense on lease liabilities		973	1,216
Expense relating to of low-value assets (included in other operating expenses)		196	161
Total		**6,546**	**6,911**
Cash flow information			
Total cash outflows for leases		4,254	10,945

The Group leases premises to host its satellite gateway equipment and leases satellite capacity assets. Rental contracts are typically made for fixed periods of 3 years to 10 years, but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants. Leased asset may not be used for borrowing purposes.

The Group has lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased asset and align with the Group's business needs. The extension and termination options held are usually exercisable only by the group and not by the respective lessor.

Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3).

17 Intangible assets

Accounting policies

Licenses, representing a right to transmission of telecommunication signals utilizing geo-stationary satellite and use of associated radio frequencies, are capitalized at cost only when future economic benefits are probable. Cost includes purchase price together with any directly attributable expenditure.

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 that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

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

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

Refer Note 37 Business combinations, for accounting policy on goodwill.

The estimated useful lives for current and comparative periods are as follows:

Asset category	**Years**
Licenses	10-15
Development costs (user terminal development)	3-5
Software (including operation and billing support systems)	2-10

	Development costs	**Licenses**	**Software**	**Goodwill**	**Total**
	$ 000	**$ 000**	**$ 000**	**$ 000**	**$ 000**
Cost					
At 1 January 2020	72,569	180	13,825	3,745	90,319
Additions	-	-	1,084	-	1,084
Exchange differences	-	-	12	-	12
At 31 December 2020	**72,569**	**180**	**14,921**	**3,745**	**91,415**
Amortisation					
At 1 January 2020	63,600	128	10,067	-	73,795
Charge for the year	3,449	-	1,085	-	4,534
Exchange differences	-	-	3	-	3
At 31 December 2020	**67,049**	**128**	**11,155**	**-**	**78,332**
Net book value at 31 December 2020	**5,520**	**52**	**3,766**	**3,745**	**13,083**
Cost					
At 1 January 2021	72,569	180	14,921	3,745	91,415
Additions	-	-	520	-	520
Exchange differences	-	-	(6)	-	(6)
Transfer from property, plant and equipment (Note 13)	-	-	597	-	597
At 31 December 2021	**72,569**	**180**	**16,032**	**3,745**	**92,526**
Amortisation					
At 1 January 2021	67,049	128	11,155	-	78,332
Charge for the year	2,758	52	1,096	-	3,906
Exchange differences	-	-	(4)	-	(4)
Transfer from property, plant and equipment (Note 13)	-	-	464	-	464
At 31 December 2021	**69,807**	**180**	**12,711**	**-**	**82,698**
Net book value at 31 December 2021	**2,762**	**-**	**3,321**	**3,745**	**9,828**

18 Group information

A) Subsidiaries

Accounting policies

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights of an entity that are presently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Adjustments are made to the amounts reported by subsidiaries, when necessary, to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements.

The consolidated financial statements of the Group include:

Name	Principal activities	Country*	Equity % 2021	Equity % 2020
Al Yah Advanced Satellite Communication Services PJSC (Al Yah Advanced)	Leasing of satellite communication capacity	UAE	100%	100%
Star Satellite Communications Company PJSC (Star)	Telecommunication services via Satellite and integrated satellite communication and managed services	UAE	100%	100%
Al Yah 3 B.V.	Holding company (liquidated during 2021)	Netherlands	-	100%
Yahsat Treasury Sole Proprietorship LLC (formerly Amwaj Communications LLC)	Group corporate treasury	UAE	100%	100%
Thuraya Telecommunications Company PJSC (Thuraya)	Mobile telecommunication services via Satellite	UAE	89.83%	89.83%
Thuraya Telecommunications Japan Co. Ltd.	Mobile telecommunication services via Satellite	Japan	89.83%	89.83%
BCS Group (BCS)				
Broadband Connectivity Solutions (Restricted) Limited (BCS Holdco)	Holding company	UAE	80%	80%
BCS Investments LLC (BCS Opco)	Telecommunication services via satellite	UAE	80%	80%
Star Network Marketing Services Company (Proprietary) Limited (SNMS)	Marketing support office	South Africa	80%	80%
Al Najm Communications Company LLC (Al Najm)	Telecommunication services via satellite	UAE	80%	80%
Yala B.V. (Yala)	Telecommunication services via satellite	Netherlands	80%	80%
Broadband Connectivity Solutions Limited (BCS Nigeria)	Telecommunication services via satellite	Nigeria	80%	-

18 Group information (continued)

B) Material partly-owned subsidiaries

Financial information of subsidiaries that have significant non-controlling interests is provided below.

	31 December 2021		31 December 2020	
	Thuraya $ 000	BCS $ 000	Thuraya $ 000	BCS $ 000
Proportion of equity interest held by non-controlling interests	10.17%	20.00%	10.17%	20.00%
Non-controlling interests	13,111	63,591	13,088	70,503
Profit attributable to non-controlling interests	3	(6,892)	(576)	(6,926)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

	31 December 2021		31 December 2020	
Summarised statement of profit or loss:	Thuraya $ 000	BCS $ 000	Thuraya $ 000	BCS $ 000
Revenue	81,010	27,734	79,035	27,333
Adjusted EBITDA	**27,477**	**(3,515)**	**23,933**	**(5,290)**
Depreciation, amortisation and impairment	(24,581)	(32,976)	(26,325)	(31,802)
Fair value adjustments on investment property	(1,906)	-	(2,030)	-
Operating profit/(loss)	**990**	**(36,491)**	**(4,422)**	**(37,092)**
Net finance income/(cost)	(948)	2,201	(1,238)	2,679
Income tax expense	(13)	(171)	(1)	(219)
Profit/(loss) for the year	**29**	**(34,461)**	**(5,661)**	**(34,632)**
Other comprehensive income	196	(99)	(99)	(5)
Total comprehensive (loss)/income	**225**	**(34,560)**	**(5,760)**	**(34,637)**
Attributable to non-controlling interests	23	(6,912)	(586)	(6,927)

Summarised statement of financial position:	Thuraya $ 000	BCS $ 000	Thuraya $ 000	BCS $ 000
Current assets (Inventories, receivables and cash balances)	86,935	142,875	79,089	155,315
Non-current assets (Property, plant and equipment and other assets)	93,648	194,405	114,574	221,978
Current liabilities (Trade and other payables, deferred revenue and borrowings)	(37,329)	(18,560)	(53,097)	(19,681)
Non-current liabilities (Borrowings and other liabilities)	(14,323)	(766)	(11,857)	(5,100)
Net assets / Total Equity	**128,931**	**317,954**	**128,709**	**352,512**
Attributable to:				
The Shareholders	115,820	254,363	115,621	282,009
Non-controlling interests	13,111	63,591	13,088	70,503

19 Equity-accounted investments

Accounting policies

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associate, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Unrealised gains arising from transactions with associates 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.

Please refer to Note 37 for the Group's accounting policies on acquisition of an associate in a business combination.

The group's associates are:

Name	Principal activities	Country*	Equity % 2021	Equity % 2020
Al Maisan Satellite Communication Company LLC (Al Maisan)	Leasing of satellite capacity primarily for broadcasting customers	UAE	65%	65%
HNS Participações Empreendimentos S.A. (HPE; Brazil JV Co)	Telecommunication services via satellite	Brazil	20%	20%

Although Star holds more than 50% of the equity in Al Maisan, it does not control the financial and/or operating policies of Al Maisan. This is pursuant to an agreement, which provides the majority board representation to other shareholder of Al Maisan. However, as Star has the power to participate in the financial and operating policy decisions of Al Maisan due its representation on the board, it accounts for its investment as an associate.

Movement in the investments in associates:	Notes	2021 $ 000	2020 $ 000
At 1 January		125,574	151,285
Contributions made during the year		9,880	18,558
Return of investment from Al Maisan		(2,080)	-
Share of results for the year		(9,589)	(16,360)
Exchange differences		(7,582)	(27,909)
At 31 December		**116,203**	**125,574**

Aggregate financial information of Al Maisan:	2021 $ 000	2020 $ 000
Share of results of equity-accounted investee	1,897	(2,053)
Share of total comprehensive income of equity-accounted investee	1,897	(2,053)

19 Equity-accounted investments (continued)

Aggregate financial information of HPE:	2021 $ 000	2020 $ 000
Statement of comprehensive income (100%)		
Revenue	107,165	109,684
Loss for the year	(61,177)	(71,537)
Other comprehensive income	-	-
Total comprehensive loss	**(61,177)**	**(71,537)**
Group's share of total comprehensive loss (20%)	(11,486)	(14,307)
Group's share of results in HPE	**(11,486)**	**(14,307)**
Statement of financial position (100%)		
Current assets	54,731	57,215
Non-current assets	246,573	295,309
Current liabilities	(19,103)	(36,544)
Non-current liabilities	(8,059)	(8,647)
Net assets 100%	**274,142**	**307,333**
Group's share in net assets (20%)	54,829	61,467
Goodwill (20%)	40,950	43,499
Other costs relating to the investment	239	239
Carrying amount of the investment in HPE	**96,018**	**105,205**

20 Inventories

Accounting policies

Inventories are stated at the lower of cost and net realisable value, after making loss allowance to account for obsolete or slow moving items. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories	Notes	2021 $ 000	2020 $ 000
Equipment and accessories - satellite services		14,952	23,862
Ground operations spares		1,732	1,337
		16,684	**25,199**
Loss allowance		(10,821)	(11,908)
		5,863	**13,291**
Movement in loss allowance for inventories:			
At 1 January		11,908	9,113
Provisions made during the year		667	2,692
Reversal for the year		(1,754)	-
Other movement		-	103
At 31 December		**10,821**	**11,908**

During 2021, USD 26.8 million (2020: USD 20.1 million) of inventories were recognised as cost of equipment and accessories sold (note 6).

21 Related party transactions and balances

Identity of related parties

The Group, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with other business enterprises or individuals that fall within the definition of related party contained in International Accounting Standard 24 Related Party Disclosures.

The Group has a related party relationship with the Parent Company and business entities over which the Parent Company can exercise control or significant influence; entities which are under common control of the shareholders of the Parent Company and associates.

a) Related party transactions:

	2021	2020
Transaction with key management personnel	**$ 000**	**$ 000**
Key management personnel compensation:		
Short term employment benefits	6,625	3,609
Post-employment benefits	344	298

		2021	2020
Transaction with other related parties	**Notes**	**$ 000**	**$ 000**
Revenue			
Entities under common control*		283,972	282,409
Associate		1,379	1,326
Total		**285,351**	**283,735**
* Revenue from entities under common control includes USD 275 million (2020: USD 278 million) from a single customer (refer to Note 21 b)(i) below). Revenue from such customer is recorded under infrastructure, managed solutions and mobility solutions segments. There are no revenues from an individual customer, except as disclosed above, that represent 10 percent or more of the Group's total revenue.			
Interest income on short term deposits			
Entities under common control	11	191	2,784
Outsourced expenses, office lease rent, systems support			
Entities under common control		1,337	1,272
Parent Company		-	16
Cost of sales			
Entities under common control		443	1,762
Associate		1,952	534
Total		**2,395**	**2,296**
Learning and development expenses			
Entities under common control		-	99

21 Related party transactions and balances (continued)

b) Related party balances

	Notes	2021 $ 000	2020 $ 000
Trade and other receivables due from related parties			
Entities under common control		71,307	53,596
Associates		157	1,490
Parent company		1,118	150
Total	22	**72,582**	**55,236**
Short-term deposits with a related party			
Entity under common control	23	-	130,000
Trade and other payables due to related parties			
Entities under common control		4,830	4,116
Associate		376	1,143
Parent company		74	-
Total	24	**5,280**	**5,259**
Deferred revenue			
Entities under common control		3,380	3,994
Associate		183	176
Total	27	**3,563**	**4,170**
Advance from a related party			
Entity under common control	24	291,000	291,000

(i) Transactions with an entity under common control

a) The Group provides capacity services pursuant to the Capacity Services Agreement ("CSA") with the UAE Armed Forces (UAEAF). The capacity charges payable under the CSA is billed semi-annually in advance. The future payments pertaining to the lease element included in the capacity charges, where the Group is the lessor, are provided in the table below.

In terms of the CSA with UAEAF, an aggregate amount of USD 291 million (the "Down Payment") was payable by UAEAF in three annual instalments starting June 2008, as an advance. Accordingly, the Group received the first instalment of USD 116.4 million in June 2008 and further two instalments of USD 87.3 million, in June 2009 and June 2010, respectively from UAEAF. The Down Payment will be set off against the capacity charges in equal instalments from 1 January 2023 until the termination of the agreement. The advance is attributable to the lease element at USD 163 million (2020: 163 million), and to service element (contract with customers) at USD 128 million (2020: USD 128 million) (see Note 5).

On 17 June 2021, the Group signed the T4-NGS capacity services agreement with UAEAF (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.

b) The Group has also entered into contracts with UAEAF for the provision of operation, maintenance and training services.

c) The Group has entered into various contracts with UAEAF for the provision of end-to-end integrated satellite communication and managed services. Revenue from such contracts are reported under managed services. The balance due from UAEAF at the reporting date, includes amounts invoiced to date in relation to the afore-mentioned contracts.

d) UAEAF has allocated a plot of land (Secondary site in the emirate of Abu Dhabi) to the Company and has granted permission to the Company to construct and access a Satellite Ground Control Station on the plot. Title to the plot of land has not been transferred to the Company and accordingly the plot has not been recognized in the consolidated financial statements. In addition, refer to note 28 to the consolidated financial statements which discloses information about another plot of land (Primary site) received by the Company.

Future payments pertaining to lease element included in capacity charges	2021 $ 000	2020 $ 000
Year 1	128,184	128,184
Year 2	128,184	128,184
Year 3	128,184	128,184
Year 4	128,184	128,184
Year 5	109,723	128,184
Beyond Year 5	-	109,723
At 31 December	**622,459**	**750,643**

21 Related party transactions and balances (continued)

(ii) Transactions with other entities under common control

a) Star has also entered into contracts with various entities under common control for the provision of managed services. These entities mainly include Presidential Guard Command, ADNOC Offshore and ADNOC Drilling.

b) The Company procures outsourced resources from affiliates of its Parent Company. During the previous year, the Group contributed to learning and development programmes in partnership with affiliates of the Parent Company.

c) During the previous year, the Group placed short-term deposits with Mubadala Treasury Holding Company LLC for USD 30 million with interest rates ranging from 0.21% to 0.63%.

d) During the previous year, the Group also placed short-term deposits with Abu Dhabi Commercial Bank for USD 100 million with an interest rate of 0.80%.

(iii) Transactions with associates

a) Star charges both associates, Al Maisan and HPE for satellite operations support services.

b) Star also leases satellite capacity from Al Maisan to facilitate the requirements of its customers relating to managed services contracts.

The outstanding amounts at year end, except for advance from a related party which carry specific repayment terms as specified above, are expected to be settled in cash. No impairment charge has been recognised during the year in respect of amounts owed by related parties.

Also refer Note 25 for other related party transactions.

22 Trade and other receivables

	Reference	Notes	2021 $ 000	2020 $ 000
Trade receivables - third parties			70,096	74,906
Trade receivables - related parties*			61,747	44,406
Sub total	a		**131,843**	**119,312**
Allowance for expected credit losses	b		(21,192)	(24,864)
Trade receivables, net of allowance	c		**110,651**	**94,448**
Accrued income - third parties			7,031	9,986
Accrued income - related parties*			10,805	9,841
Contract assets	d		**17,836**	**19,827**
Prepayments - orbital services			10,000	10,000
Prepayments - others			2,686	2,647
Advances - third parties			11,348	4,706
Advances - related parties*			30	642
Other receivables - third parties			5,456	5,906
Other receivables - related parties*			-	347
Sub total	e		**29,520**	**24,248**
Total trade and other receivables	c+d+e		**158,007**	**138,523**
of which non-current			10,382	11,227
of which current			147,625	127,296
Additional information:				
*Total due from related parties	y	21	72,582	55,236
Total contract balances, net of allowance	a+b+d		128,487	114,275
Total contract balances, excluding allowance	a+d		149,679	139,139

22 Trade and other receivables (continued)

	2021		2020	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	$ 000	$ 000	$ 000	$ 000
Categories of trade receivables and contract assets				
Managed solutions, government customers	54,331	(535)	49,748	(859)
Managed solutions, general category	16,684	(472)	6,391	(352)
Infrastructure services, government customers	5,892	-	5,829	-
Infrastructure services, general category	3,395	(3,395)	3,884	(2,339)
Data solutions, general category	19,648	(10,151)	11,357	(6,000)
Data solutions, high risk category	990	(990)	4,970	(4,882)
Mobility solutions, general category	47,555	(5,649)	56,670	(10,432)
Others	1,184	-	290	-
	149,679	**(21,192)**	**139,139**	**(24,864)**

Movement in the allowance for expected credit losses:	Notes	2021 $ 000	2020 $ 000
At 1 January		24,864	27,095
Charge for the year		2,647	6,522
Reversal for the year		(5,065)	(320)
Written off during the year as uncollectible		(1,254)	(8,432)
Exchange differences		-	(1)
At 31 December		**21,192**	**24,864**
The ageing of trade receivables is as follows:			
Not past due		40,960	32,479
Past due 0 to 90 days		23,579	27,908
Past due 91 to 180 days		17,964	27,388
Past due above 180 days		49,340	31,537
		131,843	**119,312**

The Group's exposure to credit risk is disclosed in Note 36.

Advances represent advances paid to suppliers for procurement of goods and services mainly relating to managed services contracts.

Other receivables include Staff-related receivables of USD 3.8 million (2020: USD 3.9 million).

23 Cash and short-term deposits

	Notes	2021 $ 000	2020 $ 000
Cash on hand and in banks		277,738	94,912
Short-term deposits with banks		122,536	3
Short-term deposits with related parties	21	-	130,000
Cash and short-term deposits		**400,274**	**224,915**
Less: Short-term deposits with original maturities of over three months		(122,536)	(120,000)
Cash and cash equivalents		**277,738**	**104,915**

The short-term deposits earn interest at prevailing commercial rates.

For purposes of the consolidated statement of cash flows, changes in lease liabilities and borrowings arising from financing activities are disclosed in Notes 16(B) and 25, respectively.

24 Trade and other payables

	Notes	2021 $ 000	2020 $ 000
Trade payables - third parties		37,404	39,135
Trade payables - related parties*		677	1,152
Accruals		31,886	32,197
Other payables - third parties		6,091	5,949
Other payables - related parties*		4,603	4,107
Advance from a related party	21	291,000	291,000
Advances from other customers		1,592	5,999
Total trade and other payables		**373,253**	**379,539**
of which non-current		291,000	291,000
of which current		82,253	88,539
*Trade and other payables due to related parties	21	5,280	5,259
Contract liability:			
Included in advance from a related party		128,040	128,040
Included in advances from other customers		1,592	5,999

Advance from a related party is classified as non-current (Refer Note 21).

Accruals include employee-related accruals of USD 10.3 million (2020: USD 8.3 million).

25 Borrowings

	Notes	2021 $ 000	2020 $ 000
The carrying amount of borrowings are as follows:			
A) Term loans			
Principal amounts		532,819	255,716
Unamortised transaction costs		(17,118)	(2,744)
Term loans - net of unamortised transaction costs		515,701	252,972
B) Lease liabilities	16	16,536	19,797
Total borrowings		**532,237**	**272,769**
of which current		62,669	129,114
of which non-current		469,568	143,655

A) Term loans

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

	Repayment tenor Years	Principal amount $ 000	Unamortised transaction costs $ 000	Carrying amount $ 000
At 31 December 2021				
Term loan 1	2012-2022	-	-	-
Term loan 4	2015-2021	-	-	-
Term loan 5	2022-2026	400,000	(4,135)	395,865
Term loan 6	2024-2032	132,819	(12,983)	119,836
		532,819	**(17,118)**	**515,701**
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**

25 Borrowings (continued)

The table below provides the changes in the term loans arising from financing activities, including both cash and non-cash changes:

	2021 $ 000	2020 $ 000
At 1 January	252,972	367,736
Proceeds	532,819	-
Transaction costs (of which $16.3 million was paid in cash)	(18,043)	-
Amortisation of transaction costs (non-cash)	3,670	1,837
Repayments	(255,717)	(116,601)
At 31 December	**515,701**	**252,972**

The principal amounts of the term loans are repayable as follows:

	Term loan 1 $ 000	Term loan 4 $ 000	Term loan 5 $ 000	Term loan 6 $ 000	Total $ 000
At 31 December 2021					
Within one year	-	-	60,000	-	60,000
1 - 2 years	-	-	120,000	-	120,000
2 - 5 years	-	-	220,000	39,065	259,065
Beyond 5 years	-	-	-	93,754	93,754
	-	-	**400,000**	**132,819**	**532,819**
At 31 December 2020					
Within one year	121,229	4,255	-	-	125,484
1 - 2 years	130,232	-	-	-	130,232
2 - 5 years	-	-	-	-	-
Beyond 5 years	-	-	-	-	-
	251,461	**4,255**	-	-	**255,716**

Term loan 1: The Group entered into a Credit Agreement with a consortium of banks for a US dollar denominated unsecured term loan facility in the aggregate amount of USD 1,200 million. The Group drew down USD 984 million of the loan facility until the expiry of the availability period in 2012. The loan was repayable in twenty one semi-annual instalments starting from 31 December 2012. The loan bore interest at LIBOR plus margin ranging from 1.1% to 1.4% per annum over the term of the loan. During the year, Term loan 1 was fully acquired by the Group (refer to Term loan 5 below).

Term loan 4: Thuraya obtained this facility in 2016 for a total value of USD 17.7 million (AED 65 million) of which Thuraya obtained USD 5.4 million in 2016 and USD 12.2 million in 2018. The loan was repayable in equal monthly instalments over five years at EIBOR plus 4% with a minimum rate of 5.75%. The loan was structured as an Ijarah facility ("lease to own") related to Thuraya's primary gateway and ground segment assets and business expansion. It was secured by a commercial mortgage on the assets, assignment of receivables, pledge over the bank account maintained with the bank, assignment of insurance over the financed assets and promissory note. During the year, Thuraya repaid the remaining balance of USD 4.3 million (2020: USD 4.3 million).

Term loan 5: On 14 June 2021, the Group entered into a new Term Facility Agreement for a facility amount of $400 million (Term loan 5 or 2021 Term Loan $400m 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.

Term loan 6: On 14 June 2021, the Group entered into an export credit agency facility through a BPIFAE Facility Agreement (Term loan 6 or ECA $300.5m Facility). Term loan 6 will be used to partly fund the capital expenditure relating to the T4-NGS. The total facility amount is $300.5 million with a tenor of 8.5 years and an availability period starting from 14 June 2021 until the date falling 5 months after the starting point of credit. The ECA $300.5m Facility bears interest at LIBOR plus margin of 0.60% per annum. During the year, an amount of $132.8 million was drawn from this facility. As of 31 December 2021, the unutilised facility amounted to $167.7 million.

Both Term loan 5 and Term loan 6 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).

Borrowings include outstanding balances due to related parties aggregating to USD 95 million (2020: USD 59.7 million). The interest expense on loans from related party banks amounted to USD 4.2 million (2020: USD 4.8 million).

B) Lease liabilities - Refer to Note 16 B)

26 Derivatives used for hedging

Accounting policies

Derivative financial instruments including hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

Interest rate exposure
The Group has an obligation to pay interest at variable rates (LIBOR plus margin) in connection with its borrowings.

Previously, the Group entered into a cash flow hedge, by acquiring an interest rate swap (IRS), to hedge the variability in interest rate with respect to Term Loan 1. Under the IRS agreement, the Group received a variable rate of interest equal to LIBOR and pays fixed rate on notional amounts that mirror the drawdown and repayment schedule of the loan. The IRS settlements were made semi-annually until its termination in June 2021 as described below.

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 which the Group entered into during the year (refer to Note 25 A). 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 formed part of the new hedging arrangement relating to Term loan 5.

26 Derivatives used for hedging (continued)

	2021	2020
Interest rate swaps - fair value	**$ 000**	**$ 000**
A) Derivative financial assets	4,854	-
B) Derivative financial liabilities	(193)	(9,657)
C) Hedge reserve	5,426	(9,657)
A) Derivative financial assets		
Contractual maturities		
Within one year	1,644	-
1 - 2 years	1,280	-
2 - 5 years	1,699	-
After 5 years	231	-
	4,854	-
Notional amount outstanding	**504,044**	-
B) Derivative financial liabilities		
Contractual maturities		
Within one year	193	8,016
1 - 2 years	-	1,641
	193	**9,657**
Notional amount outstanding	**8,196**	**197,252**

C) Hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the cash-flow hedging instruments related to forecasted transactions.

Accounting estimates and judgments

The fair value of derivative financial instruments is based on their quoted market price, if available. Where the fair value of such instruments cannot be derived from active markets, it is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of derivative financial instruments.

The fair value measurement classification of the derivative financial instruments is disclosed in Note 36.

27 Deferred revenue

		2021	2020
	Notes	**$ 000**	**$ 000**
Unutilized airtime balances from prepaid scratch cards		18,001	12,469
Others		8,987	9,626
Total deferred revenue		**26,988**	**22,095**
of which contract liabilities - related parties	21	3,563	4,170

28 Government grants

Accounting policies

Non-monetary government grants

The Group receives certain assets, primarily in the form of land, from entities related to the Government of Abu Dhabi, as grants to carry out its operations. When it is probable that future economic benefits will flow to the Group, such land received is recognised in the consolidated financial statements at nominal value.

During 2009, the Company received a plot of land (Primary site) from the Urban Planning Council, of the Government of Abu Dhabi as a government grant. The plot of land has been used to construct the Satellite Ground Control Station, which forms an integral part of the satellite system. Accordingly, the plot of land has been classified as property, plant and equipment. Both the grant and the land have been recorded at nominal value in the consolidated financial statements.

29 Provision for employees' end of service benefits

Accounting policies

For accounting policies on provison for employees' end of service benefits, refer Note 7.

The movement in the provision is as follows:	Note	2021 $ 000	2020 $ 000
At 1 January		10,515	10,075
Charge during the year		2,148	2,342
Payments made during the year		(1,416)	(1,891)
Other movements		15	-
Exchange differences		(22)	(11)
At 31 December		**11,238**	**10,515**

30 Share capital and additional paid-in capital

The movement in the share capital is as follows:

	2021		2020	
	Shares (000)	**$ 000**	**Shares (000)**	**$ 000**
At 1 January	10,000	2,722	10,000	2,722
Conversion of additional paid-in capital	2,429,770	661,612	-	-
At 31 December	**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.

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.

31 Dividends

During the year, the Company paid total dividends of $132.5 million as follows:
i) $36 million representing $3.6 per fully paid share which was paid in April 2021 prior to the increase in the Company's share capital (refer to Note 30); and
ii) $96.5 million representing $0.04 per fully paid share which is comprised of $44 million relating to the financial year 2020 and an interim dividend of $52.5 million relating to the financial year 2021, both of which were paid in July 2021.

During the previous year, the Company paid total dividends of $55 million representing $5.5 per fully paid share.

On 28 February 2022, the Board of Directors proposed a final dividend of $52.5 million representing $0.02 (AED 0.08) per share for the second half of the financial year 2021 bringing the total dividends per share to $0.04 (AED 0.16) per share for the year. The proposed dividend is subject to approval of the shareholders at the annual general assembly.

32 Statutory reserve

Article 103 of the UAE Federal Law No.2 of 2015 requires that 10% of the Company's profit be transferred to a non-distributable statutory reserve until the amount of the statutory reserve becomes equal to 50% of the paid-up share capital. The consolidated financial statements include statutory reserve of the Company and of its subsidiaries.

33 Capital commitments and contingent liabilities

	Note	2021 $ 000	2020 $ 000
Capital commitments - committed and contracted		259,305	267,440
Contingent liabilities - performance bonds provided by banks in the normal course of business		30,956	31,479

During 2020, the Group entered into a contract for procurement of a next generation satellite known as Thuraya 4 (T4), with an option to proucure an additional satellite known as Thuraya 5 (T5). As at the reporting date the costs relating to T4 satellite is committed, hence included under capital commitments - committed and contracted.

34 Leases - Group as a Lessor

The future minimum lease rental receivables under non-cancellable operating leases are as follows:

	Note	2021 $ 000	2020 $ 000
Satellite capacity leases - related party	21 (i)	622,459	750,643
Investment property leases - third parties	15	1,895	1,383
Other leases: *			
Satellite capacity leases - third parties		353	940
Gateway hosting - third parties		1,812	1,797
At 31 December		**626,519**	**754,763**

* The future minimum lease rental receivables under non-cancellable operating leases relating to other leases are as follows:			
Year 1		1,033	2,737
Year 2		604	-
Year 3		528	-
At 31 December		**2,165**	**2,737**

35 Earnings per share

	2021 $ 000	2020 $ 000
Profit for the period attributable to the Shareholder (in $'000)	69,762	68,902
Weighted average number of ordinary shares outstanding ('000)	2,439,770	2,439,770
Basic and diluted earnings per share ($)	0.029	0.028
Basic and diluted earnings per share (AED)	0.105	0.104

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 30). 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.

36 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:
• credit risk
• liquidity risk
• market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and is responsible for developing and monitoring the Group's risk management policies.

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 from the Group's receivables and cash held at bank.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Notes	2021 $ 000	2020 $ 000
Derivative financial assets	26	4,854	-
Trade receivables and contract assets	22	128,487	114,275
Other receivables	22	5,456	6,253
Cash and short-term deposits	23	400,274	224,915
		539,071	**345,443**

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. New customers are analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Outstanding customer receivables and contract assets are regularly monitored.

An impairment analysis is performed at each reporting date using loss rates applied against each customer segment to measure expected credit losses. The provision rates are based on historical patterns of default for groupings of various customer segments with similar loss patterns (i.e., by geographical region and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The analysis and segmentation of customers is determined separately for each of the revenue streams, namely, data and mobility solutions satellite services, infrastructure services and managed solutions.

The Group does not hold collateral as security. The Group considers the risk of concentration as low, with respect to trade receivables and contract assets, since credit risk is mitigated by the financial stability of its customers of which approximately 48% (2020: 47%) are related parties or government related entities. Moreover, a substantial portion of the remaining customers are located in several jurisdictions and industries and operate in largely independent markets.

36 Financial risk management (continued)

Financial instruments and cash deposits

The Group had credit risk arising from its derivatives used for hedging, which are settled on a net basis. With respect to cash and short-term deposits, management manages its credit risk by only dealing with reputable banks.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. 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. The Group ensures that it has sufficient cash and liquid assets on demand to meet its expected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Summarised below in the table is the maturity profile of financial liabilities based on the remaining period at the end of reporting period to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Within one year	1 - 2 years	2 - 5 years	Beyond 5 years	Total
2021					
Term loans	65,713	124,426	267,662	98,206	556,007
Lease liabilities	5,569	2,322	6,743	4,415	19,049
Derivative financial liabilities	193	-	-	-	193
Trade and other payables (excluding advances from customers)	80,662	-	-	-	80,662
At 31 December 2021	**152,137**	**126,748**	**274,405**	**102,621**	**655,911**
2020					
Term loans	129,357	131,882	-	-	261,239
Lease liabilities	6,244	3,710	6,842	6,618	23,414
Derivative financial liabilities	8,029	1,646	-	-	9,675
Trade and other payables (excluding advances from customers)	82,540	-	-	-	82,540
At 31 December 2020	**226,170**	**137,238**	**6,842**	**6,618**	**376,868**

The facility amounts relating to the Group's term loans are disclosed in Note 25.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, 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.

i) Currency risk

The Group is exposed to currency risk in respect of transactions denominated in currencies other than USD. In respect of transactions denominated in the UAE Dirham ("AED"), the Group is currently not exposed to currency risk as the AED is pegged to USD. For significant transactions denominated in currency other than USD and AED the Group utilises forward exchange contracts to reduce its currency risk exposure.

The Group is also exposed to currency risk in respect of its investment in its Brazilian associate. The Group regularly monitors the movement in exchange rates to assess the sensitivity and impact to its long term business plan.

ii) Interest rate risk

The Group adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into interest rate swaps. Short-term deposits earn fixed rates of interest.

36 Financial risk management (continued)

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected, after the impact of hedge accounting.

The Group's profit before tax for the year is affected through the impact on floating rate borrowings as follows. Amounts shown represent impact on profit if the market risk variables had been different at the end of the reporting period with all other variables held constant and has been computed on the basis of assumptions and indices used and considered by other market participants.

	2021 $ 000	2020 $ 000
Interest expense		
- 25 basis points	57	203
+ 25 basis points	(57)	(203)

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest benchmarks is being undertaken globally, including the replacement of some London Interbank Offered Rates (LIBOR) with an alternative benchmark rate (referred to as "LIBOR" reform). The Group has exposure to USD LIBOR on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Group's main IBOR exposure at 31 December 2021 was indexed to US Dollar LIBOR.

On 5 March 2021, ICE Benchmark Administration (IBA), the Financial Conduct Authority (FCA) and the International Swaps and Derivatives Association (ISDA) announced that representative Libor rates will no longer be available immediately after 31 December 2021 for the 1-week and 2-month US dollar settings, and the remaining US dollar settings immediately after 30 June 2023. Adoption of a replacement benchmark rate, after the discontinuation of USD LIBOR, will have an impact on the Term Facility Agreement (Term loan 5), BPIFAE Facility Agreement (Term loan 6) and Interest Rate Swap (IRS) Agreements. These agreements provide for a mechanism for transition from USD LIBOR to an agreed replacement benchmark.

The carrying amounts of Term loan 5 and Term loan 6 are disclosed in Note 25 while the fair value and notional amounts of the IRS are disclosed in Note 26.

Fair values

The fair value measurements of borrowings and derivative financial instrument are classified as 'Level 2' within the fair valuation hierarchy i.e. wherein fair value is determined using valuation techniques in which significant inputs are based on observable market data.

Derivatives
The fair value of interest rate swaps 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.

Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date (Level 2 of fair value hierarchy).

The fair values of borrowings and other financial assets and financial liabilities approximate their carrying values.

There were no transfers between Level 1 and Level 2 during 2021 and 2020.

36 Financial risk management (continued)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group manages capital using a gearing ratio, which is net debt divided by equity attributable to Yahsat Owner plus net debt. The Group's policy is to keep the gearing ratio within a range to meet the business needs of the Group. The Group includes within net debt, interest bearing borrowings and cash and short-term deposits. Capital includes share capital, additional paid-in capital, reserves and retained earnings.

	Notes	2021 $ 000	2020 $ 000
Interest bearing borrowings (excluding unamortised transaction costs)	25	549,355	275,513
Less: cash and short-term deposits	23	(400,274)	(224,915)
Net debt		149,081	50,598
Equity attributable to the Shareholders		841,384	896,524
Equity attributable to the Shareholders and net debt		**990,465**	**947,122**
Gearing ratio (%)		15%	5%

37 Business combinations and changes in ownership interests

This note provides information on changes to the group structure in the current and previous years and the significant accounting policies followed by the Group. There were no changes to the group structure in the current year and prior year.

Accounting policies

Business combinations
Business combinations are accounted for 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 or group of similar identifiable assets.

The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

37 Business combinations and changes in ownership interests (continued)

Accounting policies (continued)

Business combinations (continued)
A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the requirements for provisions in IAS 37 Provisions, Contingent Liabilities and Contingent Assets or the amount initially recognized less (when appropriate) cumulative amortisation recognized in accordance with the requirements for revenue recognition.

Transfer of entities under common control
Transfers giving rise to transfer of interests in entities that are under the common control of the shareholder are accounted for at the date that transfer occurred, without restatement of prior periods. The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the books of transferor entity. The components of equity of the acquired entities are added to the same components within Group entity. Any cash paid for the acquisition is recognized directly in equity.

Loss of control of subsidiary
When the Group loses control of a subsidiary, the Group
a) derecognises the assets and liabilities of the former subsidiary at the carrying amounts at the date when control is lost
b) recognize the fair value of the consideration received from the event or transaction that resulted in the loss of control and recognise any interest retained in the former subsidiary at its fair value when the control is lost
c) reclassify to profit or loss the amounts recognised in other comprehensive income (OCI), including any cumulative exchange differences previously recognized in OCI, in relation to the subsidiary and
d) recognize any resulting difference as a gain or loss in profit or loss.

The fair value at the date that control is lost in b) above shall be regarded as the fair value on initial recognition of a financial asset in accordance with IFRS 9 or the deemed cost on initial recognition of an investment in an associate or joint venture, if applicable.

Discontinued operation
A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:
a) Represents a separate major line of business or geographical area of operations
b) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
c) Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of comprehensive income. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Acquisition of an associate in a business combination
On acquisition of an associate, the Group undertakes a notional purchase price allocation (PPA), identifying and valuing assets and liabilities of the associate, as if it had acquired a business. These fair value adjustments are not recorded separately, because the investment itself is a single line item. However, the fair values identified form the basis for additional depreciation, amortisation and similar adjustments that are reflected in the investor's share of the results in subsequent years. Adjustments in the notional purchase price allocation include assets not recognised by the associate or joint venture (such as internally developed intangible assets, reserves of natural resources and similar assets). Adjustments might also be made to recognise the fair value of assets carried by the investee at cost (such as property, plant and equipment) and to recognise liabilities at appropriate values.

Where the Group acquires an associate, it might be necessary to use provisional figures to undertake a provisional PPA to report the acquisition at the reporting date. Within one-year from the date of acquisition, the Group finalises the fair values and PPA, and reports in the following reporting period.

On acquisition of the investment, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:
a) Goodwill relating to an associate is included in the carrying amount of the investment.
b) Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Appropriate adjustments to the entity's share of the associate's or joint venture's profit or loss after acquisition are made in order to account, for example, for depreciation of the depreciable assets based on their fair values at the acquisition date. Similarly, appropriate adjustments to the entity's share of the associate's profit or loss after acquisition are made for impairment losses such as for goodwill or property, plant and equipment.

38 Comparatives

Capital work in progress amounting to $98.5 million have been reclassified to Property, plant and equipment in the consolidated statement of financial position as of 31 December 2020. The reclassification was made to conform with the current year's presentation.

The consolidated financial statements are presented in United States Dollars ("USD" or "$"), the functional currency of the Company and the presentation currency of the Group. The following selected supplemental information is presented in United Arab Emirates Dirhams (AED) solely for convenience. AED amounts have been translated at the rate of AED 3.6725 to USD 1, except for share capital and additional paid-in capital which are translated using historical rates. For the purpose of this translation, numbers have been rounded where necessary.

I) Consolidated statement of profit or loss

	2021 AED 000	2020 AED 000
Revenue	1,496,797	1,496,569
Cost of revenue	(167,018)	(147,051)
Staff costs	(314,021)	(309,254)
Other operating expenses [(1)]	(141,122)	(190,955)
Other income	8,531	57,541
Adjusted EBITDA [(2)]	**883,167**	**906,850**
Depreciation, amortisation and impairment	(545,697)	(549,285)
Fair value adjustments on investment property	(7,000)	(7,455)
Operating profit	**330,470**	**350,110**
Finance income	1,451	11,811
Finance costs	(65,014)	(75,612)
Net Finance costs	**(63,563)**	**(63,801)**
Share of results of equity-accounted investments	(35,216)	(60,082)
Profit before income tax	**231,691**	**226,227**
Income tax expense	(790)	(735)
Profit for the year	**230,901**	**225,492**
Loss for the year attributable to non-controlling interests	(25,300)	(27,551)
Profit for the year attributable to the Shareholders	**256,201**	**253,043**
Earnings per share		
Basic and diluted (AED per share)	0.105	0.104

[(1)] Other operating expenses include impairment loss on trade receivables and contract assets. For the year ended 31 December 2021, the net impairment was negative (net credit) of AED 8,880 thousand. For the year ended 31 December 2020, the net impairment was a charge of AED 23,952 thousand.

[(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 4 for a reconciliation of Adjusted EBITDA to profit for the year. Adjusted EBITDA is a non-GAAP measure.

ii) Consolidated statement of comprehensive income

	2021 AED 000	2020 AED 000
Profit for the year	**230,901**	**225,492**
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Cash flow hedge - effective portion of changes in fair value	12,810	(18,238)
Cash flow hedge - loss reclassified to profit or loss	42,583	40,941
Foreign operations - currency translation differences	(27,489)	(102,878)
Other comprehensive income for the year	**27,904**	**(80,175)**
Total comprehensive income for the year	**258,805**	**145,317**
Total comprehensive loss attributable to non-controlling interests	(25,300)	(27,591)
Total comprehensive income attributable to the Shareholders	**284,105**	**172,908**

Al Yah Satellite Communications Company PJSC

Supplemental information to the consolidated financial statements

for the year ended 31 December 2021

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iii) Consolidated statement of financial position

	2021 AED 000	2020 AED 000
Assets		
Property, plant and equipment	4,154,677	4,100,471
Investment property	74,298	81,298
Right-of-use assets	56,145	75,819
Intangible assets	36,093	48,047
Equity-accounted investments	426,756	461,171
Trade and other receivables	38,128	41,232
Derivative financial assets	11,789	-
Deferred income tax assets	474	345
Total non-current assets	**4,798,360**	**4,808,383**
Inventories	21,532	48,811
Trade and other receivables	542,152	467,495
Derivative financial assets	6,038	-
Income tax assets	687	668
Cash and short-term deposits	1,470,006	826,000
Total current assets	**2,040,415**	**1,342,974**
Total assets	**6,838,775**	**6,151,357**
Liabilities		
Trade and other payables	302,074	325,159
Borrowings	230,152	474,171
Derivative financial liabilities	709	29,439
Deferred revenue	99,113	81,144
Income tax liabilities	599	1,058
Total current liabilities	**632,647**	**910,971**
Trade and other payables	1,068,697	1,068,698
Borrowings	1,724,488	527,573
Derivative financial liabilities	-	6,027
Provision for employees' end of service benefits	41,272	38,616
Total non-current liabilities	**2,834,457**	**1,640,914**
Total liabilities	**3,467,104**	**2,551,885**
Net assets	**3,371,671**	**3,599,472**
Equity		
Share capital	2,439,770	10,000
Additional paid-in capital	-	2,429,770
Hedging reserve	19,927	(35,465)
Statutory reserve	35,135	15,068
Translation reserve	(109,029)	(81,541)
Retained earnings	704,180	954,652
Equity attributable to the Shareholders	**3,089,983**	**3,292,484**
Non-controlling interests	281,688	306,988
Total equity	**3,371,671**	**3,599,472**

* Cash and short term deposits include cash and cash equivalents of AED 1,019,993 thousand (31 December 2020: AED 385,300 thousand).

iv) Consolidated statement of changes in equity

	Attributable to the Shareholders							
	Share capital	Additional paid-in capital	Hedging reserve	Other Reserves [1]	Retained earnings	Total	Non-controlling interests	Total equity
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
At 1 January 2020	**10,000**	**2,429,770**	**(58,169)**	**36,365**	**903,597**	**3,321,563**	**334,579**	**3,656,142**
Profit for the year	-	-	-	-	253,043	253,043	(27,551)	225,492
Other comprehensive income:								
Currency translation differences	-	-	-	(102,837)	-	(102,837)	(40)	(102,877)
Net loss on fair value of cash flow hedges	-	-	(18,238)	-	-	(18,238)	-	(18,238)
Reclassified to consolidated statement of profit or loss (Note 11)	-	-	40,941	-	-	40,941	-	40,941
Other comprehensive income for the year	-	-	**22,703**	**(102,837)**	-	**(80,134)**	**(40)**	**(80,174)**
Total comprehensive income for the year	-	-	**22,703**	**(102,837)**	**253,043**	**172,909**	**(27,591)**	**145,318**
Transactions with the Shareholder:								
Dividends (Note 31)	-	-	-	-	(201,988)	(201,988)	-	(201,988)
At 31 December 2020	**10,000**	**2,429,770**	**(35,466)**	**(66,472)**	**954,652**	**3,292,484**	**306,988**	**3,599,472**
At 1 January 2021	**10,000**	**2,429,770**	**(35,466)**	**(66,472)**	**954,652**	**3,292,484**	**306,988**	**3,599,472**
Profit for the year	-	-	-	-	256,201	256,201	(25,300)	230,901
Other comprehensive income:								
Currency translation differences	-	-	-	(27,489)	-	(27,489)	-	(27,489)
Net loss on fair value of cash flow hedges	-	-	12,810	-	-	12,810	-	12,810
Reclassified to consolidated statement of profit or loss (Note 11) [2]	-	-	42,583	-	-	42,583	-	42,583
Other comprehensive income for the year	-	-	**55,393**	**(27,489)**	-	**27,904**	-	**27,904**
Total comprehensive income for the year	-	-	**55,393**	**(27,489)**	**256,201**	**284,105**	**(25,300)**	**258,805**
Conversion of additional paid-in capital to share capital (Note 30)	2,429,770	(2,429,770)	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	20,067	(20,067)	-	-	-
Transactions with the Shareholder:								
Dividends (Note 31)	-	-	-	-	(486,606)	(486,606)	-	(486,606)
At 31 December 2021	**2,439,770**	-	**19,927**	**(73,894)**	**704,180**	**3,089,983**	**281,688**	**3,371,671**

[1] Other reserves include translation reserve and statutory reserve.

[2] The amount includes AED 18,935 thousand on account of discontinuance of hedge accounting (Note 26) and AED 23,647 thousand relating to periodic reclassifications to profit or loss.

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iv) Consolidated statement of cash flows

	2021 AED 000	2020 AED 000
Operating activities		
Profit before income tax	231,691	226,226
Adjustments for:		
Share of results of equity-accounted investments	35,216	60,082
Depreciation, amortisation and impairment	545,697	549,285
Allowance (reversal of allowance) for expected credit losses	(8,880)	22,777
Loss allowance for inventories	(3,992)	9,886
Fair value adjustment to investment property	7,000	7,455
Finance income	(1,451)	(11,811)
Finance costs	65,014	75,613
Gain on disposal of property, plant and equipment	(114)	-
Gain on transfer of orbital rights - non-cash consideration	-	(36,725)
Provision for employees' end of service benefits	7,889	8,601
Write-off of property, plant and equipment / capital work in progress	18	26
Operating profit before working capital changes	**878,088**	**911,415**
Working capital changes:		
Trade and other receivables	(62,675)	8,168
Inventories	31,268	(23,012)
Trade and other payables	(23,155)	(15,902)
Deferred revenue	17,970	(32,362)
Employee end of service payments	(5,208)	(6,945)
Income tax paid	(1,399)	(621)
Net cash from operating activities	**834,889**	**840,741**
Investing activities		
Additions to property, plant and equipment	(27,966)	(31,745)
Purchases of capital work in progress	(531,818)	(242,532)
Additions to intangible assets	(1,910)	(3,981)
Proceeds on disposal of property, plant and equipment	180	-
Investment in an associate	(36,284)	(68,154)
Return of investment in an associate	7,639	-
Receipts of short-term deposits with original maturity of over three months	440,700	514,150
Investments in short-term deposits with original maturity of over three months	(450,013)	(440,700)
Interest received	1,451	11,811
Net cash used in investing activities	**(598,021)**	**(261,151)**
Financing activities		
Proceeds from term loans	1,956,778	-
Repayment of term loans	(939,121)	(428,217)
Payment of lease liabilities	(15,623)	(40,196)
Interest paid	(27,533)	(64,397)
Transaction costs on borrowings paid	(59,825)	-
Settlement of derivative contract liabilities	(31,418)	-
Dividend paid to the Shareholder	(486,606)	(201,988)
Net cash from / (used in) financing activities	**396,652**	**(734,798)**
Net increase/(decrease) in cash and cash equivalents	**633,520**	**(155,208)**
Net foreign exchange difference	1,172	(936)
Cash and cash equivalents at 1 January	385,300	541,444
Cash and cash equivalents as at 31 December	**1,019,992**	**385,300**

Al Yah Satellite Communications Company PJSC

Reports and Consolidated Financial Statements

31 December 2022

Al Yah Satellite Communications Company PJSC

Reports and Consolidated Financial Statements

31 December 2022

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The Directors have pleasure in presenting their report, together with the audited consolidated financial statements of Al Yah Satellite Communications Company PJSC (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2022.

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 and appropriations

For the year ended 31 December 2022, the Group reported revenue of $432,540 thousand (2021: $407,569 thousand) and profit for the year attributable to the shareholders of $65,564 thousand (2021: $69,762 thousand).

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 21 of the consolidated 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
Peng Xiao
Gaston Urda
Adrian Georges Steckel

Auditors
The consolidated financial statements for the year ended 31 December 2022 have been audited by M/s KPMG Lower Gulf Limited.

DocuSigned by:
Musabbeh Al Kaabi
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On behalf of the Board of Directors
Chairman of the Board
Musabbeh Al Kaabi

Date: 27 February 2023

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Independent auditors' report

To the Shareholders of Al Yah Satellite Communications Company PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Yah Satellite Communications Company PJSC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant 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 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable requirements of Financial Statements Auditing Standards for the Subject Entities issued vide ADAA Chairman's Resolution No. (88) of 2021 in the United Arab Emirates (ADAA Auditing Standards). 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 International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical and independence requirements of ADAA that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, 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 Matters (continued)

Revenue Recognition	
See note 5 to the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
Revenue recognition is considered a key audit matter because of the: — judgments and estimates involved in identification of the lease and non-lease components, classification of lease and recognizing revenue in accordance with the provisions of IFRS 16 and IFRS 15; — reliance on multiple, complex information technology (IT) systems and tools used in the initiation, authorization, processing and recording of mobility & data solutions revenue transactions; — volume of transactions; and — the application of revenue recognition standards is complex and involves the exercise of a number of key judgments and estimates in identification of the performance obligations that the Group has in its variety of contracts with the large number of customers and the timing of fulfilling those obligations. We also identified a risk of management override through inappropriate manual topside revenue journal entries as revenue is a key performance indicator for management and Group performance.	Our procedures included, amongst others: — We held discussions with management on IFRS accounting analysis, performed testing of revenue contracts on sample basis and tested that the underlying revenue transactions were accounted in accordance with the relevant IFRS standards; — We obtained an understanding of the significant revenue processes and performed walkthroughs to identify key systems and applications, IT controls and manual controls that are relevant to revenue recognition; — We evaluated the design and implementation and tested the operating effectiveness of the Group's manual and IT controls relating to the initiation, processing and recording of the above revenue transactions. In doing so, we involved our IT specialists to assist in the audit of general IT environment and the key controls in relevant IT applications and supporting tools, including interface controls between different IT systems; — On a sample basis, we tested that the revenue recognised during the year agrees with underlying contractual arrangements; — We tested the reconciliations between the general ledgers and the IT systems for all the key revenue streams; — We undertook analytical reviews and performed substantive analytical procedures on key revenue streams; — On a sample basis, we evaluated the lease and non-lease elements included in infrastructure contracts in accordance with IFRS 16 and 15; and — On a sample basis, we tested supporting evidence for manual journal entries posted to revenue accounts

Key Audit Matters (continued)

Impairment of non-financial assets

See Notes 3 and 18 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The carrying value of the Group's non-financial assets amounted to USD 1,229 million as of 31 December 2022, which represents 61% of the Group's total assets as of that date. The Group considers non-financial assets relating to key revenue segments (which are infrastructure, mobility and data solutions) and equity accounted investments to be separate cash-generating units ("CGU"). Consequently, if there are triggers for an impairment assessment for any of these CGUs in accordance with the relevant accounting standards, then these are conducted by the Group on a CGU basis. Such assessments consider the recoverability of these assets by comparing their respective estimated fair value with carrying amounts. The estimated fair value of the non-financial assets might be impacted by events that may or may not be under the Group's control. Their recoverable amount is also dependent on the remaining useful economic life of the non-financial assets, particularly satellites. The estimation of these fair values is arrived by projecting the cash flows for the CGUs, discounted at an appropriate rate, using various assumptions, which involves significant judgment. Given the significance of these non-financial assets and the significant level of estimation and judgment applied to assess their recoverability, impairment of non-financial assets has been considered as a key audit matter.	Our procedures included, amongst others: — We obtained an understanding of the impairment assessment process, including assessment of triggering events, and identified key controls that are relevant to impairment assessment process; — We evaluated the design and implementation of the controls over the Group's impairment assessment process; — We challenged the Group's methodology in relation to identification of CGUs given our understanding of its operating and business structure, process of management review and reporting and the independence of the cash flows associated with the respective CGUs; — We discussed with management and in particular, the engineering team about any health issues pertaining to satellites of the respective CGUs and evaluated their impact on the satellites' capability to generate future cash inflows, and on the recoverable amount of the respective CGUs. In doing so, we involved our technical specialists to assess the satellites' health reports of key revenue segments; — We engaged our valuation specialists to test the reasonableness of the key assumptions underpinning the valuation of the respective CGUs, including the discount and terminal growth rates; — We reconciled the cash flows used in the valuation workings to business plans prepared by the Group or approved by the respective Board of Directors reflecting management's best estimate as at 31 December 2022; — We assessed the reasonableness of the assumptions underpinning the cash flow projections used in the impairment models including the sensitivity analysis; — We evaluated the adequacy of impairments that were recognized during the year; — We tested the reasonableness of the Group estimates by undertaking a retrospective review of its estimates made in the prior period; and — We assessed the adequacy of disclosures in the consolidated financial statements in accordance with the applicable financial reporting framework.

Other Information

Management is responsible for the other information. The other information comprises the Director's Report and information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon. We obtained the Directors' Report, prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Annual Report after the date of the auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do 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 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, 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.

When we read the remaining sections of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, and the applicable provisions of Law No. (1) of 2017 (as amended) concerning the Financial System of the Government of Abu Dhabi and instructions issued by the Department of Finance and applicable provisions of the laws and regulations and for such internal control as management 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, management 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Group's financial reporting process.

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 and ADAA Auditing Standards 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with ISAs and ADAA Auditing Standards, we exercise professional judgment and maintain professional skepticism 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 management.

— Conclude on the appropriateness of management's 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 those charged with governance 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 those charged with governance 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 those charged with governance, 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.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. 32 of 2021 we report that for the year ended 31 December 2022:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021;

iii) the Group has maintained proper books of account;

iv) the financial information included in the Directors' report is consistent with the books of account of the Group;

v) as disclosed in note 19 to the consolidated financial statements, the Group has purchased shares during the year ended 31 December 2022;

vi) note 21 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2022 any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2022; and

viii) note 8 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2022.

Further, as required by the Abu Dhabi Accountability Authority's Chairman Resolution No.(88) of 2021 pertaining to Financial Statements Auditing Standards for the Subject Entities, we report that based on the procedures performed and information provided to us by management and those charged with governance, nothing has come to our attention that causes us to believe that the Company has not complied, in all material aspects, with any of the provisions of the following laws applicable to its activities, regulations and circulars as applicable, which would have a material impact on the consolidated financial statements as at 31 December 2022:

i) Law No. (1) of 2017 (as amended) concerning the Financial System of the Government of Abu Dhabi and instructions issued by the Department of Finance pertaining to the preparation and implementation of the annual budget of Subject Entities;

ii) its Memorandum/Articles of Association or the UAE Federal Decree Law No. 32 of 2021 which would materially affect its activities or its financial position as at 31 December 2022; and

iii) relevant provisions of the applicable laws, resolutions and circulars that have an impact on the Company's consolidated financial statements.

KPMG Lower Gulf Limited

Avtar Singh Jalif
Registration No.: 5413
Abu Dhabi, United Arab Emirates
Date: 28 Feb 2023

Al Yah Satellite Communications Company PJSC

Consolidated statement of profit or loss

for the year ended 31 December 2022

	Notes	2022 $ 000	2021 $ 000
Revenue	5	432,540	407,569
Cost of revenue	6	(48,296)	(45,478)
Staff costs	7	(85,474)	(85,506)
Other operating expenses [1]	8	(44,974)	(38,427)
Other income	9	3,884	2,323
Adjusted EBITDA [2]		**257,680**	**240,481**
Depreciation, amortisation and impairment	10	(144,471)	(148,590)
Fair value adjustment on investment property	14	1,584	(1,906)
Operating profit		**114,793**	**89,985**
Finance income	11	8,497	395
Finance costs	11	(9,595)	(17,703)
Net finance costs		**(1,098)**	**(17,308)**
Share of results of equity-accounted investments [3]	18	(53,303)	(9,589)
Profit before income tax		**60,392**	**63,088**
Income tax expense		(175)	(215)
Profit for the year		**60,217**	**62,873**
Loss for the year attributable to non-controlling interests	17	(5,347)	(6,889)
Profit for the year attributable to the Shareholders		**65,564**	**69,762**
Earnings per share			
Basic and diluted (cents per share)	35	2.687	2.859

[1] Other operating expenses include expected credit losses on trade receivables and contract assets. For the year ended 31 December 2022, there was a net reversal of expected credit losses of $859 thousand (2021: $2,418 thousand).

[2] Adjusted EBITDA is a non-GAAP measure and refers to earnings before interest, tax, depreciation, amortisation, impairment, fair value adjustment on investment property and share of results of equity-accounted investments. Refer to note 4 for a reconciliation of Adjusted EBITDA to profit for the year.

[3] Share of results of equity-accounted investments for the year include impairment loss of $40,575 thousand (2021: nil) in respect of the Group's investment in HPE Brazil.

The notes on pages 6 to 49 form part of these consolidated financial statements.

The independent auditor's report is set out on pages ii to vii.

Al Yah Satellite Communications Company PJSC

Consolidated statement of comprehensive income

for the year ended 31 December 2022

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	Notes	2022 $ 000	2021 $ 000
Profit for the year		**60,217**	**62,873**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Cash flow hedge - effective portion of changes in fair value		46,409	3,488
Cash flow hedge - (gain)/loss reclassified to profit or loss	11	(3,430)	11,595
Foreign operations - currency translation differences		5,300	(7,485)
		48,279	**7,598**
Items that may not be reclassified to profit or loss:			
Remeasurement of defined benefit obligation	29	**1,929**	**-**
Other comprehensive income for the year		**50,208**	**7,598**
Total comprehensive income for the year		**110,425**	**70,471**
Total comprehensive loss attributable to non-controlling interests	17	(5,353)	(6,889)
Total comprehensive income attributable to the Shareholders		**115,778**	**77,360**

The notes on pages 6 to 49 form part of these consolidated financial statements.

The independent auditor's report is set out on pages ii to vii.

Al Yah Satellite Communications Company PJSC

Consolidated statement of financial position

at 31 December 2022

	Notes	2022 $ 000	2021 $ 000
Assets			
Property, plant and equipment	13	1,144,224	1,131,294
Investment property	14	19,981	20,231
Right-of-use assets	15	5,852	15,288
Intangible assets	16	7,210	9,828
Equity-accounted investments	18	64,054	116,203
Trade and other receivables	22	10,382	10,382
Derivative financial instruments	26	32,214	3,210
Other investments	19	2,950	-
Deferred income tax assets		132	129
Total non-current assets		**1,286,999**	**1,306,565**
Inventories	20	7,232	5,863
Trade and other receivables	22	168,259	147,625
Derivative financial instruments	26	17,202	1,644
Income tax assets		182	187
Cash and short-term deposits *	23	544,699	400,274
Total current assets		**737,574**	**555,593**
Total assets		**2,024,573**	**1,862,158**
Liabilities			
Trade and other payables	24	171,161	82,253
Borrowings	25	121,077	62,669
Derivative financial instruments	26	-	193
Deferred revenue	27	24,809	26,988
Income tax liabilities		215	163
Total current liabilities		**317,262**	**172,266**
Trade and other payables	24	367,679	291,000
Borrowings	25	407,251	469,568
Provision for employees' end of service benefits	29	9,897	11,238
Total non-current liabilities		**784,827**	**771,806**
Total liabilities		**1,102,089**	**944,072**
Net assets		**922,484**	**918,086**
Equity			
Share capital	30	664,334	664,334
Hedging reserve	26	48,405	5,426
Statutory reserve	32	20,929	9,567
Translation reserve		(24,353)	(29,687)
Remeasurement reserve		1,901	-
Retained earnings		139,919	191,744
Equity attributable to the Shareholders		**851,135**	**841,384**
Non-controlling interests	17	71,349	76,702
Total equity		**922,484**	**918,086**

* Cash and short term deposits include cash and cash equivalents of $213,994 thousand (31 December 2021: US$ 277,738 thousand).

These consolidated financial statements were authorised for issue by the Board of Directors on 27 February 2023 and approved on their behalf by:

DocuSigned by:
Musabbeh Al Kaabi
9FA2035C5F534C1...
Chairman of the Board
Musabbeh Al Kaabi

DocuSigned by:
13AA0BE7E75B451...
Chief Executive Officer
Ali Hashem Al Hashemi

DocuSigned by:
Andrew Francis Cole
A6BF0B65FED14B7...
Chief Financial Officer
Andrew Francis Cole

The notes on pages 6 to 49 form part of these consolidated financial statements.
The independent auditor's report is set out on pages ii to vii.

	Attributable to the Shareholders							
	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
	(Note 30)	(Note 30)	(Note 26)				(Note 17)	
At 1 January 2021	**2,722**	**661,612**	**(9,657)**	**(18,099)**	**259,946**	**896,524**	**83,591**	**980,115**
Profit for the year	-	-	-	-	69,762	69,762	(6,889)	62,873
Other comprehensive income:								
Currency translation differences	-	-	-	(7,485)	-	(7,485)	-	(7,485)
Cash flow hedge - effective portion of changes in fair value	-	-	3,488	-	-	3,488	-	3,488
Cash flow hedge - net loss reclassified to profit or loss (Note 11) [2]	-	-	11,595	-	-	11,595	-	11,595
Other comprehensive income/(loss) for the year	**-**	**-**	**15,083**	**(7,485)**	**-**	**7,598**	**-**	**7,598**
Total comprehensive income/(loss) for the year	**-**	**-**	**15,083**	**(7,485)**	**69,762**	**77,360**	**(6,889)**	**70,471**
Conversion of additional paid-in capital to share capital (Note 30)	661,612	(661,612)	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	5,464	(5,464)	-	-	-
Transactions with the Shareholder:								
Dividends (Note 31)	-	-	-	-	(132,500)	(132,500)	-	(132,500)
At 31 December 2021	**664,334**	**-**	**5,426**	**(20,120)**	**191,744**	**841,384**	**76,702**	**918,086**
At 1 January 2022	**664,334**	**-**	**5,426**	**(20,120)**	**191,744**	**841,384**	**76,702**	**918,086**
Profit for the year	-	-	-	-	65,564	65,564	(5,347)	60,217
Other comprehensive income:								
Currency translation differences	-	-	-	5,334	-	5,334	(34)	5,300
Cash flow hedge - effective portion of changes in fair value	-	-	46,409	-	-	46,409	-	46,409
Cash flow hedge - net gain reclassified to profit or loss (Note 11)	-	-	(3,430)	-	-	(3,430)	-	(3,430)
Remeasurement of defined benefit obligation	-	-	-	1,901	-	1,901	28	1,929
Other comprehensive income/(loss) for the year	**-**	**-**	**42,979**	**7,235**	**-**	**50,214**	**(6)**	**50,208**
Total comprehensive income/(loss) for the year	**-**	**-**	**42,979**	**7,235**	**65,564**	**115,778**	**(5,353)**	**110,425**
Transfer to statutory reserve	-	-	-	11,362	(11,362)	-	-	-
Transactions with the Shareholders:								
Dividends (Note 31)	-	-	-	-	(106,027)	(106,027)	-	(106,027)
At 31 December 2022	**664,334**	**-**	**48,405**	**(1,523)**	**139,919**	**851,135**	**71,349**	**922,484**

[1] Other reserves include statutory reserve, translation reserve and IAS 19 remeasurement reserve.

[2] The amount includes $5,156 thousand on account of discontinuance of hedge accounting (Note 26) and $6,439 thousand relating to periodic reclassifications to profit or loss.

Consolidated statement of cash flows

for the year ended 31 December 2022

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	Notes	2022 $ 000	2021 $ 000
Operating activities			
Profit before income tax		60,392	63,088
Adjustments for:			
Share of results of equity-accounted investments	18	53,303	9,589
Depreciation, amortisation and impairment	10	144,471	148,590
Reversal of allowance for expected credit losses	22	(859)	(2,418)
Allowance (reversal of allowance) for inventories	20	168	(1,087)
Fair value adjustment to investment property	14	(1,584)	1,906
Finance income	11	(8,497)	(395)
Finance costs	11	9,595	17,703
Gain on termination of lease		(1,548)	-
Gain on disposal of property, plant and equipment		-	(31)
Provision for employees' end of service benefits	29	1,757	2,148
Write-off of property, plant and equipment	13	17	5
Operating profit before working capital changes		**257,215**	**239,098**
Working capital changes:			
Trade and other receivables		(19,775)	(17,066)
Inventories		(1,537)	8,514
Trade and other payables [(1)]		154,815	(6,305)
Deferred revenue		(2,179)	4,893
Employee end of service payments	29	(1,612)	(1,418)
Income tax paid		(121)	(381)
Net cash from operating activities		**386,806**	**227,335**
Investing activities			
Purchases of property, plant and equipment	13	(131,164)	(152,426)
Additions to intangible assets	16	(1,006)	(520)
Proceeds on disposal of property, plant and equipment		-	49
Investment in an associate	18	-	(9,880)
Return of investment in an associate	18	4,225	2,080
Acquisition of other investments		(2,950)	-
Receipts of short-term deposits with original maturity of over three months		288,030	120,000
Investments in short-term deposits with original maturity of over three months		(496,199)	(122,536)
Interest received		8,497	395
Net cash used in investing activities		**(330,567)**	**(162,838)**
Financing activities			
Proceeds from term loans	25	61,687	532,819
Repayment of term loans	25	(60,969)	(255,717)
Payment of lease liabilities	15	(4,824)	(4,254)
Interest paid		(10,910)	(7,497)
Transaction costs on borrowings refunded/(paid)	25	969	(16,290)
Settlement of derivative contract liabilities	26	-	(8,555)
Dividend paid to the Shareholders	31	(106,027)	(132,500)
Net cash (used in) / from financing activities		**(120,074)**	**108,006**
Net (decrease) / increase in cash and cash equivalents		**(63,835)**	**172,503**
Net foreign exchange difference		91	320
Cash and cash equivalents at 1 January		277,738	104,915
Cash and cash equivalents as at 31 December	23	**213,994**	**277,738**

[(1)] Amount for the year ended 31 December 2022 includes receipt of the first instalment of the T4-NGSA Advance Payment of $150 million.

The notes on pages 6 to 49 form part of these consolidated financial statements.
The independent auditor's report is set out on pages ii to vii.

1 Corporate 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 Decree-Law No. 32 of 2021 (the "Commercial Companies Law") is applicable to the Company and has come into effect on 2 January 2022.

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 30).

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.

These consolidated 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. Details of the Company's subsidiaries and its equity-accounted investees are set out in Notes 17 and 18.

2 Significant accounting policies

2.1 Basis of preparation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) and comply where appropriate, with the Articles of Association and applicable requirements of the laws of the UAE.

The Group is required, for the year ended 31 December 2022, to be in compliance with the provisions of UAE Federal Decree Law No. 32 of 2021 on Commercial Companies or Commercial Companies Law, which was issued on 20 September 2021 and came into effect on 2 January 2022. The Commercial Companies Law replaced the previously applicable UAE Federal Decree-Law No. 2 of 2015 on Commercial Companies, as amended.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments, other investments 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 consolidated 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.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022. The basis of consolidation is referred in the following notes:

Basis of consolidation	Note
(i) Subsidiaries	17
(ii) Investments in associates	18
(iii) Transactions eliminated on consolidation	17,18
(iv) Business combinations	37
(v) Transfer of entities under common control	37
(vi) Loss of control of a subsidiary	37
(vii) Acquisition of an associate in a business combination	37

2 Significant accounting policies (continued)

2.3 Summary of significant accounting policies

The Group has applied these accounting policies consistently to all periods presented in these consolidated financial statements.

A) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Non-derivative financial assets

Non-derivative financial assets comprise loans and receivables and cash and short-term deposits.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income (FVOCI), it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. However, the Group may make an irrevocable election at initial recognition to classify its equity instruments which are not held for trading as measured at FVOCI. All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables, amounts due from related parties and other receivables.

The Group does not have financial assets at fair value through OCI.

The Group derecognises a financial asset only when the contractual rights to the cash flows of the asset expire, or it transfers the rights to receive the contractual cash flows of the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, where the time value of money is material, receivables are measured at amortised cost using the effective interest method, less impairment losses, if any.

Cash and cash equivalents comprise cash balances and short-term deposits with original maturities of three months or less.

(ii) Non-derivative financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

2 Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

A) Financial instrument (continued)

(ii) Non-derivative financial liabilities (continued)
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial liabilities comprise trade payables, amounts due to related parties, borrowings and other payables and accruals.

(iii) Derivative financial instruments including hedge accounting: Refer to Note 26.

B) Revenue from contract with customers
Refer Note 5.

C) Leases - the Group as a lessor
Refer Note 5 (Infrastructure services) and Note 14 (Investment property).

D) Finance income
Refer Note 11.

E) Other income
Refer Note 9.

F) Property, plant and equipment
Refer Note 13.

G) Investment property
Refer Note 14.

H) Leases - the Group as a lessee
Refer Note 15.

I) Intangible assets
Refer Note 16.

J) Borrowing costs
Refer Note 11.

K) Impairment

Financial assets
The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments not carried at FVTPL. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information including actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counter party's ability to meet its obligations.

Financial assets carried at amortised cost
The Group recognizes lifetime expected credit loss (ECL) for trade receivables, using the simplified approach. The expected credit losses on these financial assets are estimated using loss rates applied against each customer segment for each revenue type to measure expected credit losses. The Group determines the loss rates based on historical credit loss experience, analysis of the debtor's current financial position adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of current and forecast direction of conditions at the reporting date, including, where appropriate, time value of money.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited in the consolidated statement of profit or loss. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

2 Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

K) Impairment (continued)

Non-financial assets and investment in associates
The carrying amounts of the Group's non-financial assets and investments in associates are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, then the asset's recoverable amount is estimated.

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 that cannot be tested individually 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, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss on investment in associates is recognised if its carrying amount exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss and included within share of results.

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.

L) Foreign currency
Transactions in foreign currencies are translated to USD at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to USD at the exchange rate at that date. The resultant foreign exchange gains and losses are recognised in the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Where functional currencies of subsidiaries are different from USD, income and cash flow statements of subsidiaries are translated into USD at average exchange rates for the year that approximate the cumulative effect of rates prevailing on the transaction dates and their assets and liabilities are translated at the exchange date ruling at the end of the reporting period. The resulting exchange differences are recognised in the consolidated statement of other comprehensive income.

The Group's share of results and share of movement in other comprehensive income of equity accounted investments are translated into USD at average exchange rates for the year. Translation differences relating to investments in associates and monetary assets and liabilities that form part of a net investment in a foreign operation are recognised in the consolidated statement of other comprehensive income. When a 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 related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

M) Employee terminal benefits
Refer Note 7.

N) Provisions
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

O) Income tax
Refer Note 12.

P) Government Grants
Refer Note 28.

Q) Current vs non-current classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:
- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period

Or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

2 Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

Q) Current vs non-current classification (continued)
A liability is current when it is:
- expected to be settled in the normal operating cycle
- held primarily for the purpose of trading
- due to be settled within twelve months after the reporting period
Or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

R) Fair value measurement
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. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The levels of fair value hierarchy are defined as follows:
Level 1: Measurement using quoted prices (unadjusted) from the active market.
Level 2: Measurement using valuation methods with parameters derived directly or indirectly from observable market data.
Level 3: Measurement using valuation methods with parameters not based exclusively on observable market data.

2.4 Changes in accounting policies and disclosures

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 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Reference to the Conceptual Framework – Amendments to IFRS 3
The amendments 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.

These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

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 did not 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 applied these amendments to contracts for which it had not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applied the amendments. The amendment did not 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. These amendments had no impact on the consolidated financial statements of the Group as it is not a first time adopter.

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. These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the year.

2 Significant accounting policies (continued)

2.4 Changes in accounting policies and disclosures (continued)

IFRS 16 Leases - Lease incentives
The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments did not have a material impact on the Group.

2.5 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 consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

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.

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.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Making Materiality Judgements
The amendment refined its definition of material and issued non-mandatory practical guidance on applying the concept of materiality. The amendment is effective for annual periods beginning on or after 1 January 2023. The amendment is not expected to have a material impact on the Group.

Amendments to IAS 8: Definition of Accounting Estimate
The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendment is effective for annual periods beginning on or after 1 January 2023. The amendment is not expected to have a material impact on the Group.

3 Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties include:
i) Capital management (Note 36)
ii) Financial instrument risk management (Note 36)

Significant accounting judgments

Judgements relating to revenue from contract with customers
Refer Note 5.

Determining the lease term of contracts with renewal and termination options – Group as lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period in the lease term for a) satellite capacity leases where the intention to renew is supported by an approved business case and b) for lease of buildings housing satellite gateways where there are no approved plans for relocation of gateways or cancellation of leases. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

3 Significant accounting judgments, estimates and assumptions (continued)

Significant accounting judgements (continued)

Classification of investments
The Group applies significant judgement with respect to the classification of investments, control (including de-facto control), joint control and significant influence exercised on those investments made by the Group. For assessing control, the Group considers power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect its returns. In case, where the Group has less than majority of the voting or similar rights in an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee and de-facto control on listed securities. Management's assessment considers the Group's ability to exercise control in the event of a deadlock situation with other vote holders and in situations where the Group holds convertible instruments, the Group considers potential voting rights.

Based on management's assessment, the classification of the Group's investments do not require any change as of 31 December 2022.

Significant accounting estimates

Impairment of non-financial assets
At the end of each reporting period, management applies the guidance in IAS 36 Impairment of Assets to identify whether there is any objective evidence of impairment of its non-financial assets. In such instances, the assets are subject to an impairment test by comparing their carrying amounts at the balance sheet date to their recoverable amounts. The recoverable amount for an individual asset is estimated and is the higher of its fair value less costs of disposal and its value in use. If the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets the recoverable amount of the cash-generating unit (CGU) to which the asset belongs is determined. An estimate of fair value less cost of disposal or the value in use of the CGU (or asset) is made, using estimated future cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (asset). The assumptions and judgments made in assessing the recoverable value include expectations of contract renewals, price increases on existing contracts and inflation rates.

During the year, the Group identified indicators that its BCS cash generating unit ('BCS CGU') may be impaired. Accordingly, the recoverable amount was calculated based on BCS CGU's estimated fair value less costs of disposal, calculated by discounting its projected cash flows from approved financial forecasts – a Level 3 fair value hierarchy assessment. The cash flow projections cover the period from 2023 to 2031 extrapolated into perpetuity at a 2.4% growth rate and discounted using a discount rate of 15.5%. The recoverable amount of the BCS CGU exceeded the carrying value by $7,272 thousand as of 31 December 2022, indicating the CGU is not impaired. An increase of 0.5% in the discount rate would result in a lower recoverable amount by $6,710 thousand.

Impairment of equity-accounted investments
At the end of each reporting period, management applies the guidance in IAS 28 Investments in Associates and Joint Ventures to identify whether there is any objective evidence of impairment of its equity-accounted investments. In such instances, the investments are subject to impairment tests by comparing the carrying amount to the recoverable amount of each investment. Considering the long term nature of these investments, the recoverable amount is determined based on discounted cash flows calculations. Estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The assumptions and judgments made in assessing the fair value less costs of disposal include expectations of contract renewals, price changes on existing contracts and inflation rates.

During the year, the Group identified indicators that its investment in HPE ('HPE cash generating unit' or 'HPE CGU'), which is an operating segment included in 'Others' (refer Note 4), may be impaired due to a rapid deterioration in the global macro-economic environment which primarily impacted the discount rate used in assessing the recoverable amount of this investment. The recoverable amount was calculated based on HPE CGU's estimated fair value less costs of disposal, calculated by discounting its projected cash flows – a Level 3 fair value hierarchy assessment. These cash flows reflect HPE CGU's approved business plan which include assumptions that are broadly in line with what a market participant would make. The cash flow projections cover the period from 2023 to 2037 considering various qualitative factors, extrapolated into perpetuity at a 3.0% growth rate and discounted using an estimated discount rate. The significant increases in interest rates, a significant strengthening of the US Dollar against a number of currencies and a general repricing of risk premiums led to a significant increase in the discount rate during this period to 14.0%. This impairment assessment resulted in a (non-cash) impairment loss of $40,575 (2021: nil) which has been recorded within the share of results of equity accounted investments (Note 18). Following the recognition of this impairment loss the carrying value of the Group's investment in the HPE CGU is equal to this estimated recoverable amount. An increase of 0.5% in the discount rate would result in a higher impairment loss of $3,850 thousand.

At the end of the year, management has not identified any indicator that suggests that the Group's investment in Al Maisan is impaired.

Impairment of goodwill allocated to Thuraya CGU
At the end of the year, the Group performed its annual impairment test of goodwill which is allocated to the Thuraya CGU. The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows using inputs to the valuation technique that fall under Level 3 of the fair value hierarchy. The recoverable amount as at 31 December 2022 has been determined using cash flow projections from the budget and business plan approved by Thuraya's Board of Directors for the years 2023-2027. The cash flow projections are extrapolated into perpetuity at a 2.0% growth rate and discounted using an estimated discount rate of 10.9%. The recoverable amount of the CGU exceeded the carrying value by $335,074 thousand as of 31 December 2022, indicating the CGU is not impaired. An increase of 0.5% in the discount rate would result in a lower recoverable amount by $29,357 thousand.

3 Significant accounting judgments, estimates and assumptions (continued)

Significant accounting estimates (continued)

Impairment losses on receivables and contract assets
The Group reviews its receivables and contract assets to assess impairment on a regular basis. In determining whether impairment losses should be recorded in the consolidated statement of profit or loss and other comprehensive income, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime credit losses (ECL) to be recognised from initial recognition of the receivables. An impairment analysis is performed at each reporting date using loss rates applied against each customer segment to measure expected credit losses. The provision rates are based on historical patterns of default for groupings of various customer segments with similar loss patterns (i.e., by geographical region and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

As at 31 December 2022, the Group is carrying an allowance of US$ 16.2 million (2021: US$ 21.2 million).

Useful lives of property, plant and equipment and intangible assets
Management assigns useful lives to property, plant, equipment, and intangible assets based on the intended use of assets and the economic lives of those assets. Subsequent change in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives differing from initial estimates. Effective 1 November 2022, the Group reduced useful lives of certain items of plant and machinery and accounted for the change prospectively as a change in accounting estimate in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The change increased depreciation for the year by $187 thousand and is expected to result to an increased depreciation in the subsequent year by $829 thousand.

For satellite systems, management reviews the satellite health reports including estimates of the fuel life of the satellites, in determining if any adjustments are required to the useful life. Management also considers other factors including inputs from the satellite insurance markets on total insurable life and availability of underwriters for insurance of the satellite payloads.

For other items of property, plant and equipment and intangible assets management has reviewed the useful lives of major items and determined that no adjustment is necessary.

Fair value of derivative financial instruments
The fair value of interest rate swaps 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. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of derivative financial instruments.

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). The Group applied incremental borrowing rates ranging from 4.1% to 6.3% to the lease liabilities.

Fair value of investment property
The fair valuation of the Group's investment property is performed by an independent valuer, specialising in real estate, using Investment method (also known as Income approach), which is typically adopted for income producing assets. The method involves the capitalisation of an income stream at a given rate. The capitalisation rate applied to the lease income is determined based on factors such as rental growth, perceived covenant strength, in addition to the specification and location of the property. The key valuation inputs and assumptions relate to market rent, capitalization rates, leasing costs, operational expenditure and letting periods. Any changes to the key valuation inputs could affect the reported fair value of investment property.

4 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 is the Chief Executive Officer. The CODM 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.
- Mobility Solutions segment provides narrow-band satellite solutions under the trade name Thuraya.
- Data Solutions (BCS) segment primarily represents the Group's Yahclick business providing broadband satellite solutions in Africa, Middle East and Asia.
- '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 consolidated 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, income, costs and other consolidation adjustments, if any, are presented under the column 'Reconciliation'.

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

The breakdown of revenue from external customers by nature of business activity is provided in Note 5.

The segment information for the year ended 31 December 2022 is as follows:

	Infrastructure	Managed solutions	Mobility solutions	Data solutions (BCS)	Others	Recon-ciliation	Total
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
External revenue	237,528	90,606	80,983	23,423	-	-	432,540
Inter-segment revenue	3,087	602	254	634	-	(4,577)	-
Total revenue	**240,615**	**91,208**	**81,237**	**24,057**	**-**	**(4,577)**	**432,540**
Adjusted EBITDA	**176,643**	**52,985**	**27,243**	**809**	**-**	**-**	**257,680**
Depreciation, amortisation and impairment	(91,074)	(367)	(19,585)	(33,445)	-	-	(144,471)
Fair value adjustment on investment property	-	-	1,584	-	-	-	1,584
Finance income	18,753	-	331	1,713	-	(12,300)	8,497
Finance costs	(20,960)	-	(873)	(62)	-	12,300	(9,595)
Share of results - HPE	-	-	-	-	(54,600)	-	(54,600)
Share of results - Al Maisan	-	-	-	-	1,297	-	1,297
Income tax expense	-	-	(5)	(170)	-	-	(175)
Profit/(loss) for the year	**83,362**	**52,618**	**8,695**	**(31,155)**	**(53,303)**	**-**	**60,217**
Profit/(loss) for the year attributable to non-controlling interests	-	-	884	(6,231)	-	-	(5,347)
Profit/(loss) for the year attributable to the Shareholders	**83,362**	**52,618**	**7,811**	**(24,924)**	**(53,303)**	**-**	**65,564**
Capital expenditure	123,610	148	25,978	2,449	-	-	152,185

4 Segment information (continued)

The segment information for the year ended 31 December 2021 is as follows:

	Infrastructure	Managed solutions	Mobility solutions	Data solutions (BCS)	Others	Recon-ciliation	Total
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
External revenue	236,020	64,227	80,330	26,992	-	-	407,569
Inter-segment revenue	3,300	1,574	680	742	-	(6,296)	-
Total revenue	**239,320**	**65,801**	**81,010**	**27,734**	**-**	**(6,296)**	**407,569**
Adjusted EBITDA	**183,335**	**33,184**	**27,477**	**(3,515)**	**-**	**-**	**240,481**
Depreciation, amortisation and impairment	(90,918)	(115)	(24,581)	(32,976)	-	-	(148,590)
Fair value adjustment on investment property	-	-	(1,906)	-	-	-	(1,906)
Finance income	2,819	-	8	2,366	-	(4,798)	395
Finance costs	(21,380)	-	(956)	(165)	-	4,798	(17,703)
Share of results - HPE	-	-	-	-	(11,486)	-	(11,486)
Share of results - Al Maisan	-	-	-	-	1,897	-	1,897
Income tax expense	(31)	-	(13)	(171)	-	-	(215)
Profit/(loss) for the year	**73,825**	**33,069**	**29**	**(34,461)**	**(9,589)**	**-**	**62,873**
Loss for the year attributable to non-controlling interests	-	-	3	(6,892)	-	-	(6,889)
Profit/(loss) for the year attributable to the Shareholders	**73,825**	**33,069**	**26**	**(27,569)**	**(9,589)**	**-**	**69,762**
Capital expenditure	143,339	467	5,579	5,621	-	-	155,006

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 21.

	2022	2021
	$ 000	$ 000
United Arab Emirates	370,299	337,292
Europe	19,194	23,732
Asia	21,355	23,510
Africa	16,806	15,084
North America	3,729	7,024
Others	1,157	927
Revenue	**432,540**	**407,569**

5 Revenue

Accounting policies

The Group has applied the following accounting policy for revenue recognition in the preparation of its consolidated financial statements.

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations. Contracts can be written, oral or implied by the Group's customary business practices.
Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:
a) The Group's performance does not create an asset with an alternate use to the Group and the Group has as an enforceable right to payment for performance completed to date.
b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
c) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

The Group is in the business of leasing of satellite communication capacity and providing telecommunication services via satellite to customers. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., discount). In determining the transaction price for the sale of goods or rendering of services, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Generally, the Group receives short-term advances from its customers, the Group uses the practical expedient in IFRS 15 and does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Group also receives long-term advances from customers for the satellite communication services. When a significant financing component is identified. the transaction price for such contracts is adjusted for time value of money, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception.

Infrastructure revenue primarily represents revenue from leasing of satellite capacity and related services. Lease revenue is recognised in accordance with IFRS 16 (refer to Leases - the Group as a lessor). Service revenue is recognised over time as rendered.

Managed solutions revenue represents end-to-end integrated satellite communication and managed solutions provided to customers (which includes supply of services, goods or both). Revenue is typically recognized in profit or loss based on milestones reached, time elapsed or units delivered. No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due, the associated costs or the possible return of the goods or the rejection of the services provided.

Mobility solutions revenue includes revenue from mobile satellite services (airtime revenue - voice, data and messaging services) and sale of related equipment and accessories. Service revenue is recognised over the period in which the services are provided. Revenue from the sale of goods (i.e. equipment and accessories) is recognised at the point in time when control of the asset is transferred to the customer, generally when the goods are delivered and titles have passed. Revenue is recognised net of returns, upfront discounts and sales commissions. Revenue from the sale of prepaid cards is recognized on the actual utilisation of the prepaid card and is deferred in deferred revenue until the customer uses the airtime, or the credit expires.

Data solutions revenue includes revenue from provision of satellite broadband services to customers and sale of related equipment and accessories. Service revenue is recognised as rendered. Revenue from the sale of goods (i.e. equipment and accessories) is recognised at the point in time when control of the asset is transferred to the customer, generally when the goods are delivered and titles have passed. Revenue is recognised net of returns, upfront discounts and sales commissions.

5 Revenue (continued)

Leases - the Group as a lessor

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Leases where the Group transfers substantially all of the risks and benefits of ownership of the asset through its contractual arrangements to the customer are considered as a finance lease.

The amounts due from lessees are recorded in the consolidated statement of financial position as financial assets (finance lease receivables) and are carried at the amount of the net investment in the lease after making provision for impairment.

Leases in which the Group does not transfer substantially all of the risks and benefits of ownership of the asset are classified as operating leases.

Income from operating leases are recognised in profit or loss on a straight-line basis over the lease term.

Infrastructure revenue primarily represents revenue from leasing of satellite capacity and related services. Satellite capacity lease payments are recorded on a straight-line basis over the term of the contract concerned. Deferred revenue represents the unearned balances remaining from amounts received from customers.

Revenue	Notes	2022 $ 000	2021 $ 000
Service rendered		400,523	373,756
Sale of equipment and accessories		32,017	33,813
		432,540	**407,569**
Revenue from related parties is disclosed in Note 21.			
Revenue includes:			
Revenue from contracts with customers (IFRS 15)		300,541	276,648
Income from operating leases (IFRS 16)		131,999	130,921
		432,540	**407,569**
Disaggregation of revenue by operating segment:			
Services rendered:			
Infrastructure		237,528	236,020
Managed solutions*		90,606	64,227
Mobility solutions		50,977	49,472
Data solutions - BCS		21,412	24,037
Sale of equipment and accessories (recognised at a point in time)			
Mobility solutions		30,006	30,858
Data solutions - BCS		2,011	2,955
	4	**432,540**	**407,569**
*Managed solutions includes revenue recognised at a point in time of $10.8 million (2021: $0.9 million).			
Timing of recognition of revenue from contracts with customers:			
Over time		257,751	241,967
At a point in time		42,790	34,681
		300,541	**276,648**
Revenue by geography is disclosed in note 4.			
Contracted future revenues			
a) Remaining performance obligations from contracts with customers, expected to be recognised as revenue:			
Within one year		209,818	162,401
More than one year		1,284,190	1,241,145
		1,494,008	**1,403,546**
b) Future minimum lease rental receivables under non-cancellable operating leases, where Group is a lessor (excluding investment property)	34	497,723	624,624
Total contracted future revenues		**1,991,731**	**2,028,170**

5 Revenue (continued)

	Notes	2022 $ 000	2021 $ 000
Contract balances:			
Trade receivables, net of loss allowance	22	87,584	110,651
Contract assets	22	55,332	17,836
Contract liabilities:			
Advances from customers - related parties	21	280,157	128,040
Advances from customers - others	24	1,460	1,592
Deferred revenue	27	24,809	26,988
Revenue recognised from contract liabilities at the beginning of the year		4,397	3,632

The disclosure on remaining performance obligations does not include the expected consideration related to performance obligations in respect of satellite services for which the Group elects to recognize revenue in the amount it has a right to invoice (e.g. subscription revenue on fixed and mobile satellite services).

Trade receivables and amounts due from related parties are non-interest bearing and are generally on terms ranging from 30 to 60 days.

The future minimum lease payments under operating lease arrangements, where the Group is a lessor, are disclosed in Note 34.

Significant accounting judgments and estimates

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining whether unsigned agreements meet the definition of contract under IFRS 15

In relation to certain projects with the UAE Government, its department or related parties performance obligations are fulfilled based on unsigned agreements. Management considers such unsigned contracts to meet the definition of a ‘contract with customer’ under IFRS 15 since the Group and the customers agree upon the essential elements of a contract and any other lawful conditions. Pending matters of detail to be agreed upon later, the contract is deemed to be binding even in the absence of agreement on these matters of detail. In addition, under Article 132 of the UAE Civil Code, a contract can be oral or written; a contract can also result from acts, which demonstrate the presence of mutual consent between the relevant parties.

Determination of transaction price

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, the existence of any significant financing component, non-cash consideration and consideration payable to the customer (if any).

On 17 June 2021, the Group signed the T4-NGS capacity services agreement with a government entity (T4-NGSA) for a total contract value of $708.4 million. The term of the T4-NGSA is 15 years from the date of commencement of Operational services of T4-NGS which is expected in the first half of 2025. Pursuant to the terms of T4-NGSA, the Group is entitled to receive an aggregate amount of $300 million as “Advance Payment” in two equal instalments starting from June 2022. Accordingly, the Group received the first instalment during the year amounting to $150 million plus applicable UAE value-added taxes. The Advance Payment will be offset against the quarterly payments for satellite services in equal instalments starting from the date of commencement of Operational services. Management has determined that the contract contains significant financing component based on the following factors.

a) There is a significant time gap between the receipt of the advance payment and the provision of services; and
b) There is a significant difference between the amount of promised consideration and the cash selling price of the promised services.

In making its judgment, the Group’s management considered the terms and conditions of the T4-NGSA and relevant accounting standard. Hence, as required by IFRS 15, the Group has adjusted the transaction price to include the financing component of $46.3 million bringing the total transaction price to $754.7 million as of 31 December 2022. Revenue will be recognized over time on a straight line basis from the date of commencement of Operational services.

5 Revenue (continued)

Classification of leases

The Group entered into a Capacity Services Agreement ("CSA") with a government entity, for a period of 15 years. The capacity services include the lease of capacity of satellite transponders on the AY1 and AY2 satellites and provision of services relating to the operation of satellite network. The capacity charges payable under the terms of the CSA include a lease element and a service element which corresponds to the capacity lease and provision of services respectively.

The Group has made various judgments in the process of determining – a) whether this arrangement contains a lease, b) whether it is an operating lease or a finance lease and c) how the capacity charges relating to the lease element and service element will be accounted.

In making its judgments, the Group's management considered the terms and conditions of the CSA, the requirements of relevant standards and the relevant industry practice. The relevant standards include i) IFRS 16 - Leases and ii) IFRS 15 – Revenue from contracts with customers.

Based on the matters mentioned in the preceding paragraphs the Group management has determined that:
a) the arrangement contains a lease, as it conveys a right to use the asset and the fulfilment of the arrangement is dependent on the use of a specified asset
b) the lease element of the arrangement will be accounted as an operating lease as the Group does not transfer substantially risks and rewards incidental to ownership of the assets to the customer (Note 21) and
c) the service element of the arrangement will be accounted as revenue to be recognized over time.

6 Cost of revenue

	2022 $ 000	2021 $ 000
Cost of services sold*	24,392	18,636
Cost of equipment and accessories sold	23,904	26,842
	48,296	**45,478**

*Cost of services sold mainly represents supplies procured for managed services and mobile satellite services.

7 Staff costs

Accounting policies

Employee terminal benefits

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the year.

The Group operates unfunded defined benefit plan. Provision for employees' end of service benefits for non-UAE nationals is made in accordance with the Projected Unit Cost method as per IAS 19 Employee Benefits taking into consideration the UAE Labour Laws. The provision is recognised based on the present value of the defined benefit obligations. The calculation of the present value of the defined benefit obligation is performed annually by a qualified actuary using assumptions on the average annual rate of increase in salaries, average period of employment of non-UAE nationals and an appropriate discount rate. The assumptions used are calculated on a consistent basis for each period and reflect management's best estimate. The discount rates are set in line with the best available estimate of market yields currently available at the reporting date with reference to high quality corporate bonds or other basis, if applicable.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income. The Group determines the net interest expense on the net defined benefit liability 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 liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss. Remeasurements are not reclassified to profit or loss in subsequent periods.

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 recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. When there is a plan amendment, curtailment or settlement occurs during the annual reporting period, the Group determines the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability reflecting the benefits offered under the plan after that event. The Group also determines the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability reflecting the benefits offered under the plan after that event, and the discount rate used to remeasure that net defined benefit liability.

The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefit is disclosed as a non-current liability.

Pension contributions, a defined contribution plan, are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law No. (2), 2000 for Pension and Social Security. Such contributions are charged to the profit or loss during the employees' period of service.

7 Staff costs (continued)

	Note	2022 $ 000	2021 $ 000
Employee costs		73,193	73,384
Outsourced staff costs		12,281	12,122
		85,474	**85,506**
Employee costs include:			
Pension contributions made in respect of UAE national employees in accordance with the UAE Federal Law No. (2), 2000		2,843	2,768
Charged during the year towards employee end of service benefits	29	1,757	2,148

8 Other operating expenses

	Note	2022 $ 000	2021 $ 000
Satellite services operations costs		10,400	13,601
Insurance expenses		5,872	7,394
Facilities and asset maintenance costs		4,553	4,378
IT support costs		4,472	3,362
Marketing expenses		3,934	2,895
Consultancy, legal and advisory expenses		3,473	2,511
Business travel expenses		2,599	1,318
Board and committee fees	21	2,473	198
Registration and filing expenses		1,459	1,388
Currency exchange losses - net		1,156	916
Bank fees and charges		516	506
Learning and development expenses		415	312
Inventory obsolescence (reversal)	20	168	(1,087)
Reversal of allowance for expected credit losses	22	(859)	(2,418)
Other expenses		4,343	3,153
		44,974	**38,427**

The Group did not make any material social contributions during the current year and prior year.

9 Other income

Accounting policies

Income from claims for liquidated damages is recognised in profit or loss as other income or a reduction to operating costs when a contractual entitlement exists, amounts can be reliably measured and receipt is virtually certain. When such claims do not relate to compensations for loss of income or are not towards incremental operating costs, the amounts are taken to the consolidated statement of financial position and recorded as a reduction in the cost of the related asset.

Insurance proceeds received from loss claims relating to assets insured is recognised in profit or loss as other income when the Group has an unconditional contractual right to receive the compensation.

Gain arising from transfer of Orbital rights is recognised in profit or loss, as other income, when:
a) Yahsat has fulfilled all its material obligations that allow the transfer of the rights and
b) any remaining Yahsat obligation(s), is merely administrative with a low risk of failure.

For the purpose of calculating the gain arising from transfer of Orbital rights, if the consideration for transfer comprises both cash and non-cash elements, the fair value of consideration is
a) The consideration agreed in cash plus
b) Fair value of non-monetary consideration. Where the non-monetary consideration is in the form of services to be rendered (either by the buyer of the orbital rights or by another third party), recent market transactions or quotations obtained from other service providers for a similar service forms the basis for estimating the fair value.

Rental income from lease of investment property is recognized on a straight-line basis over the term of the lease.

9 Other income (continued)

	Notes	2022 $ 000	2021 $ 000
Rental income from investment property	14	1,602	1,287
Others *		2,282	1,036
		3,884	**2,323**

* Includes gain on derecognition of right of use asset and related lease liability amounting to $1,548 thousand as a result of termination of a lease contract (note 15).

10 Depreciation, amortisation and impairment

	Notes	2022 $ 000	2021 $ 000
Depreciation of property, plant and equipment	13	135,238	139,307
Depreciation of right-of-use assets	15	5,611	5,377
Amortisation of intangible assets	16	3,622	3,906
		144,471	**148,590**

11 Finance costs and Finance income

Accounting policies

Finance income

Finance income comprises interest income on funds invested and is recognised as it accrues in profit or loss using the effective interest method.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of the assets until such time the assets are substantially ready for their intended use.

Where funds are borrowed specifically for the purpose of obtaining a qualifying asset, any investment income earned on temporary surplus funds is deducted from borrowing costs eligible for capitalisation. In the case of general borrowings, a capitalisation rate, which is the weighted average rate of general borrowing costs, is applied to the expenditure on qualifying assets and included in the cost of the asset.

A borrowing originally made to develop a qualifying asset is treated as part of general borrowings when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense when incurred.

Finance costs and Finance income	Notes	2022 $ 000	2021 $ 000
Finance income			
Interest on deposits with banks - third parties		3,598	204
Interest on deposits with banks - related parties	21	4,899	191
Total finance income		**8,497**	**395**
Finance costs			
Interest expense on borrowings - term loans		(18,459)	(9,019)
Interest expense on borrowings - lease liabilities	15	(836)	(973)
Interest on contract liabilities	21	(2,096)	-
Other interest and finance charges		(742)	(425)
Net fair value gain/(losses) on derivative financial instruments transferred from other comprehensive income		3,430	(11,595)
		(18,703)	**(22,012)**
Capitalised borrowing costs		**9,108**	**4,309**
Total finance cost		**(9,595)**	**(17,703)**
Net finance costs		**(1,098)**	**(17,308)**

12 Income tax expense

Accounting policies

The tax expense / credit for the year comprise current and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Also deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill in a business combination. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted in the jurisdiction of the individual companies by the end of the reporting period and are expected to apply when the related deferred income tax liability is settled or the deferred income tax asset is realised. A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilised.

Deferred income tax assets and liabilities offset when:
a) a legally enforceable right exists to offset current income tax assets against current income tax liabilities
b) the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The taxes mainly relate to the subsidiaries in the Netherlands and South Africa and are not significant. Hence no further disclosures are provided.

UAE Corporate Tax

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

A rate of 9% will apply to taxable income exceeding a particular threshold to be prescribed by way of a Cabinet Decision (expected to be AED 375,000 based on information released by the Ministry of Finance), a rate of 0% will apply to taxable income not exceeding this threshold. In addition, there are several other decisions that are yet to be finalized by way of a Cabinet Decision that are significant in order for entities to determine their tax status and taxable income. Therefore, pending such important decisions, the Group has considered that the Law, as it currently stands, is not substantively enacted as at 31 December 2022 from the perspective of IAS 12 – Income Taxes. The Group shall continue to monitor the timing of the issuance of these critical Cabinet Decisions to determine their tax status and the application of IAS 12 – Income Taxes.

The Group will assess the possible impact on the consolidated financial statements, both from current and deferred tax perspective, once the Law becomes substantively enacted.

13 Property, plant and equipment

Accounting policies

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or construction of a qualifying asset are capitalised.

The Group capitalises all costs relating to assets as capital work in progress, until the date of completion and commissioning of these assets. These costs are transferred from capital work in progress to the appropriate asset category upon completion and commissioning and depreciated over their useful economic lives from the date of such completion and commissioning.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gains or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income / other expenses in profit or loss.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

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

The estimated useful lives used in the current and comparative periods are as follows:

Asset category	Years
Buildings	15-40
Leasehold improvements (included in buildings)	5-10
Satellite systems	5-18 (2021: 9-18)
Plant and machinery	10-20 (2021: 15-40)
Furniture and fixtures	3-4
Office equipment and vehicles	3-5
Computers and software	3

13 Property, plant and equipment (continued)

	Land and building $ 000	Satellite systems $ 000	Plant and machinery $ 000	Other equipment $ 000	Capital work in progress $ 000	Total $ 000
Cost						
At 1 January 2021	100,534	2,979,982	16,840	34,726	98,531	3,230,613
Additions	59	4,265	128	3,163	146,851	154,466
Transfers	-	18,273	-	161	(18,434)	-
Transfer to intangible assets (Note 16)	-	-	-	(597)	-	(597)
Disposals	-	-	-	(159)	-	(159)
Write-offs	-	-	-	-	(5)	(5)
Exchange differences	-	-	-	(284)	-	(284)
At 31 December 2021	**100,593**	**3,002,520**	**16,968**	**37,010**	**226,943**	**3,384,034**
Depreciation						
At 1 January 2021	25,316	1,861,526	7,332	30,356	-	1,924,530
Charge for the year	2,674	133,642	853	2,138	-	139,307
Disposals	-	-	-	(141)	-	(141)
Exchange differences	-	-	-	(41)	-	(41)
Transfer to intangible assets (Note 16)	-	-	-	(464)	-	(464)
At 31 December 2021	**27,990**	**1,995,168**	**8,185**	**31,848**	**-**	**2,063,191**
Impairment						
At 1 January and 31 December 2021	**5,485**	**184,064**	**-**	**-**	**-**	**189,549**
Net book value	**67,118**	**823,288**	**8,783**	**5,162**	**226,943**	**1,131,294**
Cost						
At 1 January 2022	100,593	3,002,520	16,968	37,010	226,943	3,384,034
Additions	169	608	49	2,440	143,268	146,534
Transfers	-	10,000	-	439	(10,439)	-
Transfer from investment property (Note 14)	1,834	-	-	-	-	1,834
Disposals	-	(1,221)	-	(124)	-	(1,345)
Write-offs	(213)	(9)	-	-	(8)	(230)
Exchange differences	-	-	-	(261)	-	(261)
At 31 December 2022	**102,383**	**3,011,898**	**17,017**	**39,504**	**359,764**	**3,530,566**
Depreciation						
At 1 January 2022	27,990	1,995,168	8,185	31,848	-	2,063,191
Charge for the year	2,703	129,005	989	2,541	-	135,238
Disposals	-	(1,221)	-	(124)	-	(1,345)
Exchange differences	-	(3)	-	(75)	-	(78)
At 31 December 2022	**30,693**	**2,122,949**	**9,174**	**34,190**	**-**	**2,197,006**
Impairment						
At 1 January 2021	5,485	184,064	-	-	-	189,549
Write-offs	(213)	-	-	-	-	(213)
At 1 January and 31 December 2022	**5,272**	**184,064**	**-**	**-**	**-**	**189,336**
Net book value	**66,418**	**704,885**	**7,843**	**5,314**	**359,764**	**1,144,224**

Capital work in progress as of the end of the reporting period comprise mainly of satellite systems of which $349.7 million (31 December 2021: $218.4 million) relates to the Thuraya 4 satellite (T4-NGS) under construction. Additions during the year relating to T4-NGS amounted to $131.3 million (2021: $141.6 million). Other equipment includes furniture and fixtures, office equipment vehicles and computers.

Borrowing costs capitalised during the year relating to T4-NGS amounted to $9.1 million at a capitalisation rate of 2.7% per annum (2021: $4.3 million at a capitalisation rate of 3.7% per annum).

During the year, the Group received a government grant relating to the T4-NGS and has accounted for such grant as a grant related to an asset (refer to Note 28).

14 Investment property

Accounting policies

Investment properties are properties which are held to earn rentals and / or for capital appreciation.

Investment properties are measured initially at cost including transaction costs and for properties under development all direct costs attributable to the design and construction including related staff costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are included in the statement of profit or loss in the period in which they arise.

Transfers between investment property and owner-occupied property are made only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use.

In case of transfer to investment property, the group depreciates the owner-occupied property up to the date when the property becomes an investment property carried at fair value and recognizes any impairment losses that have occurred relating to the property transferred.

In case of transfer to owner-occupied property, the fair value of the property units on the date of the transfer becomes the carrying value of the owner-occupied property unit, and are depreciated over the remaining useful life of the property.

	Notes	Land $ 000	Building $ 000	Total $ 000
Investment property accounted at fair value				
At 1 January 2021		16,911	5,226	22,137
Net loss from fair value adjustment		(1,446)	(460)	(1,906)
At 31 December 2021		**15,465**	**4,766**	**20,231**
At 1 January 2022		15,465	4,766	20,231
Transfer to property, plant and equipment	13	(1,244)	(590)	(1,834)
Net gain from fair value adjustment		937	647	1,584
At 31 December 2022		**15,158**	**4,823**	**19,981**

The investment property relates to the Dubai building and associated land (property) of Thuraya. 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.

Leasing arrangements

The investment properties are leased to tenants under operating leases with rents payable periodically. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the group may obtain bank guarantees for the term of the lease. Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Rental income from investment property is recognized in other income (Note 9). Direct operating expenses incurred on investment property during the year amounted to $585 thousand (2021: $606 thousand).

	2022 $ 000	2021 $ 000
Minimum lease payments receivable on leases of investment properties are as follows:		
Year 1	1,676	891
Year 2	1,067	301
Year 3	847	265
Year 4	678	188
Year 5	262	188
Beyond Year 5	-	62
	4,530	**1,895**

15 Leases - Group as a Lessee

This note provides information for leases where the group is a lessee, related right-of-use assets and lease liabilities.

Accounting policies

Leases, where the Group is a lessee, are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
a) fixed payments (including in-substance fixed payments), less any lease incentives receivable
b) variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
c) amounts expected to be payable by the group under residual value guarantees
d) the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
e) payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:
a) where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
b) uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the lessee which does not have recent third party financing, and
c) makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
a) the amount of the initial measurement of lease liability
b) any lease payments made at or before the commencement date less any lease incentives received
c) any initial direct costs, and
d) restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

A lease modification is a change in scope of the lease, or the consideration for the lease that was not part of the original terms of the lease. When a modification increases the scope of the lease adding more underlying assets and the consideration is commensurate, the modification is accounted as a separate lease contract. However, if a modification increases the scope of the lease without adding the right to use of more underlying assets, or the increase in lease consideration is not commensurate, the modification is accounted for by remeasuring the existing lease. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, a lessee shall recognise any remaining amount of the remeasurement in profit or loss. The lease liability is remeasured at the effective date of modification, using a revised discount rate, with a corresponding adjustment to the right of use asset. The lessee uses the incremental borrowing rate as the revised discount rate if the rate implicit in the lease for the remainder of the lease term is not readily determinable.

The estimated useful lives of right-of-use assets are as follows:

Asset category	Years
Right-of-use assets - satellite capacity	3.5
Right-of-use assets - buildings	4-10

15 Leases - Group as a Lessee (continued)

A) Right-of-use assets

Carrying amounts and movements during the period	Satellite capacity $ 000	Buildings $ 000	Total $ 000
At 1 January 2021	7,303	13,342	20,645
Additions	-	20	20
Depreciation expense	(3,659)	(1,718)	(5,377)
At 31 December 2021	**3,644**	**11,644**	**15,288**
At 1 January 2022	3,644	11,644	15,288
Additions	-	5,886	5,886
Retirement	-	(9,710)	(9,710)
Depreciation expense	(3,644)	(1,967)	(5,611)
Exchange differences	-	(1)	(1)
At 31 December 2022	**-**	**5,852**	**5,852**

B) Lease liabilities

The table below provides the changes in the lease liabilities arising from financing activities, including both cash and non-cash changes:

	Notes	2022 $ 000	2021 $ 000
Lease liabilities			
At 1 January		16,536	19,797
Additions		5,886	20
Accretion of interest	11	836	973
Termination		(11,258)	-
Payments		(4,824)	(4,254)
Exchange differences		(11)	-
At 31 December	25	**7,165**	**16,536**
of which current		2,001	4,773
of which non-current		5,164	11,763
Amounts recognized in profit or loss in relation to leases			
Depreciation expense of right-of-use assets		5,611	5,377
Interest expense on lease liabilities		836	973
Expense relating to of low-value assets (included in other operating expenses)		256	196
Total		**6,703**	**6,546**
Cash flow information			
Total cash outflows for leases		4,824	4,254

The Group leases premises to host its satellite gateway equipment and leases satellite capacity assets. Rental contracts are typically made for fixed periods of 3 years to 10 years, but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants. Leased asset may not be used for borrowing purposes.

The Group has lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased asset and align with the Group's business needs. The extension and termination options held are usually exercisable only by the group and not by the respective lessor.

Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3).

During the year, the property lease relating to one of the Group's gateway premises in UAE, which was previously expected to renew, expired as the Group entered into a new lease agreement for the same premises directly from the main lessor for a 10-year period. Accordingly, the Group:
a) derecognised the carrying amounts of the right of use asset and the lease liability relating to the expired lease and recognised a gain of $1,548 thousand in other income (note 9).
b) recognised a new right of use asset and lease liability in respect of the 10-year lease at the lease commencement date.

During the year, the lease relating to satellite systems (satellite capacity) expired at the end of the term.

16 Intangible assets

Accounting policies

Licenses, representing a right to transmission of telecommunication signals utilizing geo-stationary satellite and use of associated radio frequencies, are capitalized at cost only when future economic benefits are probable. Cost includes purchase price together with any directly attributable expenditure.

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 that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

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

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

Refer Note 37 Business combinations, for accounting policy on goodwill.

The estimated useful lives for current and comparative periods are as follows:

Asset category	Years
Licenses	10
Development costs (user terminal development)	3-5
Software (including operation and billing support systems)	2-10

	Development costs $ 000	Licenses $ 000	Software $ 000	Goodwill $ 000	Total $ 000
Cost					
At 1 January 2021	72,569	180	14,921	3,745	91,415
Additions	-	-	520	-	520
Exchange differences	-	-	(6)	-	(6)
Transfer from property, plant and equipment (Note 13)	-	-	597	-	597
At 31 December 2021	**72,569**	**180**	**16,032**	**3,745**	**92,526**
Amortisation					
At 1 January 2021	67,049	128	11,155	-	78,332
Charge for the year	2,758	52	1,096	-	3,906
Exchange differences	-	-	(4)	-	(4)
Transfer from property, plant and equipment (Note 13)	-	-	464	-	464
At 31 December 2021	**69,807**	**180**	**12,711**	**-**	**82,698**
Net book value at 31 December 2021	**2,762**	**-**	**3,321**	**3,745**	**9,828**
Cost					
At 1 January 2022	72,569	180	16,032	3,745	92,526
Additions	609	-	397	-	1,006
Exchange differences	-	-	(5)	-	(5)
At 31 December 2022	**73,178**	**180**	**16,424**	**3,745**	**93,527**
Amortisation					
At 1 January 2022	69,807	180	12,711	-	82,698
Charge for the year	2,413	-	1,209	-	3,622
Exchange differences	-	-	(3)	-	(3)
At 31 December 2022	**72,220**	**180**	**13,917**	**-**	**86,317**
Net book value at 31 December 2022	**958**	**-**	**2,507**	**3,745**	**7,210**

17 Group information

A) Subsidiaries

Accounting policies

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights of an entity that are presently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Adjustments are made to the amounts reported by subsidiaries, when necessary, to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements.

The consolidated financial statements of the Group include:

Name	Principal activities	Country	Equity % 2022	Equity % 2021
Al Yah Advanced Satellite Communication Services PJSC (Al Yah Advanced)	Leasing of satellite communication capacity	UAE	100%	100%
Star Satellite Communications Company PJSC (Star)	Telecommunication services via Satellite and integrated satellite communication and managed services	UAE	100%	100%
Yahsat Treasury Sole Proprietorship LLC	Group corporate treasury	UAE	100%	100%
Thuraya Telecommunications Company PJSC (Thuraya)	Mobile telecommunication services via Satellite	UAE	89.83%	89.83%
Thuraya Telecommunications Japan Co. Ltd.	Mobile telecommunication services via Satellite	Japan	89.83%	89.83%
BCS Group (BCS)				
Broadband Connectivity Solutions (Restricted) Limited (BCS Holdco)	Holding company	UAE	80%	80%
BCS Investments LLC (BCS Opco)	Telecommunication services via satellite	UAE	80%	80%
Star Network Marketing Services Company (Proprietary) Limited (SNMS)	Marketing support office	South Africa	80%	80%
Al Najm Communications Company LLC (Al Najm)	Telecommunication services via satellite	UAE	80%	80%
Yala B.V. (Yala)	Telecommunication services via satellite	Netherlands	80%	80%
Broadband Connectivity Solutions Limited (BCS Nigeria)	Telecommunication services via satellite	Nigeria	80%	80%
YahClick - Prestação de Serviços, (SU), LDA (BCS Angola) (1)	Telecommunication services via satellite	Angola	80%	-

(1) During the year, the Group incorporated a subsidiary, BCS Angola, on 30 August 2022.

17 Group information (continued)

B) Material partly-owned subsidiaries

Financial information of subsidiaries that have significant non-controlling interests is provided below.

	31 December 2022		31 December 2021	
	Thuraya $ 000	BCS $ 000	Thuraya $ 000	BCS $ 000
Proportion of equity interest held by non-controlling interests	10.17%	20.00%	10.17%	20.00%
Non-controlling interests	14,028	57,321	13,111	63,591
Profit attributable to non-controlling interests	884	(6,231)	3	(6,892)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

	31 December 2022		31 December 2021	
Summarised statement of profit or loss:	Thuraya $ 000	BCS $ 000	Thuraya $ 000	BCS $ 000
Revenue	81,237	24,057	81,010	27,734
Adjusted EBITDA	**27,243**	**810**	**27,477**	**(3,515)**
Depreciation, amortisation and impairment	(19,585)	(33,445)	(24,581)	(32,976)
Fair value adjustments on investment property	1,584	-	(1,906)	-
Operating profit/(loss)	**9,242**	**(32,635)**	**990**	**(36,491)**
Net finance income/(cost)	(542)	1,651	(948)	2,201
Income tax expense	(4)	(170)	(13)	(171)
Profit/(loss) for the year	**8,696**	**(31,154)**	**29**	**(34,461)**
Other comprehensive income	314	(193)	196	(99)
Total comprehensive (loss)/income	**9,010**	**(31,347)**	**225**	**(34,560)**
Attributable to non-controlling interests	916	(6,269)	23	(6,912)

Summarised statement of financial position:	Thuraya $ 000	BCS $ 000	Thuraya $ 000	BCS $ 000
Current assets (Inventories, receivables and cash balances)	94,062	136,070	86,935	142,875
Non-current assets (Property, plant and equipment and other assets)	91,905	163,225	93,648	194,405
Current liabilities (Trade and other payables, deferred revenue and borrowings)	(41,369)	(12,279)	(37,329)	(18,560)
Non-current liabilities (Borrowings and other liabilities)	(6,658)	(410)	(14,323)	(766)
Net assets / Total Equity	**137,940**	**286,606**	**128,931**	**317,954**
Attributable to:				
The Shareholders	123,912	229,285	115,820	254,363
Non-controlling interests	14,028	57,321	13,111	63,591

18 Equity-accounted investments

Accounting policies

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associate, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Unrealised gains arising from transactions with associates 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.

Please refer to Note 37 for the Group's accounting policies on acquisition of an associate in a business combination.

The group's associates are:

Name	Principal activities	Country	Equity % 2022	Equity % 2021
Al Maisan Satellite Communication Company LLC (Al Maisan)	Leasing of satellite capacity primarily for broadcasting customers	UAE	65%	65%
HNS Participações Empreendimentos S.A. (HPE; Brazil JV Co)	Telecommunication services via satellite	Brazil	20%	20%

Although Star holds more than 50% of the equity in Al Maisan, it does not control the financial and/or operating policies of Al Maisan. This is pursuant to an agreement, which provides the majority board representation to other shareholder of Al Maisan. However, as Star has the power to participate in the financial and operating policy decisions of Al Maisan due its representation on the board, it accounts for its investment as an associate.

Movement in the investments in associates:	Notes	2022 $ 000	2021 $ 000
At 1 January		116,203	125,574
Contributions made during the year		-	9,880
Return of investment from Al Maisan		(4,225)	(2,080)
Share of results for the year		(53,303)	(9,589)
Exchange differences		5,379	(7,582)
At 31 December		**64,054**	**116,203**

Share of results from Al Maisan:	2022 $ 000	2021 $ 000
Share of results of equity-accounted investee	1,297	1,897
Share of total comprehensive income of equity-accounted investee	1,297	1,897

18 Equity-accounted investments (continued)

Aggregate financial information of HPE:	2022 $ 000	2021 $ 000
Statement of comprehensive income (100%)		
Revenue	106,605	107,165
Loss for the year	(70,124)	(57,432)
Other comprehensive income	-	-
Total comprehensive loss	**(70,124)**	**(57,432)**
Group's share of total comprehensive loss (20%)	(14,025)	(11,486)
Impairment loss during the year (i)	(40,575)	-
Group's share of results in HPE after impairment	**(54,600)**	**(11,486)**
Statement of financial position (100%)		
Current assets	54,149	54,731
Non-current assets	209,540	451,323
Current liabilities	(22,792)	(19,103)
Non-current liabilities	(8,110)	(8,059)
Net assets 100%	**232,787**	**478,892**
Group's share in net assets (20%)	46,557	95,779
Other costs relating to the investment	239	239
Carrying amount of the investment in HPE	**46,796**	**96,018**

(i) During the year, the Group identified indicators that its investment in HPE ('HPE cash generating unit' or 'HPE CGU'), which is an operating segment included in 'Others' (refer Note 4), may be impaired due to a rapid deterioration in the global macro-economic environment which primarily impacted the discount rate used in assessing the recoverable amount of this investment. This impairment assessment resulted in a (non-cash) impairment loss of $40,575 thousand (2021: nil) which has been recorded within the share of results of equity accounted investments (see Note 3 for significant accounting estimates used in the impairment assessment).

19 Other investments

During the year, the Group invested in shares of eSAT Global Inc. ("eSAT Global"), which will provide direct-to-satellite, ultra-low power, two-way, and low-latency narrowband connectivity solutions for IoT devices anywhere on earth. The Group's investment consists of Series-A non-cumulative convertible preference shares ("preferred stock") which carry conversion option into common stock in addition to certain preferential right upon dissolution. The Group has concluded that the preferred stock does not carry residual interest and is not an equity instrument, and accordingly accounted for the investment at fair value through profit or loss. The fair value as at the reporting date of $2,950 thousand approximates its initial purchase price which represents recent market transaction.

20 Inventories

Accounting policies

Inventories are stated at the lower of cost and net realisable value, after making loss allowance to account for obsolete or slow moving items. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories	Notes	2022 $ 000	2021 $ 000
Equipment and accessories - satellite services		16,597	14,952
Ground operations spares		1,589	1,732
		18,186	**16,684**
Loss allowance		(10,954)	(10,821)
		7,232	**5,863**
Movement in loss allowance for inventories:			
At 1 January		10,821	11,908
Charge / (reversal) during the year, net		168	(1,087)
Write-off		(35)	-
At 31 December		**10,954**	**10,821**

During 2022, USD 23.9 million (2021: USD 26.8 million) of inventories were recognised as cost of equipment and accessories sold (note 6).

21 Related party transactions and balances

Identity of related parties

The Group, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with other business enterprises or individuals that fall within the definition of related party contained in International Accounting Standard 24 Related Party Disclosures.

The Group has a related party relationship with the Parent Company and business entities over which the Parent Company can exercise control or significant influence; entities which are under common control of the shareholders of the Parent Company and associates.

a) Related party transactions:

Transaction with key management personnel	2022 $ 000	2021 $ 000
Key management personnel compensation:		
Short term employment benefits	4,630	6,625
Post-employment benefits	396	344

Board of directors and committee fees charged to profit or loss during the year were $2,473 thousand (2021: $198 thousand) (Note 8).

Transaction with other related parties	Notes	2022 $ 000	2021 $ 000
Revenue			
Entities under common control *		314,833	283,972
Associate		1,471	1,379
Total		**316,304**	**285,351**
* Revenue from entities under common control includes USD 305 million (2021: USD 275 million) from a single customer (refer to Note 21 b)(i) below). Revenue from such customer is recorded under infrastructure, managed solutions and mobility solutions segments. There are no revenues from an individual customer, except as disclosed above, that represent 10 percent or more of the Group's total revenue.			
Interest income on short term deposits			
Entities under common control	11	4,899	191
Interest on contract liability			
Entities under common control		2,096	-
Outsourced expenses, office lease rent, systems support			
Entities under common control		1,152	1,337
Cost of sales			
Entities under common control		132	443
Associate		1,271	1,952
Total		**1,403**	**2,395**

21 Related party transactions and balances (continued)

b) Related party balances

	Notes	2022 $ 000	2021 $ 000
Trade and other receivables due from related parties			
Entities under common control		82,745	71,307
Associates		214	157
Parent company		5	1,118
Total	22	**82,964**	**72,582**
Short-term deposits with related party banks			
Entities under common control	23	266,172	-
Current account balances with related party banks			
Entities under common control	23	125,620	215,587
Trade and other payables due to related parties			
Entities under common control		4,860	4,830
Associate		242	376
Parent company		-	74
Total	24	**5,102**	**5,280**
Deferred revenue			
Entities under common control		2,677	3,380
Associate		189	183
Total	27	**2,866**	**3,563**
Advances from related parties			
Entities under common control	24	443,115	291,000

(i) Transactions with an entity under common control

a) The Group provides capacity services pursuant to the Capacity Services Agreement ("CSA") with a government entity. The capacity charges payable under the CSA is billed semi-annually in advance. The future payments pertaining to the lease element included in the capacity charges, where the Group is the lessor, are provided in the table below.

In terms of the CSA, an aggregate amount of USD 291 million (the "Down Payment") was payable by the customer in three annual instalments starting June 2008, as an advance. Accordingly, the Group received the first instalment of USD 116.4 million in June 2008 and further two instalments of USD 87.3 million, in June 2009 and June 2010, respectively from the customer. The Down Payment will be set off against the capacity charges in equal instalments from 1 January 2023 until the termination of the agreement. The advance is attributable to the lease element at USD 163 million (2021: USD 163 million), and to service element (contract with customers) at USD 128 million (2021: USD 128 million) (see Note 5).

On 17 June 2021, the Group signed the T4-NGS capacity services agreement with a government entity (T4-NGSA) for a total contract value of $708.4 million. The term of the T4-NGSA is 15 years from the date of commencement of Operational services of T4-NGS which is expected in the first half of 2025. Pursuant to the terms of T4-NGSA, the Group is entitled to receive an aggregate amount of $300 million as "Advance Payment" in two equal instalments starting from June 2022. Accordingly, the Group received the first instalment during the year amounting to $150 million plus applicable UAE value-added taxes. The Advance Payment will be offset against the quarterly payments for satellite services in equal instalments starting from the date of commencement of Operational services. Management has determined that the contract contains a significant financing component (see Note 5).

b) The Group has entered into various contracts with the government entity for the provision of end-to-end integrated satellite communication and managed services which include operation, maintenance, system capability management and technology refresh services. Revenue from such contracts are reported under managed services. The balance due from the government entity at the reporting date, includes amounts invoiced to date in relation to the afore-mentioned contracts.

c) The Government has allocated a plot of land (Secondary site in the emirate of Abu Dhabi) to the Company and has granted permission to the Company to construct and access a Satellite Ground Control Station on the plot. Title to the plot of land has not been transferred to the Company and accordingly the plot has not been recognized in the consolidated financial statements. In addition, refer to note 28 to the consolidated financial statements which discloses information about another plot of land (Primary site) received by the Company.

21 Related party transactions and balances (continued)

(i) Transactions with an entity under common control (continued)

Future revenue from capacity charges pertaining to lease element	2022 $ 000	2021 $ 000
Year 1	128,184	128,184
Year 2	128,184	128,184
Year 3	128,184	128,184
Year 4	109,723	128,184
Year 5	-	109,723
At 31 December	**494,275**	**622,459**

(ii) Transactions with other entities under common control

Star has also entered into contracts with various entities under common control for the provision of managed services.

(iii) Transactions with associates

a) Star charges both associates, Al Maisan and HPE for satellite operations support services.

b) Star also leases satellite capacity from Al Maisan to facilitate the requirements of its customers relating to managed services contracts.

The outstanding amounts at year end, except for advance from related parties which carry specific repayment terms as specified above, are expected to be settled in cash. No impairment charge has been recognised during the year in respect of amounts owed by related parties.

Also refer Note 25 for other related party transactions.

22 Trade and other receivables

	Reference	Notes	2022 $ 000	2021 $ 000
Trade receivables - third parties			76,639	70,096
Trade receivables - related parties*			27,187	61,747
Sub total	a		**103,826**	**131,843**
Allowance for expected credit losses	b		(16,242)	(21,192)
Trade receivables, net of allowance	c		**87,584**	**110,651**
Accrued income - third parties			2,368	7,031
Accrued income - related parties*			52,964	10,805
Contract assets	d		**55,332**	**17,836**
Prepayments - orbital services			10,000	10,000
Prepayments - others			1,936	2,686
Advances - third parties			13,354	11,348
Advances - related parties*			30	30
Other receivables - third parties			7,622	5,456
Other receivables - related parties*			2,783	-
Sub total	e		**35,725**	**29,520**
Total trade and other receivables	c+d+e		**178,641**	**158,007**
of which non-current			10,382	10,382
of which current			168,259	147,625
Additional information:				
*Total due from related parties	y	21	82,964	72,582
Total contract balances, net of allowance	a+b+d		142,916	128,487
Total contract balances, excluding allowance	a+d		159,158	149,679

22 Trade and other receivables (continued)

	2022		2021	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	$ 000	$ 000	$ 000	$ 000
Categories of trade receivables and contract assets				
Managed solutions, government customers	73,890	(611)	64,689	(535)
Managed solutions, general category	2,825	(428)	6,326	(472)
Infrastructure services, government customers	5,957	-	5,892	-
Infrastructure services, general category	-	-	3,395	(3,395)
Data solutions, general category	19,481	(8,979)	19,648	(10,151)
Data solutions, high risk category	888	(888)	990	(990)
Mobility solutions, general category	56,091	(5,336)	47,555	(5,649)
Others	26	-	1,184	-
	159,158	**(16,242)**	**149,679**	**(21,192)**

	2022	2021
Movement in the allowance for expected credit losses:	$ 000	$ 000
At 1 January	21,192	24,864
Reversal of allowance for expected credit losses, net	(859)	(2,418)
Written off during the year as uncollectible	(4,088)	(1,254)
Exchange differences	(3)	-
At 31 December	**16,242**	**21,192**
The ageing of trade receivables is as follows:		
Not past due	30,844	40,960
Past due 0 to 90 days	19,421	23,579
Past due 91 to 180 days	10,522	17,964
Past due above 180 days	43,039	49,340
	103,826	**131,843**

The Group's exposure to credit risk is disclosed in Note 36.

Advances represent advances paid to suppliers for procurement of goods and services mainly relating to managed services contracts.

Other receivables include staff-related receivables of USD 5.4 million (2021: USD 3.8 million).

23 Cash and short-term deposits

	Notes	2022 $ 000	2021 $ 000
Cash on hand and in banks		27,222	62,151
Cash in banks - related parties	21	125,620	215,587
Short-term deposits with banks - others		125,685	122,536
Short-term deposits with banks - related parties	21	266,172	-
Cash and short-term deposits		**544,699**	**400,274**
Less: Short-term deposits with original maturities of over three months		(330,705)	(122,536)
Cash and cash equivalents		**213,994**	**277,738**

During the year, the Group a) placed short term deposits with banks (related parties $626,659 thousand and others $592,928 thousand) and b) received maturity proceeds on short term deposits (related parties $360,487 thousand and others $589,762 thousand). These deposits carry interest rates ranging from 1.95% to 9.00% per annum.

The short-term deposits earn interest at prevailing commercial rates.

For purposes of the consolidated statement of cash flows, changes in lease liabilities and borrowings arising from financing activities are disclosed in Notes 15(B) and 25, respectively.

24 Trade and other payables

	Notes	2022 $ 000	2021 $ 000
Trade payables - third parties		47,980	37,404
Trade payables - related parties*		650	677
Accruals		35,699	31,886
Other payables - third parties		5,484	6,091
Other payables - related parties*		4,452	4,603
Advances from customers - related parties	21	443,115	291,000
Advances from customers - others		1,460	1,592
Total trade and other payables		**538,840**	**373,253**
of which non-current		367,679	291,000
of which current		171,161	82,253
*Trade and other payables due to related parties	21	5,102	5,280
Contract liability:			
Included in advances from customers - related parties		280,157	128,040
Included in advances from customers - others		1,460	1,592

Accruals include employee-related accruals of USD 9.2 million (2021: USD 10.3 million).

25 Borrowings

	Notes	2022 $ 000	2021 $ 000
The carrying amount of borrowings are as follows:			
A) Term loans			
Principal amounts		535,208	532,819
Unamortised transaction costs		(14,045)	(17,118)
Term loans - net of unamortised transaction costs		521,163	515,701
B) Lease liabilities	15	7,165	16,536
Total borrowings		**528,328**	**532,237**
of which current		121,077	62,669
of which non-current		407,251	469,568

A) Term loans

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

	Repayment tenor Years	Principal amount $ 000	Unamortised transaction costs $ 000	Carrying amount $ 000
At 31 December 2022				
Term loan 5	2022-2026	340,000	(3,210)	336,790
Term loan 6	2024-2032	195,208	(10,835)	184,373
		535,208	**(14,045)**	**521,163**
At 31 December 2021				
Term loan 5	2022-2026	400,000	(4,135)	395,865
Term loan 6	2024-2032	132,819	(12,983)	119,836
		532,819	**(17,118)**	**515,701**

25 Borrowings (continued)

A) Term loans (continued)

The table below provides the changes in the term loans arising from financing activities, including both cash and non-cash changes:

	2022 $ 000	2021 $ 000
At 1 January	515,701	252,972
Additions (cash)	61,687	532,819
Additions (interest capitalised)	1,671	-
Transaction costs	969	(18,043)
Amortisation of transaction costs (non-cash)	2,104	3,670
Repayments (cash)	(60,969)	(255,717)
At 31 December	**521,163**	**515,701**

The principal amounts of the term loans are repayable as follows:

	Term loan 5 $ 000	Term loan 6 $ 000	Total $ 000
At 31 December 2022			
Within one year	120,000	-	120,000
1 - 2 years	50,000	11,483	61,483
2 - 5 years	170,000	68,897	238,897
Beyond 5 years	-	114,828	114,828
	340,000	**195,208**	**535,208**
At 31 December 2021			
Within one year	60,000	-	60,000
1 - 2 years	120,000	-	120,000
2 - 5 years	220,000	39,065	259,065
Beyond 5 years	-	93,754	93,754
	400,000	**132,819**	**532,819**

Term loan 5: On 14 June 2021, the Group entered into a Term Facility Agreement for a facility amount of $400 million (Term loan 5 or 2021 Term Loan $400m 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. During the year, the Group repaid first instalment of $60 million.

Term loan 6: On 14 June 2021, the Group entered into an export credit agency facility through a BPIFAE Facility Agreement (Term loan 6 or ECA Facility) to partly fund the capital expenditure relating to the T4-NGS. The total facility amount is $300.5 million with a tenor of 8.5 years and an availability period starting from 14 June 2021 until the date falling 5 months after the starting point of credit. On 19 August 2022, the ECA Facility was amended to reduce the total facility amount from $300.5 million to $273 million as a result of reduction in the purchase price of the T4-NGS satellite by way of government grant of $30 million (Note 28). The amendment was subject to completion of certain conditions precedent which were satisfied on 10 November 2022 being the effective date of the amendment. During the year, the Group repaid an amount of $969 thousand against the loan.

The ECA Facility bears interest at LIBOR plus margin of 0.60% per annum. During the year, an amount of $61.7 million was drawn from this facility. As of 31 December 2022, the unutilised facility amounted to $76.84 million (2021: $167.7 million).

Both Term loan 5 and Term loan 6 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).

Borrowings include outstanding balances due to related party banks aggregating to USD 97.75 million (2021: USD 95 million). The net interest on loans from related party banks was negative (net credit) of USD 548 thousand as a result of significant increase in fair value of derivative financial assets (2021: USD 4.2 million expense).

B) Lease liabilities - Refer to Note 15 B.

26 Derivatives used for hedging

Accounting policies

Derivative financial instruments including hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

• There is 'an economic relationship' between the hedged item and the hedging instrument.
• The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
• The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

Interest rate exposure
The Group has an obligation to pay interest at variable rates (LIBOR plus margin) in connection with its borrowings.

Previously, the Group entered into a cash flow hedge, by acquiring an interest rate swap (IRS), to hedge the variability in interest rate with respect to Term Loan 1. Under the IRS agreement, the Group received a variable rate of interest equal to LIBOR and pays fixed rate on notional amounts that mirror the drawdown and repayment schedule of the loan. The IRS settlements were made semi-annually until its termination in June 2021 as described below.

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 which the Group entered into during the year (refer to Note 24 A). 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 formed part of the new hedging arrangement relating to Term loan 5.

26 Derivatives used for hedging (continued)

Interest rate swaps - fair value	2022 $ 000	2021 $ 000
A) Derivative financial assets	49,416	4,854
B) Derivative financial liabilities	-	(193)
C) Hedge reserve	48,405	5,426
A) Derivative financial assets		
Contractual maturities		
Within one year	17,202	1,644
1 - 2 years	11,286	1,280
2 - 5 years	14,879	1,699
After 5 years	6,049	231
	49,416	**4,854**
Notional amount outstanding	490,801	504,044
B) Derivative financial liabilities		
Contractual maturities		
Within one year	-	193
1 - 2 years	-	-
	-	**193**
Notional amount outstanding	**-**	**8,196**

C) Hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the cash-flow hedging instruments related to forecasted transactions.

Accounting estimates and judgments

The fair value of derivative financial instruments is based on their quoted market price, if available. Where the fair value of such instruments cannot be derived from active markets, it is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of derivative financial instruments.

The fair value measurement classification of the derivative financial instruments is disclosed in Note 36.

27 Deferred revenue

	Notes	2022 $ 000	2021 $ 000
Unutilized airtime balances from prepaid scratch cards		14,149	18,001
Others		10,660	8,987
Total deferred revenue		**24,809**	**26,988**
of which contract liabilities - related parties	21	2,866	3,563

28 Government grants

Accounting policies

As the Government of the Emirate of Abu Dhabi is the ultimate parent of the Parent Company of the Company, on receipt of any assistance from the Government of Abu Dhabi, the Group evaluates the assistance to determine if the transaction is a transaction with the Government in their capacity as the ultimate parent and therefore treated as equity contribution, or if not, then as a government grant. This determination is done after considering various factors not limited to the following:

- if the purpose of the assistance was a restricted purpose;
- are there conditions associated with the receipt of the assistance;
- is there evidence of an equity transaction;
- the legal form and documentation of assistance; and
- would similar support or assistance be given by the Government to an entity not owned by the Government.

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Non-monetary government grants

The Group receives certain assets, primarily in the form of land, from entities related to the Government of the Emirate of Abu Dhabi, as grants to carry out its operations. When it is probable that future economic benefits will flow to the Group, such land received is recognised in the consolidated financial statements at nominal value.

Monetary government grants

Monetary grants that compensate the Group for expenses to be incurred are initially recognised in the consolidated statement of financial position as a deferred liability. Subsequent to initial recognition, such grants are released to profit or loss on a systematic basis over the periods in which the related expenses are recognised.

Where monetary government grants compensate for the cost of assets, such assets are carried at cost, less the value of the monetary government grants received. Asset values so derived are depreciated over the useful life of the relevant asset. Monetary government grants for investments in other business enterprises are credited directly to the consolidated statement of changes in equity.

During 2009, the Company received a plot of land (Primary site) from the Urban Planning Council, of the Government of Abu Dhabi as a government grant. The plot of land has been used to construct the Satellite Ground Control Station, which forms an integral part of the satellite system. Accordingly, the plot of land has been classified as property, plant and equipment. Both the grant and the land have been recorded at nominal value in the consolidated financial statements.

During the year, the Group signed a commitment letter with the Government, whereby the Group was awarded $30 million as a grant in relation to the procurement of T4-NGS programme, in the form of reduction in the purchase price of the T4-NGS satellite (note 13). The supplier has adjusted the future milestone payments in respect of the satellite by the grant amount. The grant is in recognition of the Group signing the T4-NGS capacity services agreement with a government entity at an agreed discounted price of $708.4 million included in the contract value. The grant is also subject to few conditions including the completion of the T4-NGS programme and the training of UAE National trainees in the T4-NGS design and manufacturing process. As of the reporting date, management believes that the conditions to the grant will be met and accordingly, the Group eligible for the grant. As the grant is in the form of a purchase credit, reducing the total purchase price of the satellite, no separate grant receivable is required to be recognised. The future milestone payments to the satellite will be recorded, as incurred, as capital-work-in-progress at the reduced purchase price. Accordingly, the capital commitments under the T4-NGS procurement contract have been reduced by $30 million (note 33).

29 Provision for employees' end of service benefits

Accounting policies

For accounting policies on provision for employees' end of service benefits, refer Note 7.

The Group provides end of service benefits (defined benefit obligations) to its eligible employees. In the prior years, the provision for end of service benefits for non-UAE nationals was being calculated in accordance with the UAE Labour and was determined as the liability that would arise if the employment of all staff were terminated at the reporting date. An actuarial valuation was not performed on staff terminal and other benefits as the net impact of the discount rate and future salary and benefits level on the present value of the defined benefit obligations were not expected by management to be significant. Given significant rise in the interest rates during the year, the Group carried out actuarial valuation of the present value of the defined benefit obligations as at 31 December 2022 and for each prior period presented i.e. 31 December 2021 and 1 January 2021 by engaging an independent actuarial valuation specialist. The present value of defined benefit obligations and the related current and past service cost, were measured using the Projected Unit Credit Method. As a result of the actuarial valuation, management determined that the impact on the equity and comparative amounts disclosed for each prior period presented is not material and hence did not restate the comparative information.

	31 December 2022 $ 000	31 December 2021 $ 000
Unfunded plan		
Present value of defined benefit obligation	**9,897**	11,238

The movement in defined benefit obligation is as follows:

	2022 $ 000	2021 $ 000
At 1 January	11,238	10,515
Current service cost/charge for the year	1,757	2,148
Interest cost	416	-
Benefits paid	(1,612)	(1,418)
Other movements	31	15
Actuarial gain	(1,929)	-
Exchange differences	(4)	(22)
At 31 December	**9,897**	**11,238**

The amounts recognised in the consolidated statement of profit or loss are as follows:	2022 $ 000	2021 $ 000
Current service cost/charge for the year	1,757	2,148
Interest cost	416	-
	2,173	**2,148**

Following are the significant assumptions used in the actuarial valuation:	2022 $ 000	2021 $ 000
Discount rate	4.64%	2.53%
Price inflation	2.00%	2.00%
Salary growth rate	2.25%	2.25%

Sensitivity analysis

The calculations of the defined benefit obligations are sensitive to the significant actuarial assumptions set out above. The sensitivity analyses have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the percentages shown below:

	Impact on defined benefit obligation	
	2022 $ 000	2021 $ 000
Discount rate		
0.5% increase	-4.10%	-4.70%
0.5% decrease	4.40%	5.00%
Salary growth rate		
0.5% increase	4.80%	5.20%
0.5% decrease	-4.50%	-4.90%

29 Provision for employees' end of service benefits (continued)

Sensitivity analysis (continued)

The sensitivity analyses above may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

As at 31 December 2022, the weighted average duration of the defined benefit obligation was 8.72 years (2021: 10.21 years).

30 Share capital and additional paid-in capital

The movement in the share capital is as follows:

	2022		2021	
	Shares (000)	$ 000	Shares (000)	$ 000
At 1 January	2,439,770	664,334	10,000	2,722
Conversion of additional paid-in capital	-	-	2,429,770	661,612
At 31 December	**2,439,770**	**664,334**	**2,439,770**	**664,334**

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.

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.

31 Dividends

	2022	2021
	$ 000	$ 000
Cash dividends declared and paid:		
Final dividend for 2020:		
a) $3.60 (AED 13.22) per share prior to increase in the Company's share capital	-	36,000
b) 1.80 cents (6.62 fils) per share after increase in the Company's share capital	-	44,000
Interim dividend 2021: 2.15 cents (7.90 fils) per share)	-	52,500
Final dividend for 2021: 2.15 cents (7.90 fils) per share	52,482	-
Interim dividend for 2022: 2.19 cents (8.06 fils) per share	53,545	-
	106,027	**132,500**
Proposed dividend:		
Final dividend for 2022: 2.19 cents (8.05 fils) per share (2021: 2.15 cents (7.90 fils) per share)	**53,500**	**52,482**

The proposed dividend is subject to approval of the shareholders at the annual general assembly.

32 Statutory reserve

Article 241 of the UAE Federal Decree-Law No.32 of 2021 requires that 10% of the Company's profit be transferred to a non-distributable statutory reserve until the amount of the statutory reserve becomes equal to 50% of the paid-up share capital. The consolidated financial statements include statutory reserve of the Company and of its subsidiaries.

33 Capital commitments and contingent liabilities

	Note	2022	2021
		$ 000	$ 000
Capital commitments - committed and contracted		157,836	259,305
Contingent liabilities - performance bonds provided by banks in the normal course of business		36,439	30,956

Capital commitments mainly relate to T4-NGS project. During the year, the Group received a grant of $30 million in the form of reduction in the purchase price of T4-NGS. Accordingly, capital commitments as of 31 December 2022 have been reduced by $30 million (refer to note 28).

34 Leases - Group as a Lessor

The future minimum lease rental receivables under non-cancellable operating leases are as follows:

	Note	2022 $ 000	2021 $ 000
Satellite capacity leases - related party	21 (i)	494,275	622,459
Investment property leases - third parties	14	4,530	1,895
Other leases: *			
Satellite capacity leases - third parties		340	353
Gateway hosting - third parties		3,108	1,812
At 31 December		**502,253**	**626,519**
* The future minimum lease rental receivables under non-cancellable operating leases relating to other leases are as follows:			
Year 1		2,104	1,033
Year 2		672	604
Year 3		672	528
At 31 December		**3,448**	**2,165**

35 Earnings per share

	2022 $ 000	2021 $ 000
Profit for the period attributable to the shareholders (in $'000)	65,564	69,762
Weighted average number of ordinary shares outstanding ('000)	2,439,770	2,439,770
Basic and diluted earnings per share (cents)	2.687	2.859
Basic and diluted earnings per share (fils)	9.869	10.501

36 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:
• credit risk
• liquidity risk
• market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and is responsible for developing and monitoring the Group's risk management policies.

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 from the Group's receivables and cash held at bank.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Notes	2022 $ 000	2021 $ 000
Derivative financial assets	26	49,416	4,854
Trade receivables and contract assets	22	142,916	128,487
Other receivables	22	10,405	5,456
Cash and short-term deposits	23	544,699	400,274
		747,436	**539,071**

36 Financial risk management (continued)

Credit risk (continued)

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. New customers are analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Outstanding customer receivables and contract assets are regularly monitored.

An impairment analysis is performed at each reporting date using loss rates applied against each customer segment to measure expected credit losses. The provision rates are based on historical patterns of default for groupings of various customer segments with similar loss patterns (i.e., by geographical region and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The analysis and segmentation of customers is determined separately for each of the revenue streams, namely, data and mobility solutions satellite services, infrastructure services and managed solutions.

The Group does not hold collateral as security. The Group considers the risk of concentration as low, with respect to trade receivables and contract assets, since credit risk is mitigated by the financial stability of its customers of which approximately 52% (2021: 48%) are related parties or government related entities. Moreover, a substantial portion of the remaining customers are located in several jurisdictions and industries and operate in largely independent markets.

Financial instruments and cash deposits

The Group had credit risk arising from its derivatives used for hedging, which are settled on a net basis. With respect to cash and short-term deposits, management manages its credit risk by only dealing with reputable banks.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. 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. The Group ensures that it has sufficient cash and liquid assets on demand to meet its expected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Summarised below in the table is the maturity profile of financial liabilities based on the remaining period at the end of reporting period to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Within one year	1 - 2 years	2 - 5 years	Beyond 5 years	Total
2022					
Term loans	139,236	76,796	268,677	136,594	621,303
Lease liabilities	2,223	679	1,911	3,588	8,401
Trade and other payables (excluding advances from customers)	94,265	-	-	-	94,265
At 31 December 2022	**235,724**	**77,475**	**270,588**	**140,182**	**723,969**
2021					
Term loans	65,713	124,426	267,662	98,206	556,007
Lease liabilities	5,569	2,322	6,743	4,415	19,049
Derivative financial liabilities	193	-	-	-	193
Trade and other payables (excluding advances from customers)	80,662	-	-	-	80,662
At 31 December 2021	**152,137**	**126,748**	**274,405**	**102,621**	**655,911**

The facility amounts relating to the Group's term loans are disclosed in Note 25.

36 Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, 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.

i) Currency risk

The Group is exposed to currency risk in respect of transactions denominated in currencies other than USD. In respect of transactions denominated in the UAE Dirham ("AED"), the Group is currently not exposed to currency risk as the AED is pegged to USD. For significant transactions denominated in currency other than USD and AED the Group utilises forward exchange contracts to reduce its currency risk exposure.

The Group is also exposed to currency risk in respect of its investment in its Brazilian associate. The Group regularly monitors the movement in exchange rates to assess the sensitivity and impact to its long term business plan.

ii) Interest rate risk

The Group adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into interest rate swaps. Short-term deposits earn fixed rates of interest.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected, after the impact of hedge accounting.

The Group's profit before tax for the year is affected through the impact on floating rate borrowings as follows. Amounts shown represent impact on profit if the market risk variables had been different at the end of the reporting period with all other variables held constant and has been computed on the basis of assumptions and indices used and considered by other market participants.

	2022 $ 000	2021 $ 000
Interest expense		
- 25 basis points	64	57
+ 25 basis points	(64)	(57)

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including replacement of some interbank offered rates (IBORS) with alternative nearly risk-free rates (referred to as 'IBOR reform'). In 2021, the Group undertook amendments to most financial instruments with contractual terms indexed to IBORs such that they incorporate new benchmark rates e.g Sterling Over Night Index Average (SONIA). As at 31 December 2022, the Group's remaining IBOR exposure is indexed to US Dollar LIBOR. The alternative reference rate for US Dollar LIBOR is the Secured Overnight Financing Rate (SOFR). The Group has engaged professional law firms to document the transition and process of implementing appropriate fallback clauses for all US Dollar LIBOR indexed exposures, in accordance with clause 22.7 (replacement of Screen Rate) and 22.8 (Replacement of Benchmark) under the Common Term Agreement. These clauses automatically switch the instrument from USD LIBOR to SOFR as and when US Dollar LIBOR ceases. As announced by Financial Conduct Authority (FCA) in early 2022, the panel bank submissions for US Dollar LIBOR will cease in mid-2023.

Both the Phase 1 and Phase 2 amendments of Interest Rate Benchmark Reform are relevant to the Group because it applies hedge accounting to its interest rate benchmark exposures and in the current period modifications in response to the reform are being considered to the Group's derivative. The amendments are relevant for the cash flow hedges where IBOR-linked derivatives are designated as a cash flow hedge of IBOR-linked cash flows. When changes are made to the hedging instruments, hedged item and hedged risk as a result of the interest rate benchmark reform, the Group updates the hedge documentation without discontinuing the hedging relationship. The Group has closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by LIBOR regulators (including FCA) and the US Commodity Futures Trading Commission) regarding the transition from LIBOR (including GBP LIBOR, USD LIBOR and JPY LIBOR) to the Sterling Overnight Index Average rate (SONIA), the Secured Overnight Financing Rate (SOFR), and the Tokyo Overnight Average rate (TONA) respectively. In response to the announcements, the Group has in place an interest rate benchmark transition programme comprised of the following work streams: risk management, tax, treasury, legal, accounting and systems. The Group is engaged and working closely with the global agent and the counterparties to mitigate the risk arising from the transition and looking at the options of early adoption of the replacement benchmark (SOFR).

The carrying amounts of Term loan 5 and Term loan 6 are disclosed in Note 25 while the fair value and notional amounts of the IRS are disclosed in Note 26.

36 Financial risk management (continued)

Fair values
The fair value measurements of borrowings and derivative financial instruments are classified as 'Level 2' within the fair valuation hierarchy i.e. wherein fair value is determined using valuation techniques in which significant inputs are based on observable market data.

Derivatives
The fair value of interest rate swaps 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.

Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date (Level 2 of fair value hierarchy).

The fair values of borrowings and other financial assets and financial liabilities approximate their carrying values.

There were no transfers between Level 1 and Level 2 during 2022 and 2021.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group manages capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's policy is to keep the gearing ratio within a range to meet the business needs of the Group. The Group includes within net debt, interest bearing borrowings and cash and short-term deposits. Capital includes share capital, reserves and retained earnings.

	Notes	2022 $ 000	2021 $ 000
Interest bearing borrowings (excluding unamortised transaction costs)	25	542,373	549,355
Less: cash and short-term deposits	23	(544,699)	(400,274)
Net (cash)/debt		(2,326)	149,081
Total equity		922,484	918,086
Total equity and net debt		**920,158**	**1,067,167**
Gearing ratio (%)		N/A	14%

37 Business combinations and changes in ownership interests

This note provides information on changes to the group structure in the current and previous years and the significant accounting policies followed by the Group.

There were no significant changes to the group structure in the current year and prior year.

Accounting policies

Business combinations
Business combinations are accounted for 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 or group of similar identifiable assets.

The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss.

37 Business combinations and changes in ownership interests (continued)

Accounting policies (continued)

Business combinations (continued)
Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the requirements for provisions in IAS 37 Provisions, Contingent Liabilities and Contingent Assets or the amount initially recognized less (when appropriate) cumulative amortisation recognized in accordance with the requirements for revenue recognition.

Transfer of entities under common control
Transfers giving rise to transfer of interests in entities that are under the common control of the shareholders are accounted for at the date that transfer occurred, without restatement of prior periods. The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the books of transferor entity. The components of equity of the acquired entities are added to the same components within Group entity. Any cash paid for the acquisition is recognized directly in equity.

Loss of control of subsidiary
When the Group loses control of a subsidiary, the Group
a) derecognises the assets and liabilities of the former subsidiary at the carrying amounts at the date when control is lost
b) recognize the fair value of the consideration received from the event or transaction that resulted in the loss of control and recognise any interest retained in the former subsidiary at its fair value when the control is lost
c) reclassify to profit or loss the amounts recognised in other comprehensive income (OCI), including any cumulative exchange differences previously recognized in OCI, in relation to the subsidiary and
d) recognize any resulting difference as a gain or loss in profit or loss.

The fair value at the date that control is lost in b) above shall be regarded as the fair value on initial recognition of a financial asset in accordance with IFRS 9 or the deemed cost on initial recognition of an investment in an associate or joint venture, if applicable.

Discontinued operation
A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:
a) Represents a separate major line of business or geographical area of operations
b) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
c) Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of comprehensive income. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Acquisition of an associate in a business combination
On acquisition of an associate, the Group undertakes a notional purchase price allocation (PPA), identifying and valuing assets and liabilities of the associate, as if it had acquired a business. These fair value adjustments are not recorded separately, because the investment itself is a single line item. However, the fair values identified form the basis for additional depreciation, amortisation and similar adjustments that are reflected in the investor's share of the results in subsequent years. Adjustments in the notional purchase price allocation include assets not recognised by the associate or joint venture (such as internally developed intangible assets, reserves of natural resources and similar assets). Adjustments might also be made to recognise the fair value of assets carried by the investee at cost (such as property, plant and equipment) and to recognise liabilities at appropriate values.

Where the Group acquires an associate, it might be necessary to use provisional figures to undertake a provisional PPA to report the acquisition at the reporting date. Within one-year from the date of acquisition, the Group finalises the fair values and PPA, and reports in the following reporting period.

37 Business combinations and changes in ownership interests (continued)

Accounting policies (continued)

Acquisition of an associate in a business combination

On acquisition of the investment, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:
a) Goodwill relating to an associate is included in the carrying amount of the investment.
b) Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Appropriate adjustments to the entity's share of the associate's or joint venture's profit or loss after acquisition are made in order to account, for example, for depreciation of the depreciable assets based on their fair values at the acquisition date. Similarly, appropriate adjustments to the entity's share of the associate's profit or loss after acquisition are made for impairment losses such as for goodwill or property, plant and equipment.

38 Comparatives

Comparative numbers have been rearranged and reclassified to conform to the current year presentation, the effects of which are not material.

The consolidated financial statements are presented in United States Dollars ("USD" or "$"), the functional currency of the Company and the presentation currency of the Group. The following selected supplemental information is presented in United Arab Emirates Dirhams (AED) solely for convenience. AED amounts have been translated at the rate of AED 3.6725 to USD 1, except for share capital and additional paid-in capital which are translated using historical rates. For the purpose of this translation, numbers have been rounded where necessary.

i) Consolidated statement of profit or loss

	2022 AED 000	2021 AED 000
Revenue	1,588,503	1,496,797
Cost of revenue	(177,367)	(167,018)
Staff costs	(313,903)	(314,021)
Other operating expenses [(1)]	(165,167)	(141,122)
Other income	14,264	8,531
Adjusted EBITDA [(2)]	**946,330**	**883,167**
Depreciation, amortisation and impairment	(530,570)	(545,697)
Fair value adjustment on investment property	5,817	(7,000)
Operating profit	**421,577**	**330,470**
Finance income	31,205	1,451
Finance costs	(35,238)	(65,014)
Net Finance costs	**(4,033)**	**(63,563)**
Share of results of equity-accounted investments [(3)]	(195,755)	(35,216)
Profit before income tax	**221,789**	**231,691**
Income tax expense	(643)	(790)
Profit for the year	**221,146**	**230,901**
Loss for the year attributable to non-controlling interests	(19,637)	(25,300)
Profit for the year attributable to the Shareholders	**240,783**	**256,201**
Earnings per share		
Basic and diluted (fils per share)	9.87	10.50

[(1)] Other operating expenses include expected credit losses on trade receivables and contract assets. For the year ended 31 December 2022, there was a net reversal of expected credit losses of AED 3,155 thousand (2021: AED 8,880 thousand).

[(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 4 for a reconciliation of Adjusted EBITDA to profit for the year. Adjusted EBITDA is a non-GAAP measure.

[(3)] Share of results of equity-accounted investments for the year include impairment loss of AED 149 million (2021: nil) in respect of the Group's investment in HPE Brazil.

ii) Consolidated statement of comprehensive income

	2022 AED 000	2021 AED 000
Profit for the year	**221,146**	**230,901**
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Cash flow hedge - effective portion of changes in fair value	170,437	12,810
Cash flow hedge - (gain)/loss reclassified to profit or loss	(12,597)	42,583
Foreign operations - currency translation differences	19,464	(27,489)
Items that may not be reclassified to profit or loss:		
Remeasurement of defined benefit obligation	7,084	-
Other comprehensive income for the year	**184,388**	**27,904**
Total comprehensive income for the year	**405,534**	**258,805**
Total comprehensive loss attributable to non-controlling interests	(19,659)	(25,300)
Total comprehensive income attributable to the Shareholders	**425,193**	**284,105**

iii) Consolidated statement of financial position

	2022 AED 000	2021 AED 000
Assets		
Property, plant and equipment	4,202,163	4,154,677
Investment property	73,380	74,298
Right-of-use assets	21,491	56,145
Intangible assets	26,479	36,093
Equity-accounted investments	235,238	426,756
Trade and other receivables	38,128	38,128
Derivative financial instruments	118,306	11,789
Other investments	10,834	-
Deferred income tax assets	485	474
Total non-current assets	**4,726,504**	**4,798,360**
Inventories	26,560	21,532
Trade and other receivables	617,931	542,152
Derivative financial instruments	63,174	6,038
Income tax assets	668	687
Cash and short-term deposits *	2,000,407	1,470,006
Total current assets	**2,708,740**	**2,040,415**
Total assets	**7,435,244**	**6,838,775**
Liabilities		
Trade and other payables	628,590	302,074
Borrowings	444,655	230,152
Derivative financial instruments	-	709
Deferred revenue	91,111	99,113
Income tax liabilities	790	599
Total current liabilities	**1,165,146**	**632,647**
Trade and other payables	1,350,301	1,068,697
Borrowings	1,495,629	1,724,488
Provision for employees' end of service benefits	36,347	41,272
Total non-current liabilities	**2,882,277**	**2,834,457**
Total liabilities	**4,047,423**	**3,467,104**
Net assets	**3,387,821**	**3,371,671**
Equity		
Share capital	2,439,770	2,439,770
Hedging reserve	177,767	19,927
Statutory reserve	76,862	35,135
Translation reserve	(89,440)	(109,029)
Remeasurement reserve	7,084	-
Retained earnings	513,852	704,180
Equity attributable to the Shareholders	**3,125,895**	**3,089,983**
Non-controlling interests	**261,926**	281,688
Total equity	**3,387,821**	**3,371,671**

* Cash and short term deposits include cash and cash equivalents of AED 785,893 thousand (31 December 2021: AED 1,019,993 thousand).

iv) Consolidated statement of changes in equity

	Attributable to the Shareholders							
	Share capital	Additional paid-in capital	Hedging reserve	Other Reserves [1]	Retained earnings	Total	Non-controlling interests	Total equity
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
At 1 January 2021	**10,000**	**2,429,770**	**(35,466)**	**(66,472)**	**954,652**	**3,292,484**	**306,988**	**3,599,472**
Profit for the year	-	-	-	-	256,201	256,201	(25,300)	230,901
Other comprehensive income:								
Currency translation differences	-	-	-	(27,489)	-	(27,489)	-	(27,489)
Cash flow hedge - effective portion of changes in fair value	-	-	12,810	-	-	12,810	-	12,810
Cash flow hedge - net loss reclassified to profit or loss (Note 11) (2)	-	-	42,583	-	-	42,583	-	42,583
Other comprehensive income/(loss) for the year	**-**	**-**	**55,393**	**(27,489)**	**-**	**27,904**	**-**	**27,904**
Total comprehensive income/(loss) for the year	**-**	**-**	**55,393**	**(27,489)**	**256,201**	**284,105**	**(25,300)**	**258,805**
Conversion of additional paid-in capital to share capital (Note 30)	2,429,770	(2,429,770)	-	-	-	-	-	-
Transfer to statutory reserve				20,067	(20,067)	-	-	-
Transactions with the Shareholder:								
Dividends (Note 31)	-	-	-	-	(486,606)	(486,606)	-	(486,606)
At 31 December 2021	**2,439,770**	**-**	**19,927**	**(73,894)**	**704,180**	**3,089,983**	**281,688**	**3,371,671**
At 1 January 2022	**2,439,770**	**-**	**19,927**	**(73,894)**	**704,180**	**3,089,983**	**281,688**	**3,371,671**
Profit for the year	-	-	-	-	240,783	240,783	(19,637)	221,146
Other comprehensive income:								
Currency translation differences	-	-	-	19,589	-	19,589	(125)	19,464
Cash flow hedge - effective portion of changes in fair value	-	-	170,437	-	-	170,437	-	170,437
Cash flow hedge - net gain reclassified to profit or loss (Note 11)	-	-	(12,597)	-	-	(12,597)	-	(12,597)
Remeasurement of defined benefit obligation	-	-	-	7,084	-	7,084	-	7,084
Other comprehensive income/(loss) for the year	**-**	**-**	**157,840**	**26,673**	**-**	**184,513**	**(125)**	**184,388**
Total comprehensive income/(loss) for the year	**-**	**-**	**157,840**	**26,673**	**240,783**	**425,296**	**(19,762)**	**405,534**
Transfer to statutory reserve	-	-	-	41,727	(41,727)	-	-	-
Transactions with the Shareholders:								
Dividends (Note 31)	-	-	-	-	(389,384)	(389,384)	-	(389,384)
At 31 December 2022	**2,439,770**	**-**	**177,767**	**(5,494)**	**513,852**	**3,125,895**	**261,926**	**3,387,821**

[1] Other reserves include statutory reserve, translation reserve and actuarial remeasurement reserve.

[2] The amount includes AED 18,935 thousand on account of discontinuance of hedge accounting (Note 26) and AED 23,647 thousand relating to periodic reclassifications to profit or loss.

iv) Consolidated statement of cash flows

	2022 AED 000	2021 AED 000
Operating activities		
Profit before income tax	221,790	231,691
Adjustments for:		
Share of results of equity-accounted investments	195,755	35,216
Depreciation, amortisation and impairment	530,570	545,697
Reversal of allowance for expected credit losses	(3,155)	(8,880)
Allowance (reversal of allowance) for inventories	617	(3,996)
Fair value adjustment to investment property	(5,817)	7,000
Finance income	(31,205)	(1,451)
Finance costs	35,238	65,014
Gain on termination of lease	(5,685)	-
Gain on disposal of property, plant and equipment	-	(114)
Provision for employees' end of service benefits	6,453	7,889
Write-off of property, plant and equipment	62	18
Operating profit before working capital changes	**944,623**	**878,084**
Working capital changes:		
Trade and other receivables	(72,624)	(62,675)
Inventories	(5,645)	31,272
Trade and other payables (1)	568,558	(23,155)
Deferred revenue	(8,002)	17,970
Employee end of service payments	(5,920)	(5,208)
Income tax paid	(444)	(1,399)
Net cash from operating activities	**1,420,546**	**834,889**
Investing activities		
Purchases of property, plant and equipment	(481,700)	(559,784)
Additions to intangible assets	(3,695)	(1,910)
Proceeds on disposal of property, plant and equipment	-	180
Investment in an associate	-	(36,284)
Return of investment in an associate	15,516	7,639
Acquisition of other investments	(10,834)	-
Receipts of short-term deposits with original maturity of over three months	1,057,790	440,700
Investments in short-term deposits with original maturity of over three months	(1,822,291)	(450,013)
Interest received	31,205	1,451
Net cash used in investing activities	**(1,214,009)**	**(598,021)**
Financing activities		
Proceeds from term loans	226,546	1,956,778
Repayment of term loans	(223,909)	(939,121)
Payment of lease liabilities	(17,716)	(15,623)
Interest paid	(40,067)	(27,533)
Transaction costs on borrowings refunded/(paid)	3,559	(59,825)
Settlement of derivative contract liabilities	-	(31,418)
Dividend paid to the Shareholders	(389,384)	(486,606)
Net cash (used in) / from financing activities	**(440,971)**	**396,652**
Net (decrease) / increase in cash and cash equivalents	**(234,434)**	**633,520**
Net foreign exchange difference	334	1,172
Cash and cash equivalents at 1 January	1,019,993	385,300
Cash and cash equivalents as at 31 December	**785,893**	**1,019,992**

(1) Amount for the year ended 31 December 2022 includes receipt of the first instalment of the T4-NGSA Advance Payment of AED 550.95 million.

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