Al Yah Satellite Communications Company PJSC

Condensed consolidated interim financial statements

For the three months ended 31 March 2021

Al Yah Satellite Communications Company PJSC

Condensed consolidated interim financial statements

For the three months ended 31 March 2021

yahsat الياه سات
smart satellite solutions

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The Directors have pleasure in presenting their report, together with the reviewed condensed consolidated interim financial statements of Al Yah Satellite Communications Company PJSC (the "Company") and its subsidiaries (collectively referred to as the "Group") for the three months ended 31 March 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

The results of the Group for the three months ended 31 March 2021 are set out on page 5 of the condensed consolidated interim financial statements.

Going concern basis

The Board of Directors has reasonable expectation that the Group has adequate resources and support to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements for the period ended 31 March 2021.

Transactions with related parties

The condensed consolidated interim financial statements disclose related party transactions and balances in note 14. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

Directors

Musabbeh Al Kaabi
H.E. Tareq Abdul Raheem Al Hosani
H.E. Dr. Mohammed Al Ahbabi
H.E. Sara Musallam
H. E. Rashed Al Ghafri
H.E. Hisham Malak
Mounir Barakat
Amal Al Ameri
Badr Alolama
Masood M. Sharif Mahmood

Auditors

The condensed consolidated interim financial statements for the three months ended 31 March 2021 have been reviewed by M/s KPMG.

On behalf of the Board of Directors

DocuSigned by:
Musabbeh Al Kaabi
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Chairman of the Board
Musabbeh Al Kaabi

Date: 31 May 2021

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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

To the Shareholder of Al Yah Satellite Communication Company PJSC

Introduction

We have reviewed the accompanying 31 March 2021 condensed consolidated interim financial information of Al Yah Satellite Communication Company PJSC ("the Company") and its subsidiaries ("the Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 31 March 2021;
- the condensed consolidated interim statement of profit or loss for the three-month period ended 31 March 2021;
- the condensed consolidated interim statement of comprehensive income for the three-month period ended 31 March 2021;
- the condensed consolidated interim statement of changes in equity for the three-month period ended 31 March 2021;
- the condensed consolidated interim statement of cash flows for the three-month period ended 31 March 2021; and
- notes to the condensed consolidated interim financial information.

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 31 2021 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other matter – comparative information

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

KPMG Lower Gulf Limited

Richard Ackland
Registration No.: 1015
Abu Dhabi, United Arab Emirates
Date: 03 June 2021

Al Yah Satellite Communications Company PJSC

Condensed consolidated interim statement of profit or loss

for the three months ended 31 March

	Notes	2021 $ 000	2020 $ 000
Revenue	4	90,215	97,315
Cost of revenue		(4,911)	(6,110)
Staff costs		(19,992)	(23,769)
Other operating expenses [1]		(11,330)	(10,855)
Other income		428	414
Adjusted EBITDA [2]		**54,410**	**56,995**
Depreciation, amortisation and impairment		(37,011)	(37,221)
Operating profit		**17,399**	**19,774**
Finance income		165	1,468
Finance costs		(3,137)	(6,248)
Net Finance costs		**(2,972)**	**(4,780)**
Share of results of equity-accounted investments	7	(306)	(5,537)
Profit before income tax		**14,121**	**9,457**
Income tax expense		(48)	(52)
Profit for the period		**14,073**	**9,405**
Loss for the period attributable to non-controlling interests		(1,825)	(1,788)
Profit for the period attributable to the Shareholder		**15,898**	**11,193**
Earnings per share			
Basic and diluted (US$ per share)	17	1.59	1.12

[1] Other operating expenses include impairment loss on trade receivables and contract assets of US$ 1.4 million (2020: US$ 0.6 million).

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

Condensed consolidated interim statement of comprehensive income

for the three months ended 31 March

	Notes	2021 $ 000	2020 $ 000
Profit for the period		**14,073**	**9,405**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Cash flow hedge - effective portion of changes in fair value		(2,361)	(6,563)
Cash flow hedge - loss reclassified to profit or loss		2,380	2,522
Foreign operations - currency translation differences		(9,454)	(28,220)
Total comprehensive income for the period		**4,638**	**(22,856)**
Total comprehensive loss attributable to non-controlling interests		(1,817)	(1,831)
Total comprehensive income attributable to the Shareholder		**6,455**	**(21,025)**

The results for the period ended 31 March 2021 are reviewed. The comparatives for the period ended 31 March 2020 are neither reviewed nor audited.

The notes on pages 8 to 17 form part of these condensed consolidated interim financial statements.

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

Al Yah Satellite Communications Company PJSC

Condensed consolidated interim statement of financial position

	Notes	31 March 2021 $ 000	31 December 2020 $ 000
Assets			
Property, plant and equipment	5	984,833	1,018,003
Capital work in progress	6	132,301	98,531
Investment property		22,137	22,137
Right-of-use assets		19,301	20,645
Intangible assets		12,178	13,083
Equity-accounted investments	7	121,115	125,574
Trade and other receivables	8	11,389	11,227
Deferred income tax assets		98	94
Total non-current assets		**1,303,352**	**1,309,294**
Inventories		12,934	13,291
Trade and other receivables	8	132,675	127,296
Income tax assets		182	182
Cash and short-term deposits*	9	281,381	224,915
Total current assets		**427,172**	**365,684**
Total assets		**1,730,524**	**1,674,978**
Liabilities			
Trade and other payables	10	80,943	88,539
Borrowings	11	127,580	129,114
Derivative financial instruments		8,001	8,016
Deferred revenue	12	83,207	22,095
Income tax liabilities		250	288
Total current liabilities		**299,981**	**248,052**
Trade and other payables	10	291,000	291,000
Borrowings	11	142,768	143,655
Derivative financial instruments		1,637	1,641
Provision for employees' end of service benefits		10,385	10,515
Total non-current liabilities		**445,790**	**446,811**
Total liabilities		**745,771**	**694,863**
Net assets		**984,753**	**980,115**
Equity			
Share capital		2,722	2,722
Additional paid-in capital		661,612	661,612
Hedging reserve		(9,638)	(9,657)
Statutory reserve		4,103	4,103
Translation reserve		(31,664)	(22,202)
Retained earnings		275,844	259,946
Equity attributable to the Shareholder		**902,979**	**896,524**
Non-controlling interests		81,774	83,591
Total equity		**984,753**	**980,115**

*Cash and short term deposits include cash and cash equivalents of US$ 261.4 million (31 December 2020: US$ 104.9 million).

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

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

DocuSigned by: Musabbeh Al Kaabi 700A64D757D7407...	DocuSigned by: 13AA0BE7E75B451...	DocuSigned by: Andrew Francis Cole A6BF0B65FED14B7...
Chairman of the Board	**Chief Executive Officer**	**Chief Financial Officer**
Musabbeh Al Kaabi	**Ali Hashem Al Hashemi**	**Andrew Francis Cole**

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

The notes on pages 8 to 17 form part of these condensed consolidated interim financial statements.

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

Al Yah Satellite Communications Company PJSC

Condensed consolidated interim statement of changes in equity

for the three months ended 31 March

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	Attributable to the Shareholder							
	Share capital	**Additional paid-in capital**	**Hedging reserve**	**Other Reserves***	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
At 1 January 2020	**2,722**	**661,612**	**(15,839)**	**9,903**	**246,044**	**904,442**	**91,104**	**995,546**
Profit for the period	-	-	-	-	11,193	11,193	(1,788)	9,405
Other comprehensive income:								
Currency translation differences	-	-	-	(28,177)	-	(28,177)	(43)	(28,220)
Cash flow hedge - effective portion of changes in fair value	-	-	(6,563)	-	-	(6,563)	-	(6,563)
Cash flow hedge - loss reclassified to profit or loss	-	-	2,522	-	-	2,522	-	2,522
Other comprehensive income for the period	**-**	**-**	**(4,041)**	**(28,177)**	**-**	**(32,218)**	**(43)**	**(32,261)**
Total comprehensive income for the period	**-**	**-**	**(4,041)**	**(28,177)**	**11,193**	**(21,025)**	**(1,831)**	**(22,856)**
Transactions with the Shareholder:								
Dividends (Note 16)	-	-	-	-	(15,000)	(15,000)	-	(15,000)
At 31 March 2020	**2,722**	**661,612**	**(19,880)**	**(18,274)**	**242,237**	**868,417**	**89,273**	**957,690**
At 1 January 2021	**2,722**	**661,612**	**(9,657)**	**(18,099)**	**259,946**	**896,524**	**83,591**	**980,115**
Profit for the period	-	-	-	-	15,898	15,898	(1,825)	14,073
Other comprehensive income:								
Currency translation differences	-	-	-	(9,462)	-	(9,462)	8	(9,454)
Cash flow hedge - effective portion of changes in fair value	-	-	(2,361)	-	-	(2,361)	-	(2,361)
Cash flow hedge - loss reclassified to profit or loss	-	-	2,380	-	-	2,380	-	2,380
Other comprehensive income for the period	**-**	**-**	**19**	**(9,462)**	**-**	**(9,443)**	**8**	**(9,435)**
Total comprehensive income for the period	**-**	**-**	**19**	**(9,462)**	**15,898**	**6,455**	**(1,817)**	**4,638**
At 31 March 2021	**2,722**	**661,612**	**(9,638)**	**(27,561)**	**275,844**	**902,979**	**81,774**	**984,753**

*Other reserves include translation reserve and statutory reserve.

The changes in equity for the period ended 31 March 2021 are reviewed. The comparatives for the period ended 31 March 2020 are neither reviewed nor audited.

The notes on pages 8 to 17 form part of these condensed consolidated interim financial statements.

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

Al Yah Satellite Communications Company PJSC

Condensed consolidated interim statement of cash flows

for the three months ended 31 March

	Notes	2021 $ 000	2020 $ 000
Operating activities			
Profit before income tax		14,121	9,457
Adjustments for:			
Share of results of equity-accounted investments		306	5,537
Depreciation, amortisation and impairment		37,011	37,221
Allowance for expected credit losses		1,380	1,267
Loss allowance for inventories		202	60
Finance income		(165)	(1,468)
Finance costs		3,137	6,248
Gain on disposal of property, plant and equipment		(31)	-
Provision for employees' end of service benefits		473	485
Operating profit before working capital changes		**56,434**	**58,807**
Working capital changes:			
Trade and other receivables		(6,921)	9,995
Inventories		155	(725)
Trade and other payables		(14,844)	(3,152)
Deferred revenue		61,112	57,080
Employee end of service payments		(598)	(412)
Income tax paid		(90)	(92)
Net cash from operating activities		**95,248**	**121,501**
Investing activities			
Purchases of property, plant and equipment		(1,618)	(2,100)
Purchases of capital work in progress		(26,522)	(4,703)
Additions to intangible assets		(15)	(262)
Investment in an associate		(5,400)	(4,000)
Receipt of short-term deposits with original maturity of over three months		100,000	-
Proceeds on disposal of property, plant and equipment		49	-
Interest received		165	1,468
Net cash from/(used in) investing activities		**66,659**	**(9,597)**
Financing activities			
Repayment of borrowings		(3,144)	(8,349)
Interest paid on term loans		(2,415)	(5,481)
Dividend paid to the Shareholder	16	-	(15,000)
Net cash used in financing activities		**(5,559)**	**(28,830)**
Net increase in cash and cash equivalents		**156,348**	**83,074**
Net foreign exchange difference		118	(111)
Cash and cash equivalents at the beginning of the period/year		104,915	147,432
Cash and cash equivalents as at the end of the period/year		**261,381**	**230,395**

The cash flows for the period ended 31 March 2021 are reviewed. The comparatives for the period ended 31 March 2020 are neither reviewed nor audited.

The notes on pages 8 to 17 form part of these condensed consolidated interim financial statements.

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

1 General information

Al Yah Satellite Communications Company (the "Company"), registered as a private joint stock company in Abu Dhabi, United Arab Emirates (UAE), was incorporated on 23 January 2007. UAE Federal Law No. 2 of 2015 (Companies Law) is applicable to the Company and has come into effect on 1 July 2015.

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

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

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

2 Significant accounting policies

2.1 Basis of preparation

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

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

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

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

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

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

2.2 New and amended standards and interpretations

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

Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
The amendments require additional disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks.

The amendments have no impact on the condensed consolidated interim financial statements of the Group as the existing interest rate swap (IRS) contracts (derivative used for hedging) will expire in 2022, much before 30 June 2023 when the USD LIBOR rates will no longer be published.

2 Significant accounting policies (continued)

2.2 New and amended standards and interpretations (continued)

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

2.3 Standards issued but not yet effective

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

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

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

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

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
The amendment prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
The amendment specifies which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendment is not expected to have a material impact on the Group.

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

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

3 Segment information

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

Accounting policies

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

Information on segments

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

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

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

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

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

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

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

The segment information for the three months ended 31 March 2021 is as follows:

	Infra-structure	Managed solutions	Data solutions (BCS)	Mobility solutions	Other	Recon-ciliation	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
External revenue	59,956	12,053	5,504	12,702	-	-	90,215
Inter-segment revenue	270	-	317	-	-	(587)	-
Total revenue	**60,226**	**12,053**	**5,821**	**12,702**	**-**	**(587)**	**90,215**
Adjusted EBITDA	**45,689**	**4,772**	**(582)**	**4,531**	**-**	**-**	**54,410**
Depreciation, amortisation and impairment	(22,842)	(26)	(8,290)	(5,853)	-	-	(37,011)
Finance income	133	-	655	2	-	(625)	165
Finance costs	(3,439)	-	(56)	(267)	-	625	(3,137)
Share of results - HPE	-	-	-	-	(566)	-	(566)
Share of results - Al Maisan	-	-	-	-	260	-	260
Income tax expense	-	-	(39)	(9)	-	-	(48)
Profit/(loss) for the period	**19,541**	**4,746**	**(8,312)**	**(1,596)**	**(306)**	**-**	**14,073**
Capital expenditure	34,262	-	1,003	138	-	-	35,403

3 Segment information (continued)

The segment information for the three months ended 31 March 2020 is as follows:

	Infra-structure	Managed solutions	Data solutions (BCS)	Mobility solutions	Other	Recon-ciliation	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
External revenue	59,339	15,726	6,703	15,547	-	-	97,315
Inter-segment revenue	325	-	162	-	-	(487)	-
Total revenue	**59,664**	**15,726**	**6,865**	**15,547**	**-**	**(487)**	**97,315**
Adjusted EBITDA	**44,942**	**7,614**	**(1,441)**	**5,880**	**-**	**-**	**56,995**
Depreciation, amortisation and impairment	(22,682)	(39)	(7,830)	(6,670)	-	-	(37,221)
Finance income	402	-	1,065	1	-	-	1,468
Finance costs	(5,814)	-	(127)	(307)	-	-	(6,248)
Share of results - HPE	-	-	-	-	(4,427)	-	(4,427)
Share of results - Al Maisan	-	-	-	-	(1,110)	-	(1,110)
Income tax expense	-	-	(51)	(1)	-	-	(52)
Profit/(loss) for the period	**16,848**	**7,575**	**(8,384)**	**(1,097)**	**(5,537)**	**-**	**9,405**
Capital expenditure	5,164	-	1,449	452	-	-	7,065

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 14.

	Three months ended 31 March	
	2021	**2020**
	US$'000	**US$'000**
United Arab Emirates	75,814	79,421
Europe	5,659	7,641
Asia	4,034	6,109
Africa	2,697	1,974
North America	1,813	1,967
Others	198	203
Revenue	**90,215**	**97,315**

4 Revenue

	Notes	Three months ended 31 March 2021 $ 000	2020 $ 000
Services rendered		89,258	94,911
Sale of equipment and accessories		957	2,404
	3	**90,215**	**97,315**

Revenue from related parties is disclosed in Note 14.

	2021 $ 000	2020 $ 000
Revenue includes:		
Revenue from contracts with customers	56,780	63,880
Income from operating leases	33,435	33,435
	90,215	**97,315**
Disaggregation of revenue by operating segment:		
Services rendered:		
Infrastructure	59,956	59,339
Managed solutions	12,053	15,726
Data solutions - BCS	5,461	6,378
Mobility solutions	11,788	13,468
Sale of equipment and accessories (recognised at a point in time)		
Data solutions - BCS	43	325
Mobility solutions	914	2,079
	90,215	**97,315**
Timing of recognition of revenue from contracts with customers:		
Over time	55,823	60,959
At a point in time	957	2,921
	56,780	**63,880**

Revenue by geography is disclosed in note 3.

Contract balances:	Notes	31 March 2021 $ 000	31 December 2020 $ 000
Trade receivables, net of loss allowance	8	88,807	94,448
Contract assets	8	25,964	19,827
Contract liabilities:			
Advances from a related party		128,040	128,040
Advances from other customers	10	5,487	5,999
Deferred revenue	12	83,207	22,095

5 Property, plant and equipment

	Notes	31 March 2021 $ 000	31 December 2020 $ 000
At the beginning of the period/year		1,018,003	1,146,331
Additions		1,618	8,644
Depreciation		(34,658)	(139,286)
Disposal/write-off		(18)	(7)
Exchange differences		(23)	132
Transfer from capital work in progress	6	-	2,665
Impairment		-	(213)
Other movements		(89)	(263)
At the end of the period/year		**984,833**	**1,018,003**

Additions to property, plant and equipment during the three-month period ended 31 March 2020 amounted to US$ 2.1 million.

6 Capital work in progress

	Notes	31 March 2021 $ 000	31 December 2020 $ 000
At the beginning of the period/year		98,531	19,180
Additions		33,770	82,016
Transfers to property, plant and equipment	5	-	(2,665)
At the end of the period/year		**132,301**	**98,531**

Additions during the period mainly relate to the Thuraya 4 satellite (T4) under construction. The cumulative cost of T4 as of 31 March 2021 amounted to US$ 110.5 million (31 December 2020: US$ 76.8 million). Additions to capital work in progress during the period ended 31 March 2020 amounted to US$ 4.7 million.

7 Equity-accounted investments

	31 March 2021 $ 000	31 December 2020 $ 000
At the beginning of the period/year	125,574	151,285
Contributions made during the period/year	5,400	18,558
Share of results for the period/year	(306)	(16,360)
Exchange differences	(9,553)	(27,909)
At the end of the period/year	**121,115**	**125,574**
of which Investment in HPE	100,486	105,205
of which Investment in Al Maisan	20,629	20,369

8 Trade and other receivables

	Notes	31 March 2021 $ 000	31 December 2020 $ 000
Trade receivables		114,961	119,312
Allowance for expected credit losses		(26,154)	(24,864)
Trade receivables, net of allowance		**88,807**	**94,448**
Contract assets - accrued income		25,964	19,827
Prepayments - orbital services		10,000	10,000
Prepayments - others		8,532	2,647
Advances		5,105	5,348
Other receivables		5,656	6,253
Total trade and other receivables		**144,064**	**138,523**
of which non-current		11,389	11,227
of which current		132,675	127,296

9 Cash and short term deposits

	Notes	31 March 2021 $ 000	31 December 2020 $ 000
Cash on hand and in banks		251,378	94,912
Short-term deposits with banks		3	3
Short-term deposits with related parties		30,000	130,000
Cash and short-term deposits		**281,381**	**224,915**
Less: Short-term deposits with original maturities of over three months		(20,000)	(120,000)
Cash and cash equivalents		**261,381**	**104,915**

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

10 Trade and other payables

	Notes	31 March 2021 $ 000	31 December 2020 $ 000
Trade payables		41,345	40,287
Accruals		30,309	32,197
Advance from a related party		291,000	291,000
Advances from other customers		5,487	5,999
Other payables		3,802	10,056
Total trade and other payables		**371,943**	**379,539**
of which non-current		291,000	291,000
of which current		80,943	88,539

11 Borrowings

	Notes	31 March 2021 $ 000	31 December 2020 $ 000
The carrying amount of borrowings are as follows:			
Term loans:			
Principal amounts		254,653	255,716
Unamortised transaction costs		(2,285)	(2,744)
Term loans - net of unamortised transaction costs		**252,368**	**252,972**
Lease liabilities		17,980	19,797
Total borrowings		**270,348**	**272,769**
of which current		127,580	129,114
of which non-current		142,768	143,655
The movements in borrowings are as follows:			
At the beginning of the period/year		272,769	399,238
Additions		-	446
Accretion of interest		723	3,052
Payments		(3,144)	(127,545)
Lease modification		-	(2,384)
Retirement		-	(38)
At the end of the period/year		**270,348**	**272,769**

Additions and repayments of borrowings during the three-month period ended 31 March 2020 amounted to US$ Nil and US$ 8.3 million, respectively.

12 Deferred revenue

	Notes	31 March 2021 $ 000	31 December 2020 $ 000
Deferred revenue relating to a capacity services contracts with a related party		58,293	-
Unutilized airtime balances from prepaid scratch cards		13,449	12,469
Others		11,465	9,626
Total deferred revenue		**83,207**	**22,095**

Deferred revenue from a related party pertains to amounts collected in advance relating to the Capacity Services Agreement with the UAE Armed Forces.

13 Capital commitments and contingent liabilities

	31 March 2021 $ 000	31 December 2020 $ 000
Capital commitments - committed and contracted	233,853	267,440
Contingent liabilities - performance bonds provided by banks in the normal course of business	31,907	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 procure 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.

14 Related party transactions

		Three months ended 31 March	
		2021	2020
Transaction with related parties	**Notes**	**$ 000**	**$ 000**
Revenue			
Entities under common control*		68,919	72,100
Associate		343	283
Total		**69,262**	**72,383**
* Revenue from entities under common control includes USD 67.8 million (three months ended 31 March 2020: USD 71.1 million) from a single customer. Revenue from such customer is recorded under infrastructure and managed 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		161	1,065
Interest expense on term loans			
Entities under common control		911	1,395
Outsourced expenses, office lease rent, systems support			
Entities under common control		175	208
Parent Company		-	16
Total		**175**	**224**
Cost of sales			
Entities under common control		138	1,762
Associate		797	534
Total		**935**	**2,296**
Learning and development expenses			
Entities under common control		-	2
Key management personnel compensation			
Short term employment benefits		969	1,036
Post-employment benefits		71	81

15 Fair value disclosures

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

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

The fair value measurement for the investment property is classified as Level 2. The fair value has been determined by an external valuer based on transactions observable in the market. There is no significant change in the fair value of investment property since the last evaluation carried out at 31 December 2020.

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

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

16 Dividends

The Company distributed and paid dividend of USD 15 million representing USD 1.50 per fully paid share during the period ended 31 March 2020. The Company did not distribute any dividend during the current period.

17 Earnings per share

	Three months ended 31 March	
	2021	**2020**
Profit for the period attributable to Yahsat Owner (in US$'000)	15,898	11,193
Weighted average number of ordinary shares outstanding ('000)	10,000	10,000
Basic and diluted earnings per share (US$)	1.59	1.12

18 Seasonality and cyclicality of interim operations

There are no items of seasonal or cyclical nature in the interim operations during the period ended 31 March 2021 and 2020.

19 Impact of COVID-19 pandemic

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

The Group's activity has demonstrated a certain resilience compared to other industries. The Group's major source of revenue is secured through long term contracts with governments. However, the Group's operations relating to Mobility Solutions 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 to reduced business travel, marketing and other operating expenses.

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

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

20 Events after the reporting period

On 29 April 2021, the Company paid dividend of USD 36 million representing USD 3.60 per fully paid share.