1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Omani Qatari Telecommunications Company SAOG (the "Company") is an Omani joint stock company registered under the Commercial Companies Law of the Sultanate of Oman. In accordance with Royal Decree 17/2005, effective 19 February 2005, the Company was granted a license to provide mobile telecommunication services in the Sultanate of Oman for a period of 15 years ending 18 February 2020.

In accordance with Royal Decree 34/2009, effective 6 June 2009, the Company was also awarded a license to provide fixed line telecommunication services in the Sultanate of Oman for a period of 25 years. The Company's activities under this license will be installation, operation, maintenance and exploitation of fixed public telecommunications systems in the Sultanate of Oman.

The Company's current principal activities are the operation, maintenance and development of mobile and fixed telecommunications services in the Sultanate of Oman.

The Company is a subsidiary of Qtel MENA Investcom S.P.C.(formerly known as TDC-Qtel Mena Investcom BSC) whose registered address is Building no. 247, Road 1704, Block 317, Manama, Kingdom of Bahrain. The ultimate parent of the Company is Ooredoo Q.S.C.(formerly known as Qatar Telecom (Qtel) QSC) whose registered address is P.O. Box 217, Doha, Qatar.

In accordance with the requirements of the Company's mobile license, the Company proceeded with initial public offering (IPO). The promoting shareholders at the Company's Extraordinary General Meeting held on 7 March 2010 approved the conversion of the Company from a Closed Joint Stock Company (SAOC) to a Public Joint Stock Company (SAOG) by offering their 260,377,690 shares for the public subscription. The Company closed its IPO on 21 October 2010 and its shares were listed on the Muscat Securities Market on 1 November 2010. The IPO proceeds and share issue expenses were recorded by the promoting shareholders.

BASIS OF PREPERATION

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements also comply with the applicable requirements of the Commercial Companies Law of the Sultanate of Oman and the rules and guidelines on disclosure issued by the Capital Market Authority.

The accounting records are maintained in Omani Rial which is the functional and reporting currency for these financial statements. The financial statements numbers are rounded to the nearest thousand except when otherwise indicated.

The financial statements are prepared under the historical cost convention modified to include the measurement at fair value of certain financial instruments.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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.

2. Application of new and revised International Financial Reporting Standards ("IFRSs")

2.1 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2014, have been adopted in these financial statements. The application of these revised and new 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 IAS 32 Financial Instruments: Presentation relating to application guidance on the offsetting of financial assets and financial liabilities.

- Amendments to IAS 36 recoverable amount disclosures:
  The amendments restrict the requirements to disclose the recoverable amount of an asset or CGU to the period in which an impairment loss has been recognised or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal.

- Amendments to IAS 39 Financial Instruments: Recognition and Measurement, Novation of Derivatives and Continuation of Hedge Accounting
  The amendment allows the continuation of hedge accounting when a derivative is novated to a clearing counterparty and certain conditions are met.

2.2 New and revised IFRSs in issue but not yet effective and not early adopted

The Company has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
• Amendments to IFRS 7 *Financial Instruments*: Disclosures relating to disclosures about the initial application of IFRS 9.	When IFRS 9 is first applied
• IFRS 7 *Financial Instruments*: Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.	When IFRS 9 is first applied

2. Application of new and revised International Financial Reporting Standards ("IFRSs")

2.2 New and revised IFRSs in issue but not yet effective and not early adopted

New and revised IFRSs	Effective for annual periods beginning on or after
• IFRS 9 Financial Instruments (2009) issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 Financial Instruments (2010) revised in October 2010 includes the requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement.	1 January 2018

IFRS 9 Financial Instruments (2013) was revised in November 2013 to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the own credit gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9.

Finalised version of IFRS 9 (IFRS 9 Financial Instruments (2014)) was issued in July 2014 incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition.

IFRS 9 (2009) and IFRS 9 (2010) were superseded by IFRS 9 (2013) and IFRS 9 (2010) also superseded IFRS 9 (2009). IFRS 9 (2014) supersedes all previous versions of the standard. The various standards also permit various transitional options. Accordingly, entities can effectively choose which parts of IFRS 9 they apply, meaning they can choose to apply: (1) the classification and measurement requirements for financial assets: (2) the classification and measurement requirements for both financial assets and financial liabilities: (3) the classification and measurement requirements and the hedge accounting requirements provided that the relevant date of the initial application is before 1 February 2015.

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.2 New and revised IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs (*continued*)	Effective for annual periods beginning on or after
• IFRS 15 Revenue from Contracts with Customers	1 January 2017

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

• Annual Improvements to IFRSs 2012 - 2014 Cycle that include amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.	1 January 2016
• Amendments to IAS 16 and IAS 38 to clarify the acceptable methods of depreciation and amortization.	1 January 2016
• Amendments to IFRS 11 to clarify accounting for acquisitions of Interests in Joint Operations.	1 January 2016
• Amendments to IAS 16 and IAS 41 require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16.	1 January 2016

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.2 New and revised IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs (continued)	Effective for annual periods beginning on or after
• Amendments to IFRS 10 and IAS 28 clarify that the recognition of the gain or loss on the sale or contribution of assets between an investor and its associate or joint venture depends on whether the assets sold or contributed constitute a business.	• 1 January 2016
• Amendments to IAS 27 allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost, in accordance with IAS 39/IFRS 9 or using the equity method in an entity's separate financial statements.	1 January 2016
• Amendments to IFRS 10, IFRS 12 and IAS 28 clarifying certain aspects of applying the consolidation exception for investment entities.	1 January 2016
• Amendments to IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports.	1 January 2016
• Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24.	1 July 2014
• Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.	1 July 2014
• Amendments to IAS 19 Employee Benefits clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.	1 July 2014

Board of Directors anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements for the period beginning 1 January 2015 or as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9 and IFRS 15 (D), may have no material impact on the financial statements of the Company in the period of initial application.

Board of Directors anticipates that IFRS 15 and IFRS 9 will be adopted in the Company's financial statements for the annual period beginning 1 January 2017 and 1 January 2018 respectively. The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the Company's financial statements in respect of revenue from contracts with customers and the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Company performs a detailed review.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are as follows:

Revenue and deferred income

Revenue from rendering of services:
Revenue from rendering of services represents the value of telecommunication services provided to customers. Revenue is recognised over the period to which it relates.

Interconnection revenue:
Revenues from network interconnection with other domestic and international telecommunications operators are recognised based on the actual traffic.

Operating revenues for local and international interconnections is based on tariff as stipulated by Telecommunication Regulatory Authority of Sultanate of Oman or as agreed between the operators. Interconnection revenue and cost are reported on a gross basis in the statement of comprehensive income.

Sales of prepaid cards:
Sale of prepaid cards is recognised as revenue based on the estimated utilisation of the prepaid cards sold. Sales relating to unutilised prepaid cards are accounted as deferred income. Deferred income related to unused prepaid cards is recognised as revenue when utilised by the customer or upon termination of the customer relationship. Revenue is recognised net of any upfront discount given.

Sales of equipment:
Revenue from sales of equipment is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Reseller revenue:
Revenue from reseller is recognised based on the traffic usage.

Interest revenue:
Interest revenue is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed as incurred. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

Taxation
Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Taxation is provided in accordance with Omani regulations.

Deferred tax
Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the reporting date.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax (continued)
Deferred income tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Current and deferred tax for the year
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in profit or loss or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Directors' remuneration
The Company follows the Commercial Companies Law 1974 (as amended), and other latest relevant directives issued by Capital Market Authority, in regard to determination of the amount to be paid as Directors' remuneration. Directors' remuneration is charged to profit or loss in the year to which they relate.

Dividend distribution
Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements only in the period in which the dividends are approved by the Company's shareholders.

Foreign currency transactions
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are recognised in profit or loss.

Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Capital work-in-progress is not depreciated. The estimated useful lives are as follows:

Mobile/fixed exchange and network equipment	5 – 15 years
Subscriber apparatus and other equipment	2 – 10 years
Building	10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in profit or loss as the expense is incurred.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

When each major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognising of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the period the asset is derecognised.

The assets' residual values, useful lives and methods are reviewed, and adjusted prospectively, if appropriate, at each financial year end.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

A summary of the useful lives and amortisation methods of Company's intangible assets are as follows:

		Mobile license costs	*Fixed license costs*
Useful lives	:	Finite (15 years)	Finite (25 years)
Amortisation method used	:	Amortised on a straight line basis over the periods of availability.	Amortised on a straight line basis over the periods of availability.
Internally generated or acquired	:	Acquired	Acquired

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventory is based on the weighted average principle and includes expenditure incurred in acquiring inventories and bringing them to their existing location and condition. An allowance is made for obsolete, slow-moving and defective inventories, where appropriate.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees' benefits

End of service benefits
End of service benefits are accrued in accordance with the terms of employment of the Company for employees at the reporting date, having regard to the requirements of the Oman Labour Law. Employee entitlements to annual leave are recognised when they accrue to employees and an accrual is made for the estimated liability for annual leave as a result of services up to the reporting date.

Defined contribution plan
Contributions to a defined contribution retirement plan for Omani employees in accordance with the Omani Social Insurance Scheme are recognised in profit or loss as incurred.

Provisions
General
A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount thereof can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Site restoration provision
The provision for site restoration costs arose on construction of the networking sites. A corresponding asset is recognised in property, plant and equipment. Site restoration costs are provided at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre tax rate that reflects the risks specific to the site restoration liability. The unwinding of the discount is expensed as incurred and recognised in the profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Leases
Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised in profit or loss on a straight-line basis over the lease term.

Royalty
Royalty is payable to the Telecommunication Regulatory Authority of the Sultanate of Oman on an accrual basis.

Financial instruments

Trade and other receivables
Trade and other receivables are initially recognised at cost and subsequently measured at amortised cost, using the effective interest method. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

Interest-bearing borrowings
All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense of the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount of the financial liability. Instalments due within one year at amortised cost are shown as a current liability.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process. Interest costs are recognised as an expense when incurred except those that qualify for capitalisation.

Accounts payable and accruals
Trade payables are initially measured at their fair value at the time of transaction and subsequently measured at amortised cost, using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount of the financial liability. Liabilities are recognised for amounts to be paid for goods and services received, whether or not billed to the Company.

Derivative financial instruments
The Company makes use of derivative instruments to manage exposures to interest rate, including exposures arising from forecast transactions. In order to manage interest rate risks, the Company applies hedge accounting for transactions which meet the specified criteria.

At inception of the hedge relationship, the Company formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship.

Also at the inception of the hedge relationship, a formal assessment is undertaken to ensure that the hedging instrument is expected to be highly effective in offsetting the designated risk in the hedged item. A hedge is regarded as highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated are expected to offset in a range of 80% to 125%. For situations where that hedged item is a forecast transaction, the Company assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect the profit or loss.

Cash flow hedges
For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognised directly in the statement of other comprehensive income in the cash flow hedge reserve. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in profit or loss.

When the hedged cash flow affects the profit or loss, the gain or loss on the hedging instrument is 'recycled' in the corresponding income or expense line of the statement of profit or loss. When a hedging instrument expires, or is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains in equity until the forecasted transaction or firm commitment affects profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss recorded in equity are recongnised in profit or loss.

The fair value of unquoted derivatives is determined by the discounted cash flows method.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets and financial liabilities

Financial assets:
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- Either (a) the Company has transferred substantially all the risks and rewards of the asset, or
  (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities:
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Significant accounting judgments, estimates and assumptions
The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are set out in note 25.

4 REVENUE

	2014	2013
	RO'000	RO'000
Traffic	**209,402**	181,318
One time and recurring charges	**2,045**	2,309
Interconnection revenue	**19,401**	21,624
Inbound roaming	**4,564**	4,956
	235,412	210,207
Less : Distributor discounts	**(9,024)**	(8,251)
	226,388	201,956

5 OPERATING EXPENSES

	2014 RO'000	2013 RO'000
Interconnection charges, net of volume rebate	**26,777**	25,872
Repairs and maintenance	**16,108**	14,337
Lease lines and frequency fee	**7,325**	7,179
Rental and utilities	**5,792**	5,145
Cost of equipment sold and other services	**4,539**	4,379
Allowance for inventory obsolescence	**109**	344
	60,650	57,256

6 GENERAL AND ADMINISTRATIVE EXPENSES

	2014 RO'000	2013 RO'000
Employees' salaries and associated costs	**29,087**	30,304
Service fees (note 21)	**6,792**	6,060
Sales and marketing	**7,814**	4,958
Rental and utilities	**3,286**	3,121
Allowance for impairment losses on trade receivables (note 12)	**695**	2,140
Legal and professional charges	**1,979**	1,206
Commission on cards	**292**	228
Others	**5,710**	4,414
	55,655	52,431

7 FINANCING COSTS (NET)

	2014 RO'000	2013 RO'000
Interest on term loan	**2,308**	1,950
Site restoration – unwinding of discount (note 18)	**140**	208
Interest income on deposits	**(31)**	-
	2,417	2,158

8 INCOME TAX

	2014 RO'000	2013 RO'000
Statement of income		
Current year	**4,952**	5,072
Deferred tax relating to origination and reversal of temporary differences	**380**	(696)
	5,332	4,376
Current liability		
Current year	**4,952**	5,072
Prior year	**141**	96
	5,093	5,168
Deferred tax liability		
Beginning of the year	**(540)**	(1,224)
Movement for the year through profit or loss	**(380)**	696
Movement for the year through other comprehensive income	**5**	(12)
At the end of the year	**(915)**	(540)

The deferred tax asset / (liability) comprises of the following types of temporary differences:

	2014 RO'000	2013 RO'000
Property, plant and equipment	**(1,922)**	(1,606)
Provisions	**1,015**	1,079
	(907)	(527)
Net unrealised gains on cash flow hedges	**(8)**	(13)
	(915)	(540)

Set out below is a reconciliation between income tax calculated on accounting profits with income tax expense for the year:

	2014 RO'000	2013 RO'000
Profit before tax	**43,218**	37,513
Tax at applicable rate	**5,183**	4,498
Non-deductible expenses and other permanent differences	**(231)**	574
Deferred tax relating to origination and reversal of temporary differences	**380**	(696)
	5,332	4,376

The tax rate applicable to the Company is 12% (2013: 12%). Deferred tax asset/liability is recorded at 12% (2013: 12%). For the purpose of determining the taxable results for the year, the accounting profit of the Company has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. The adjustments are based on the current understanding of the existing laws, regulations and practices.

The Company's tax assessments up to 2007 have been completed. The year 2008 has been assessed by the Tax authorities and is under appeal by the Company. Management is of the opinion that the outcome of the appeal would not be significant to the Company's financial position at 31 December 2014.

9 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the year by the weighted average number of shares outstanding during the year as follows:

	2014	2013
Profit for the year (RO'000)	**37,886**	33,137
Weighted average number of shares outstanding for the year (number in thousand)	**650,944**	650,944
Basic earning per share (RO)	**0.058**	0.051

No figure for diluted earnings per share has been presented as the Company has not issued any instruments which would have an impact on earnings per share when exercised.

Net assets per share, is calculated by dividing the equity attributable to the shareholders of the Company at the reporting date by the number of shares outstanding.

	31 December 2014	31 December 2013 (Restated)	1 January 2013 (Restated)
Net assets (RO'000)	**198,527**	185,412	176,914
Number of shares outstanding at the reporting date (number in thousands)	**650,944**	650,944	650,944
Net assets per share (RO)	**0.305**	0.285	0.272

10 PROPERTY, PLANT AND EQUIPMENT

	Mobile/fixed exchange and network equipment RO '000	Subscriber apparatus and other equipment RO '000	Buildings RO '000	Capital work in progress RO '000	Total RO '000
Cost					
1 January 2014	**318,420**	**37,734**	**8,615**	**50,674**	**415,443**
Additions	**35,780**	**2,248**	**640**	**46,168**	**84,836**
Capitalised during the year	**80,189**	**1,055**	**-**	**(81,244)**	**-**
Provided for	**(848)**	**-**	**-**	**-**	**(848)**
31 December 2014	**433,541**	**41,037**	**9,255**	**15,598**	**499,431**
Depreciation					
1 January 2014	**126,595**	**31,703**	**1,343**	**-**	**159,641**
Charge for the year	**36,857**	**8,322**	**924**	**-**	**46,103**
Provided for	**(424)**	**-**	**-**	**-**	**(424)**
31 December 2014	**163,028**	**40,025**	**2,267**	**-**	**205,320**
Net book value					
31 December 2014	**270,513**	**1,012**	**6,988**	**15,598**	**294,111**
Cost					
1 January 2013	268,918	32,051	5,852	31,284	338,105
Additions	34,715	4,454	1,101	37,557	77,827
Capitalised during the year	15,276	1,229	1,662	(18,167)	-
Disposals	(489)	-	-	-	(489)
31 December 2013	318,420	37,734	8,615	50,674	415,443
Depreciation					
1 January 2013	98,765	24,677	527	-	123,969
Charge for the year	27,953	7,026	816	-	35,795
Disposals	(123)	-	-	-	(123)
31 December 2013	126,595	31,703	1,343	-	159,641
Net book value					
31 December 2013	191,825	6,031	7,272	50,674	255,802

For the purposes of statement of cash flows additions to purchase of property, plant and equipment has been adjusted by RO 13,916,000 (2013: 694,000) for the net movement in trade accounts payable and accrued expenses towards capital expenditure.

Further addition for the year ended 31 December 2014 includes provisioning for site restoration of RO 903,000 (year ended 31 December 2013 includes provision for site restoration of RO 345,000) (note 18).

11 LICENSE FEE

	Mobile license RO'000	Fixed line license RO'000	Total RO'000
Cost			
Balance at 1 January 2014 and 31 December 2014	**42,681**	**21,403**	**64,084**
Amortisation			
Balance at 1 January 2014	**24,871**	**3,856**	**28,727**
Amortisation during the year	**2,862**	**856**	**3,718**
Balance at 31 December 2014	**27,733**	**4,712**	**32,445**
Net book value			
At 31 December 2014	**14,948**	**16,691**	**31,639**
Cost			
Balance at 1 January 2013 and 31 December 2013	42,681	21,403	64,084
Amortisation			
Balance at 1 January 2013	22,009	3,000	25,009
Amortisation during the year	2,862	856	3,718
Balance at 31 December 2013	24,871	3,856	28,727
Net book value			
At 31 December 2013	17,810	17,547	35,357

License fee mainly represents the amount paid to the Telecommunication Regulatory Authority of the Sultanate of Oman for obtaining the license to operate as fixed and mobile telecommunication service provider. License fee is stated at cost less accumulated amortisation and impairment losses.

In accordance with the terms of a mobile and fixed line licenses granted to the Company, royalty is payable to the Government of the Sultanate of Oman. The royalty payable is calculated based on 7% of the net of predefined sources of revenue and interconnection expenses to local operators.

12 RECEIVABLES AND PREPAYMENTS

	2014	2013
	RO'000	RO'000
Post-paid receivable	**5,094**	5,278
Amount due from distributors	**9,830**	10,214
Receivable from other operators	**7,699**	8,732
Unbilled receivables	**4,741**	4,630
	27,364	28,854
Less: allowance for impaired receivables	**(4,562)**	(4,976)
	22,802	23,878
Prepaid expenses and other receivables	**8,379**	7,975
Deferred cost	**763**	840
	31,944	32,693

As at 31 December 2014, trade receivables at nominal value of RO 4,561,947 (2013: RO 4,976,190) were impaired. Movements in allowance for impairment of receivables were as follows:

	2014	2013
	RO'000	RO'000
At 1 January	**4,976**	2,836
Charge for the year (note 6)	**695**	2,140
Written off during the year	**(1,109)**	-
	4,562	4,976

As at 31 December, the ageing of unimpaired trade receivables is as follows:

			Past due but not impaired		
	Total RO'000	**Neither past due nor impaired RO'000**	**30 - 60 days RO'000**	**60 - 90 days RO'000**	**Over 90 days RO'000**
2014	**22,802**	**19,007**	**1,257**	**466**	**2,072**
2013	23,878	19,033	1,839	396	2,610

Unimpaired receivables are expected, on the basis of past experience, to be substantially recoverable. It is not the practice of the Company to obtain collateral over receivables and virtually all are, therefore, unsecured. However sales made to distributors are backed with their corporate/bank guarantees and certain post paid customers balances are secured by deposits.

13 BANK BALANCES AND CASH

Included in bank balances and cash are bank deposits of NIL (31 December 2013: 6,000,000) with certain commercial banks in Oman and carry annual interest rate of NIL (31 December 2013: 0.5%).

14 SHARE CAPITAL AND DIVIDENDS

	Authorised		***Issued and fully paid***	
	2014	*2013*	***2014***	*2013*
	RO'000	*RO'000*	***RO'000***	*RO'000*
Ordinary shares	**70,000**	70,000	**65,094**	65,094

Major shareholders

Details of shareholders who hold 10% or more of the Company's shares are as follows:

	2014		*2013*	
	Number of shares	***%***	*Number of shares*	*%*
Qtel Mena Investcom S.P.C.	**358,019,310**	**55**	358,019,310	55

Dividends

The Company's shareholders at the annual general meeting held on 27 March 2014 approved a payment of baisas 38 per share as dividend for the financial year ended 31 December 2013, and this was paid in April 2014.

The Directors have proposed a dividend of baisas 38 per share for year ended 31 December 2014 amounting to RO 24,735,881. This is subject to approval of the Company's shareholders at the Annual General Meeting to be held in March 2015.

15 STATUTORY RESERVE

Article 106 of the Commercial Companies Law of 1974 requires that 10% of Company's profit for the year be transferred to a non-distributable statutory reserve until the amount of statutory reserve becomes equal to one third of the Company's issued share capital. This reserve is not available for distribution.

16 DERIVATIVE FINANCIAL INSTRUMENTS

The Company has entered into four interest rate swap arrangements to mitigate the risk of the fluctuating interest rates on its term loan (Note 17). The key terms of the arrangements are as below:

SN	Notional Amount	Effective Date	Termination Date	Pay Fixed	Receive Floating
1	USD 10,000,000	27 Dec 2012	29 Dec 2014	0.335%	1 month USD LIBOR
2	USD 12,000,000	27 Dec 2012	29 Dec 2016	0.555%	1 month USD LIBOR
3	USD 20,000,000	07 May 2013	24 Apr 2017	0.790%	1 month USD LIBOR
4	USD 25,000,000	07 May 2013	24 Apr 2017	0.790%	1 month USD LIBOR

The swap arrangement qualifies for hedge accounting under IAS 39 and as at 31 December 2014, the unrealised loss of RO 62,000 relating to measuring the financial instruments at fair value is included in equity in respect of these contracts (31 December 2013: RO 102,000).

The table below shows the negative fair value of the swaps, which is equivalent to the market values, together with the notional amounts analysed by the term to maturity.

	Negative fair value RO'000	Notional amount total RO'000	*Notional amount by term to maturity* 1 - 12 months RO'000	More than 1 upto 5 years RO'000	Over 5 years RO'000
31 December 2014					
Positive value	**155**	**-**	**-**	**-**	**-**
Negative value	**(93)**	**-**	**-**	**-**	**-**
Interest rate swaps	**62***	**21,950**	**-**	**21,950**	**-**
31 December 2013					
Positive value	224	-	-	-	-
Negative value	(122)	-	-	-	-
Interest rate swaps	102*	25,801	3,851	21,950	-

*Positive fair value shown under equity in the statement of financial position is net of deferred tax of RO 7,548 (2013: RO 12,128).

17 INTEREST BEARING BORROWINGS

	2014 RO'000	2013 RO'000
Total interest bearing borrowings	**47,617**	39,067
Less: deferred financing costs	**(1,260)**	(1,728)
	46,357	37,339
Less: current portion of term loan	**(16,713)**	(9,938)
Non-current portion	**29,644**	27,401

The Company entered into a syndicated loan facility agreement in February 2012 by repaying its original facility of USD 143 million (RO 55 million) fully. The facility consists of a long-term five year amortising loan facility of USD 87 million (RO 33.5 million) and a 5 year Revolving Credit Facility of RO 24 million. The term loan of USD 87 million is repayable in twenty quarterly installments commencing from May 2012.

In 2013, the Company signed new loan agreements worth USD 234 million (RO 90 million) for capital expenditure and working capital requirements with a consortium of banks. The loans consist of a term loan worth USD 182 million (RO 70 million) with a five-year tenure and a revolving credit facility of USD 52 million (RO 20 million) with a three year tenure. During the year the Company have utilised USD 104 million (RO 40 million) out of the term loan of USD 182 million. The term loan is repayable in sixteen quarterly instalments commencing from April 2014.

All facilities bear interest at US LIBOR plus margin and the loan agreement contains two financial covenants being a maximum leverage ratio and a minimum interest cover ratio.

The banking syndicate includes international and national banks.

18 SITE RESTORATION PROVISION

Site restoration provision as of the reporting date amounted to RO 3,851,963 (2013: RO 2,808,582). The Company is committed to restore each site as it is vacated. A movement schedule is set out below:

	2014 RO'000	2013 RO'000
Balance at 1 January	**2,809**	2,256
Additional provision during the year	**903**	345
Unwinding of discount (note 7)	**140**	208
Balance at 31 December	**3,852**	2,809

19 EMPLOYEE BENEFITS

	2014 **RO'000**	2013 RO'000
Non-current		
Employees' end of service benefits	**1,552**	1,349
Long term incentives	**708**	1,700
	2,260	3,049

The movement in the employees' end of service benefits is as follows:

	2014	2013
Balance at 1 January	**1,349**	926
Provided during the year	**408**	473
Paid during the year	**(205)**	(50)
Balance at 31 December	**1,552**	1,349

The Company granted a Long Term Incentive Scheme (LTI) for the Management team based on the company achieving the threshold performance levels. Individual LTI eligibility is converted into notional shadow shares based on the average share price 90 days prior to the grant date. The vesting and subsequent pay out of the shadow share's is staggered over a period of 3 years from the grant year.

20 PAYABLES AND ACCRUALS

	31 December 2014 RO'000	31 December 2013 RO'000 (Restated)	1 January 2013 RO'000 (Restated)
Trade accounts payable	**12,533**	9,878	26,457
Accrued expenses – operating expenses	**38,795**	29,442	25,213
Accrued expenses – capital expenses	**54,501**	43,433	28,618
Amounts due to related parties (note 21)	**5,612**	6,102	2,100
Deposits from customers	**176**	112	225
	111,617	88,967	82,613

During the year 2011 and 2012 the Company had a disagreement with the Telecommunications Regulatory Authority (TRA) regarding the interpretation of Mobile License with respect to the calculation of royalty payments relating to the years 2005 to 2011. After discussions between the Company and TRA, a compromise agreement was made to address this area of disagreement as well as other issues between the Company and the TRA. The total value of the disputed royalty including penalty interest was RO 3,134,767.

In September 2014, TRA notified the Company that TRA has not been able to secure approval from the Ministry of Finance and the State Audit for the compromise deal that it has done with the Company. Subsequently, based on a formal opinion by the Ministry of Legal Affairs, it has been decided that the TRA acted outside of its authority in agreeing the original deal and therefore it is not valid.

20 PAYABLES AND ACCRUALS (continued)

Based on the above decision, the Board of Directors concluded that the financial statement of the Company shall be restated. Accordingly, as per requirement of IAS 8, the adjustment of royalty payments pertaining to years 2005 to 2011 have been accounted for as follows:

- Since the error occurred before the earliest period presented, which is year ended 31 December 2013, the opening balances of liabilities and equity of the earliest period presented, which is 1 January 2013, have been restated.

- The correction of error has been excluded from the profit or loss of the year ended 31 December 2014 and 31 December 2013 because the error relates to the years 2005 to 2011.

The impact of prior period error on the prior year's statement of financial position is as follows:

Impact of prior period error on assets, liabilities and equity as at 1 January 2013	**As at 1 January 2013 (as previously reported)**	**Prior year adjustments**	**As at 1 January 2013 (as restated)**
	RO'000	**RO'000**	**RO'000**
Payables and accruals	**(79,478)**	**(3,135)**	**(82,613)**
Total effect on net assets	**(79,478)**	**(3,135)**	**(82,613)**
Retained earning	**(94,584)**	**3,135**	**(91,449)**
Total effect on equity	**(94,584)**	**3,135**	**(91,449)**

Impact of prior period error on assets, liabilities and equity as at 31 December 2013	**As at 31 December 2013 (as previously reported)**	**Prior year adjustments**	**As at 31 December 2013 (as restated)**
	RO'000	**RO'000**	**RO'000**
Payables and accruals	**(85,832)**	**(3,135)**	**(88,967)**
Total effect on net assets	**(85,832)**	**(3,135)**	**(88,967)**
Retained earnings	**(101,665)**	**3,135**	**(98,530)**
Total effect on equity	**(101,665)**	**3,135**	**(98,530)**

21 RELATED PARTY TRANSACTIONS

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Details regarding transactions with the related parties included in the financial statements are set out below:

	2014 (RO'000)		2013 (RO'000)	
	Other related parties	**Directors and key management**	Other related parties	Directors and key management
Director's and key management remuneration	**-**	**2,043**	-	2,127
Service fee (note 6)	**6,792**	**-**	6,060	-
Other expenses	**1,181**	**-**	1,367	-
	7,973	**2,043**	7,427	2,127

Effective 1 January 2008, the Company has entered into a technical and service agreement with a related party (other related party). In consideration of services provided, the Company pays a service fee to the related party which is calculated annually in an amount equal to three percent of the Company's gross revenue.

Trade payable balances with related parties included in the statement of financial position are as follows:

	2014 RO'000	2013 RO'000
Major shareholders	**51**	51
Other related parties	**5,561**	6,051
	5,612	6,102

Compensation of key management personnel

The remuneration of members of key management and directors during the year was as follows:

	2014 RO'000	2013 RO'000
Salaries / remuneration and benefits	**1,746**	1,884
Director's remuneration	**200**	200
Employees' end of service benefits	**97**	43
	2,043	2,127

22 EXPENDITURE COMMITMENTS

	2014	2013
	RO'000	RO'000
Capital expenditure commitments		
Estimated capital expenditure contracted for at the reporting date but not provided for:		
Property, plant and equipment	**29,828**	24,353
Operating lease commitments		
Future minimum lease payments:		
Within one year	**5,682**	5,718
After one year but not more than five years	**12,385**	11,909
More than five years	**2,047**	5,286
Total operating lease expenditure contracted for at the reporting date	**20,114**	22,913

23 CONTINGENT LIABILITIES

Guarantees
At 31 December 2014, the Company had contingent liabilities in respect of performance bond guarantee of RO 1.1 million (2013: RO Nil) for the residual obligations under the Fixed line license from which it is anticipated that no material liabilities are expected to arise.

24 RISK MANAGEMENT

The Company's principal financial liabilities, other than derivatives, comprise bank loans, and payables and accruals. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations. The Company also enters into derivative transactions, primarily interest rate swaps. The purpose is to manage the interest rate risks arising from the Company's operations and its sources of finance.

The main risks arising from the Company's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates. The Company's bank deposits carry fixed rate of interest and therefore are not exposed to interest rate risk.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Company enters into interest rate swaps, in which the Company agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company trades only with recognized, creditworthy dealers and operators. Its three largest dealers' balances account for 43% of outstanding unimpaired trade receivable at 31 December 2014 (2013: 43%). The Company obtains bank/corporate guarantees from its dealers in order to mitigate its credit risk. It is the Company's policy that certain credit verification is performed for all of the Company's post paid subscribers. In addition, receivable balances are monitored on an ongoing basis.

With respect to credit risk arising from the other financial assets of the Company, including cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's payable and accruals include amounts payable in US Dollars. As of the reporting date this USD denominated payable amount was approximately 59% (31 December 2013: 40%) of the Company's total payables and accruals. The Company's borrowings amounting to RO 47,617,615 (2013: RO 39,067,357) are denominated in US Dollars. The Omani Rial is pegged to the US Dollar. There are no other significant financial instruments in foreign currency other than US Dollars and consequently foreign currency risk is mitigated.

24 RISK MANAGEMENT (continued)

Liquidity risk

The Company limits its liquidity risk by ensuring bank facilities are available. The Company's terms of sales require amounts to be paid within 30 days of the date of sale. A major portion of the Company's sale is generated through sale of prepaid cards.

The table below summarises the maturities of the Company's undiscounted financial liabilities, based on contractual payment dates and current market interest rates.

As at 31 December 2014	**Less than 3 months RO'000**	**3 to 12 months RO'000**	**1 to 5 years RO'000**	**Total RO'000**
Interest bearing borrowings	**4,178**	**12,535**	**30,904**	**47,617**
Payables and accruals	**105,829**	**176**	**-**	**106,005**
Due to related parties	**5,612**	**-**	**-**	**5,612**
Interest on term loan	**95**	**852**	**1,002**	**1,949**
Total	**115,714**	**13,563**	**31,906**	**161,183**
As at 31 December 2013				
Interest bearing borrowings	1,672	8,265	29,130	39,067
Payables and accruals	79,618	112	-	79,730
Due to related parties	6,102	-	-	6,102
Interest on term loan	73	1,028	1,659	2,760
Total	87,465	9,405	30,789	127,659

Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, human error, systems failure or from external events. The Company has a set of policies and procedures, which are approved by the Board of Directors and are applied to identify, assess and supervise operational risk. The management ensures compliance with policies and procedures and monitors operational risk as part of overall risk management. Internal audit function is also utlised by the Company in mitigating this risk.

Capital management

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2014 and year ended 31 December 2013. Capital comprises share capital and retained earnings, and is measured at RO 176,774,000 as at 31 December 2014 (2013 (as restated) : RO 163,624,000).

25 KEY SOURCES OF ESTIMATION UNCERTAINTY

Deferred tax assets
Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the asset can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 8.

Impairment of accounts receivable
An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance applied according to the length of time past due, based on historical recovery rates.

At the reporting date, gross trade accounts receivable were RO 27,364,000 (2013: RO 28,854,000) and the provision for doubtful debts is RO 4,562,000 (2013: RO 4,976,000). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the profit or loss. The related details are set out in note 12.

Provision for site restoration
The Company has recognised a provision for site restoration associated with the sites leased by the Company. In determining the amount of the provision, assumptions and estimates are required in relation to discount rates and the expected cost to dismantle and remove equipment from the site and restore the land in its original condition. The carrying amount of the provision as at 31 December 2014 is RO 3,852,000 (2013: RO 2,809,000). The related details are set out in note 18.

In order to reflect the current market conditions affecting the site restoration costs, a review of the estimates was carried out in the year 2014 by the management including inflation rate, interest rate, number of sites and costs per site, and as a result an increase in provision was made.

Impairment of inventories
Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the reporting date goods for resale were RO 1,772,468 (31 December 2013: RO 1,190,394) and the allowance for obsolete inventory amounted to RO 815,102 (2013: RO 717,894). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the profit or loss.

Impairment of non-financial assets
The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. These assets are also tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Depreciation
Depreciation is charged so as to write off the cost of assets over their estimated useful lives. The calculation of useful lives is based on management's assessment of various factors such as the operating cycles, maintenance programs, and normal wear and tear using best estimates.

Going concern
The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

26 SEGMENT INFORMATION

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

For management purpose, the Company is organised into business units based on their product and services and has two reportable operating segments as follows:

1. Operation of Global System for Mobile Communication (GSM) for prepaid and post-paid services, sale of telecommunication equipment and other associated services.
2. Provision of international and national voice and data services from fixed line, sale of telecommunication equipment and other associated services.

Management monitors the operating results of its business for the purpose of making decisions about resource allocation and performance assessment.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Segment revenue and results
A segment result represents the profit earned by each segment without allocation of finance income or finance cost.

The Company commenced its fixed line services in May 2010 and its operations are mainly confined to the Sultanate of Oman.

Segmental results for the year ended 31 December 2014 are as follows:

	Mobile RO'000	Fixed line RO'000	Adjustments RO'000	Total RO'000
Revenue				
External sales	200,444	25,944	-	226,388
Inter-segment sales	2,440	23,594	(26,034)	-
Total revenue	202,884	49,538	(26,034)	226,388
Results				
Depreciation	39,633	6,470	-	46,103
Amortisation	2,862	856	-	3,718
Segment results – Profit	37,148	8,487	-	45,635
Finance expense (net)				(2,417)
Profit before taxation				43,218
Taxation				(5,332)
Profit for the year				37,886

26 SEGMENT INFORMATION (continued)

Segmental results for the year ended 31 December 2013 are as follows:

	Mobile RO'000	**Fixed line RO'000**	**Adjustments RO'000**	**Total RO'000**
Revenue				
External sales	179,125	22,831	-	201,956
Inter-segment sales	3,186	24,836	(28,022)	-
Total revenue	182,311	47,667	(28,022)	201,956
Results				
Depreciation	29,921	5,874	-	35,795
Amortisation	2,862	856	-	3,718
Segment results – Profit	38,061	1,610	-	39,671
Finance expense (net)				(2,158)
Profit before taxation				37,513
Taxation				(4,376)
Profit for the year				33,137

Capital expenditure incurred for different segments are as follows:

	2014 RO'000	2013 RO'000
Property, plant and equipment		
- Mobile	**67,944**	71,294
- Fixed	**16,892**	6,533
	84,836	77,827

27 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets, financial liabilities and derivatives.

Financial assets consist of cash and bank balances, and receivables. Financial liabilities consist of term loans, and payables. Derivatives consist of interest rate swap contracts.

The categories of Company's financial instrument are as follows:

	31 December 2014 RO'000	31 December 2013 RO'000 (Restated)
Financial assets		
Cash and bank balances	**27,294**	15,318
Loans and receivables (excluding prepayments and deferred costs)	**22,802**	23,878
Derivative instruments	**155**	224
Financial liabilities		
Amortised costs (including trade and other payable and borrowings)	**157,974**	126,306
Derivative instruments	**93**	122

The fair value of financial assets and liabilities are considered by the Company's Board of Directors not to be materially different from their carrying amounts.

As of 31st December 2014, the Company has available funds for drawdown of RO 74 million (2013: RO 97 million)

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: inputs are quoted price (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 assets or liability, either directly or indirectly.

Level 3: inputs are unobservable inputs for the asset or liability.

As at 31 December 2014, the Company held interest rate swap derivatives instruments measured at fair value. The fair values of the interest rate swaps arrangements are worked out using level 2 valuation technique. The related fair value details are provided by the swap counter party.

2014	**Level 1 RO'000**	**Level 2 RO'000**	**Level 3 RO'000**	**Total RO'000**
Interest rate swap	**-**	**62**	**-**	**62**
2013				
Interest rate swap	-	113	-	113

There were no transfers between the levels during the current as well as the previous year.