

Oman's Digital Pulse

Financial Report 2019



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Our digital transformation continues

Dear Shareholders,

On behalf of the Board of Directors, I am very proud to present to you the 2019 annual report for Omani Qatari Telecommunications Company SAOG (Ooredoo).

The year saw us continue our transformation into a fully digital organisation. This has touched upon every area of the business, including our company culture. From our award-winning app to our Chatbot enhancements, interacting with our customers increasingly through social media, and now through our newly launched WhatsApp channel, we are pushing our digital customer experience to new heights.

We have adopted a new agile methodology to streamline and enhance how we take our products and services to market and we have provided training throughout the organisation on agility.

In fact, with our people at the heart of everything we do, we are committed to their development and success, through the training and development programmes we provide and the unique and open dynamic culture we foster.

This year, we took our digital employee experience to a new level with the launch of Mawared, an employee-focused self-service app. This is already changing the dynamics of how our staff operate and is helping to speed up decision-making.

I also pay tribute to the many members of staff who give their leisure time freely to support others less fortunate. We enjoy a remarkable presence in our community and our commitment to it remains as strong as ever.

A further exciting development is the collaboration with Mobile Virtual Network Operator (MVNO) FRIENDi, who moved onto our network.

This is a huge endorsement of the quality of our network and also benefits us by generating wholesale revenue.

Turning now to our financial performance for the year, gross consolidated revenue in 2019 was OMR 285.5 million (2018: OMR 283.6 million), which yielded net profit, after tax, of OMR 33.9 million (2018: OMR 41.9 million).

The Company achieved compound annual revenue growth of 0.7%. As a result, the Board will recommend the approval of a dividend of 40 Baizas per share (2018: 45 Baizas) at the Annual General Meeting on 24 March 2020.

This represents a yield of 7.6% on the Ooredoo Oman (ORDS) share price at the close of 2019.

I extend my thanks to our shareholders, customers, staff and partners for their contribution to this financial performance, which could not have been achieved without their continued commitment to our success. I also thank the Ministry of Technology and Communications, the Telecommunications Regulatory Authority (TRA), the Capital Market Authority (CMA), and the Muscat Securities Market (MSM), all of which have continued to support and guide our business, and for the ongoing support of those Ministries with which we have MoUs for training and development.

The coming year marks the arrival of Oman's third operator. Having anticipated this for some time now, we have initiated a fresh and more agile approach to how we operate and interface with our customers.

Pushing our digital customer experience to new heights

While we welcome the prospect of further competition, we want to be as ready as we can be and believe we have the necessary tools in place.

We are confident of maintaining our strong market position. We will do this by extending our network reach, adding value-for-money products and services to our existing portfolio and staying focused on our core objectives.

I offer my sincere gratitude to His Majesty Sultan Qaboos bin Said – may God rest His Majesty's soul in peace – for his wisdom and vision and we look forward to the continued prosperity of Oman through the guidance and reign of His Majesty Sultan Haitham bin Tarik; may God protect him.



Amjad Mohamed Al Busaidi
Chairman, Ooredoo

Delivering innovation and excitement

As the Sultanate's data experience leaders, we have continued to make sure our customers can enjoy the internet through our great network, an awesome app-led digital experience and a host of innovative products and services.

A great network

A great network is what underpins a great experience. And our 4G Supernet has gone from strength to strength, now covering 97% of Oman's population, expanding into more rural areas to keep customers connected in all corners of the country. A great network also powers businesses by making sure they stay connected to their customers and transforming their processes and procedures so that they can 'be digital' and future-ready.

Our network investment meant that we could connect more individuals and companies with our 4G Supernet, as well as connecting them at home or at work with our 4G fixed services. And Super Fibre was rolled-out to a huge number of new locations, providing high speed internet connectivity to more homes and, with it, a whole new experience for home entertainment and functionality.

Then, to make our homes and lives more future-ready, we upgraded several of our fixed home internet sites with massive multiple-input and multiple-output (MIMO). This will boost capacity in preparation for the launch of a range of exciting digital products and services as we gear up for 5G.

5G will allow us to make our homes 'smarter' as the technology becomes increasingly available. People are already using smart lights, door locks, security cameras and voice-activated artificial intelligence (AI), but a huge wave of new technology is on the horizon; from fully connected homes to smart cars and smart cities. We ran a series of operational 5G demonstrations at our stores in Muscat and Salalah, with the full support of the Telecommunications Regulatory Authority (TRA). The demonstrations incorporated ultra-high-speed internet access, to give users a taste of the future.

We're committed to staying at the forefront of 5G development and to this end, some of our Senior Management joined government stakeholders and operators at a special TRA '5G Roadmap' event in the UK, to champion implementation and best practice for the technology in Oman. And in a climax to an exciting year of new developments, we secured our 5G spectrum and now have a government mandate for a multi-site rollout next year. We are now ready and primed for what we are sure is going to be a game-changing period of advancement.

An awesome app-led digital experience

We know we're fulfilling our promise to be data experience leaders when it comes to our multi-award winning and best-rated app. It's the way our customers are choosing to connect with us for our services, products, loyalty programme and even for queries and issues.

This year the app achieved one million downloads and was rated 4.5 across the major app stores; an achievement of which we are proud. In a population of around 4 million, to have a quarter using your app is no small feat and is a reflection of our drive to enrich our customers' digital lives and connect with them in a way that they want.

There have been some exciting features added this year and a growing number of offers for our customers exclusively through the app; a few of which we'll touch on later.

One popular update has been to our app and web-based digital assistant 'Saeed'; the Ooredoo Oman AI Chatbot. 'He' underwent a number of upgrades during the year, making interactions more comprehensive and user-friendly and now handles over 80% of customer enquiries.

Our app leadership isn't limited to consumers, however, and our business customer app has also been given a major makeover to provide access to more features, give greater control and improved customisation. Company admins can change credit limits, make line changes and check their bill history, while individual customers can top up credit, order SIM card replacements, view their bill and much more. The new app didn't go unnoticed as it was awarded Bronze at the coveted Stevie International Business Awards.

Innovative products and services

Our country is a young country with a large number of the population under 25 and they are tech-savvy, with a huge appetite for data. We listened to what customers wanted, and brought them some fantastic app-based offers, including teaming up with Mountain Dew to provide mobile customers with instant data and minutes when they purchased a can of the popular beverage.

Then, later in the year, our 'My Best Deal' promotion gave prepaid customers daily surprises of instant bonus credit, free data, discounts on streaming services as well as free local and international calling minutes on recharges.

We didn't leave out home internet users, who benefitted from the permanent addition of 50% extra data and we gave them a fantastic 100% free extra weekend data later in the year. Ooredoo Super Fibre customers were given a 5x speed upgrade absolutely free to sample our lightning fast online experience and a permanent option to double, triple or quadruple their Super Fibre speeds as an add-on option through the app.

Knowing that customers were increasingly using our app to do more and more, we moved our Shahry postpaid plan to be exclusively available on the app, akin to our already popular Shababiah prepaid service. Both were Oman's first and only fully app-based plans, giving customers more control, flexibility and personalisation options.

Aside from our app, we're providing more ways for customers to enjoy our products and services on the go or from the comfort of their homes. Customers can do everything from ordering a new SIM and can even order their Super Fibre connection.

But it was our enhanced eShop that stole the show with unprecedented growth for online sales. As an official Apple re-seller, the demand for the latest iPhone devices pushed device revenues to new levels, cementing our position as a market leader for devices in Oman and increasing our digital revenues by more than 300% during the year.

Digital services are not just about plans and products, however, but about being proactive in the way we help our customers. They use a wide range of channels to seek out support and our social media, live chat and the newly launched WhatsApp are all now part of the customer service eco-system.

That said, we do recognise the importance of being physically connected with our customers, so this year we grew our reach, to make sure that more people had local access to a store or dealer outlet. Our franchise stores now total 63 and there is a store presence in most areas of Oman. This network continues to grow at a significant rate.

Helping businesses grow

We are an always connected and always 'on' society, and digital transformation gives companies a way to engage with their customers 24/7, regardless of channel or place. But businesses also need the comfort of security and reliability as well as a range of solutions and services. Cloud services provide this, along with the means to be fast, dynamic and flexible. They allow companies to respond to customer needs and demands quickly and are therefore of primary importance for us to deliver.

In the first quarter, we officially inaugurated data2cloud (d2c), a subsidiary of Ooredoo, which offers essential access to cutting-edge cloud computing services for companies of all sizes. Leveraging our reliable network and strong track record in running telecoms data centres, d2c can provide high-end hosted cloud solutions, such as co-location hosting, storage, managed servers, business continuity and disaster recovery as a service, as well as security and local area network (LAN) services.

Our own business solutions focus on providing customers with control over their telecoms usage, value-add and choice, as we cater to all companies, from a SoHo or SME, to a large multinational, or government organisation.

Our popular Shahry postpaid Business Packs got a makeover; giving subscribers enhanced bundled mobile services. And our 'office in a box' solution, Maktabi+, was upgraded, giving unlimited internet and extra mobile lines; of particular benefit to SoHos and SMEs who need more adaptability and value as they grow from start-up to fully-fledged businesses.

And further helping to support the growth and development of businesses, we signed a number of agreements during the year that will shape future connectivity and digital solutions for companies.

These include agreements with GBM Oman for collaboration on Internet of Things (IoT) solutions, smart cities, smart mobility, smart retail and manufacturing, and AI; with Oman Environmental Services Holding Company (be'ah) to manage the safe disposal of all Waste Electrical and Electronic Equipment (WEEE) recovered from its network - helping to care for the environment; and with Sandan Development to connect the Sandan Industrial Park, the first integrated light industry city in Oman with enhanced connectivity.

The Company also teamed up with WJ Towell Group to connect the retail development project, Souq al Madina, opening soon in Madinat Al Sultan Qaboos. We also signed a Telecom Infrastructure agreement with Al Osool Properties to provide network connectivity solutions at The Pearl Muscat - an iconic development which is set to add a whole new level of lifestyle and working experiences in the capital.

These projects and collaborations put in place the foundations for a new way of living and the smart cities of a not-too-distant future.

A major milestone in making headway with such a future was the launch of IoT solutions for automated meter reading in collaboration with the National Electricity & Energy Centre for the Public Authority for Water (Diam). It is the first-of-its-kind smart metering in Oman, and eliminates the challenges faced by utilities providers when collecting meter readings, particularly in isolated residential locations.

Ooredoo also became the first telecommunications operator in Oman and the GCC to launch a low-power wide-area (LoRa) network. Through this we can leverage the IoT by implementing the newest generation of communication and connectivity technologies which will lay the foundations of smart city solutions. This project will accelerate the smart government initiatives, and create highly intelligent, autonomous and efficient public and private sectors.

Management Review

Continued

Exciting new business ventures

We know that technology has transformed and is transforming consumer habits and expectations, resulting in a new kind of modern buyer. They're constantly connected, app-savvy, and aware of what they can do with technology.

We aim to be ahead of the game in meeting customers' changing needs and expectations when it comes to that technology.

During the year we took the step of expanding into financial services, bringing a fast, simple and secure way to make payments, with the Pay+ app. Who needs cash when you can do everything with your mobile? The Pay+ app enables customers to make a wide range of transactions; from making payments in stores, topping up mobile credit and making bill payments; to transferring money locally and internationally; and making withdrawals and deposits. A collaboration with National Bank of Oman, it's another step towards driving digital transformation in the Sultanate and introducing innovative technologies to our customers.

Community role model

Our focus on enriching lives extends beyond our products and services to Ooredoo Goodwill; our Corporate Social Responsibility (CSR) platform. We want to help individuals prosper so they can become future leaders and innovators to help build Oman's economy. We also want to help communities flourish and provide them with sustainable support by playing our part in keeping the planet and environment beautiful and safe. Through sponsorships and partnerships, technology, education, sport, promoting gender equality, supporting those with disabilities and boosting entrepreneurship, CSR is at the heart of what we do.

We want our customers to enjoy the internet, but we want budding entrepreneurs to prosper from the internet. To this end, we awarded teams from our Springboard and Spring Forward programmes a start-up budget for the first time. Championing young Omani entrepreneurs and helping them to get their digital businesses off the ground remains a key focus, whether social media, online or app-based.

Empowering women in line with His Majesty's Vision 2020 and part of our own mission as a company, we opened new incubators to bring the total to 16. Many women who have graduated from these incubators have gone on to achieve economic success and joined the Sultanate's burgeoning small and medium enterprises (SME) sector. The programme has also provided a platform for a number of women to showcase and promote their businesses.

The incubators form a part of our much-loved annual Goodwill Journey, now in its 15th year. In 2019, dedicated volunteers visited communities countrywide; a total of 11 towns, to establish new community projects and provide support to existing programmes and incubators.

Our CSR activities also focus on fun and team-working; a skill also important for future leaders. We teamed up with Sabco Sports as the Ministry of Education's official telecoms partner for the hugely popular Under-14 Football League. The League brings together young players from all over the country and helps them to develop their skills, take a step towards realising a dream or simply to work together and foster camaraderie. Winning teams from 11 regions will be competing for the champion's title in the finals in March 2020.

And in the spirit of caring and focusing on one of our core values, we inaugurated two Digital Entertainment Rooms in the Paediatric Cancer and Surgery wards at the Royal Hospital in Muscat, for the children to enjoy while undergoing what is often challenging treatment.

Outlook

Our drive to stay as the data experience leaders in the market and as a preferred partner in mobile, fixed, and digital across the consumer and business sectors will continue. We have been preparing for the advent of 5G and the IoT, to make sure we have the infrastructure and technology which will take the country's digital landscape to the next level.

We have referenced the Company's ongoing digital transformation, but this goes far beyond the technical. Any transformation brings human challenges too and, with this in mind, we will continue to engage our employees in developing a company culture that is rooted in agility and faster decision-making, establishing more agile teams to respond to our customers' needs and the challenges of the market.

But we enjoy a head start that comes from having a company culture that has won us Best Employer Brand and Best Telecom company awards during 2019.

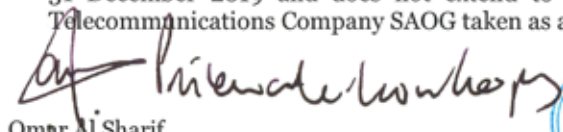
Despite likely economic challenges and the introduction of additional competition in the market sector, we still remain confident of maintaining our leading market position. We will strive to add to the successes of the past year and maintain our promise to the customer of offering the ultimate digital experience.

Report of Factual Findings



TO THE SHAREHOLDERS OF OMANI QATARI TELECOMMUNICATIONS COMPANY SAOG

1. We have performed the procedures agreed with you pursuant to the Capital Market Authority (CMA) circular no. E/4/2015, dated 22 July 2015, with respect to the Board of Directors' corporate governance report of Omani Qatari Telecommunications Company SAOG ("the Company") as at and for the year ended 31 December 2019 and application of the corporate governance practices in accordance with amendments to CMA Code of Corporate Governance issued under circular no. E/10/2016 dated 1 December 2016 (collectively the 'Code').
2. Our engagement was undertaken in accordance with the International Standard on Related Services 4400 applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in complying with the requirement of the Code issued by the CMA.
3. We have performed the following procedures:
 - a) We have checked that the corporate governance report issued by the Board of Directors includes as a minimum, all items suggested by CMA to be covered by the report as detailed in the Annexure 3 of the Code by comparing the report with such suggested content in the Annexure 3; and
 - b) We obtained the detailed list of areas of non-compliance identified by the Company's Board of Directors with the Code, included in the report together with the reasons for such non-compliance and agreed these to the discussions in the Board minutes or/and a checklist prepared by the Board of Directors to identify any non-compliance.
4. As a result of performing the above procedures, we have no exceptions to report.
5. Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the accompanying corporate governance report.
6. Had we performed additional procedures or had we performed an audit in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.
7. Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose. This report relates only to the Board of Directors' corporate governance report included in its annual report for the year ending 31 December 2019 and does not extend to any financial statements of Omani Qatari Telecommunications Company SAOG taken as a whole.


Omar Al Sharif
Muscat, Sultanate of Oman
6 February 2019



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Meeting the standards expected of us

Corporate governance is a key pillar at Ooredoo. The Company continues to apply leading corporate governance standards aimed at ensuring the ongoing sustainability of the business and the creation of long-term shareholder, stakeholder and industry value.

The Ooredoo Board of Directors assumes ultimate responsibility for corporate governance within the Company. The Board ensures that the Company follows clear corporate governance policies and, with the Executive Management, remains accountable to shareholders, customers, employees, suppliers, the regulator and other government authorities and entities.

The Executive Management of Ooredoo adheres to sound corporate governance principles and processes, the objective of which is to create a culture of good governance across the business, and to ensure that the culture is aligned with Ooredoo Group's business philosophy.

The dedicated Corporate Governance department is evidence of that commitment, through the implementation of the rules of governance in the Company's daily dealings, and ensuring that the principles of transparency, fairness and responsibility are achieved. During 2019, the Company continued to adhere to the relevant laws and the Capital Market Authority's (CMA) Code of Corporate Governance, as well as best global practices of governance. The Company has updated Company policies and Charters of the Board Committees in accordance with the changes that resulted from the issuance of the new Commercial Companies Law No.18/2019.

The Company also reviewed the recommendations that emerged during the evaluation process of the Board of Directors that was conducted by an independent party, reflecting the Company's commitment to continuous development and improvement of its policies and practices. Ooredoo's corporate governance practices continue to meet Oman's CMA requirements and the Company has adopted relevant policies and practices to ensure continued compliance.

Board of Directors

The Board that managed Ooredoo throughout 2019 is shown in Table 1. (page 7)

The composition of the Board during 2019 has changed as follows:

- Mr. Ahmad Abdulaziz Al Neama resigned as Director
- Mr. Thani Ali Al Malki was appointed as temporary Director.

Definition of Independent Director

*An independent director must be honest and morally upright, and not related materially, economically, or financially to the company, any of its subsidiaries or associates, or entities held or owned by the company, to the extent permitted by the provisions below. A director is not deemed independent in any of the following cases:

- a. holding 10% or more of the company shares, its parent company, or any of its subsidiary or associate companies

- b. representing a juristic person who holds 10% or more of the company shares, its parent company, or any of its subsidiary or associate companies
- c. if he/she had been, during the two years preceding candidacy or nomination to the board, a senior executive of the company, its parent company, or any of its subsidiary or associate companies
- d. being a first degree relative of any of the directors of the company, its parent company, or any of its subsidiary or associate companies
- e. being a first degree relative of any of the senior executives of the company, its parent company, or any of its subsidiary or associate companies
- f. being a director of the parent company or any of the subsidiary or associate companies of the company being nominated for its board membership
- g. being, during the two years preceding candidacy or nomination to the board, an employee of any of the parties contractually engaged with the company (including external auditors, major suppliers, or civil society organisations ("CSO")) where the latter received financial support in excess of 25% of the annual budget of such CSOs
- h. being, during the two years preceding candidacy or nomination to the board, an employee of the parent company or any of its subsidiary or associate companies
- i. holding 20% or more shares of any of the above mentioned parties during the two years preceding candidacy or nomination to the board.

Table 1: The composition of the Board of Directors during 2019 was as follows:

Name	Date of Appointment	Type of Representation*	Membership of other Ooredoo Committees	Membership of Boards of other Joint Stock Companies in Oman
Al Sayyid Amjad Mohamed Al Busaidi (Chairman)	26 March 2011	Non-executive, non-independent	Nil	One
Sheikh Saud bin Nasser Al Thani (Vice Chairman)	16 March 2008	Non-executive, non-independent	Remuneration Committee	Nil
Mr. Mohammed Jassim Al Kuwari	29 July 2012	Non-executive, non-independent	Executive Committee, Remuneration Committee	Nil
Mr. Ahmad Abdulaziz Al Neema ¹	27 March 2014	Non-executive, non-independent	Executive Committee	Nil
Mr. Thani Ali Al Malki ²	22 April 2019	Non-executive, independent	Executive Committee	Nil
Mr. Said Faraj Al Rabeea	27 July 2011	Non-executive, independent	Executive Committee, Remuneration Committee, Security Committee	One
Dr. Faisal Abdullah Al Farsi	20 March 2017	Non-executive, independent	Audit Committee	Nil
Ms. Reem Mohammed Jawad Ali	20 March 2017	Non-executive, independent	Audit Committee	Nil
Sheikh Nasser bin Hamad bin Nasser Al Thani ³	24 April 2018	Non-executive, non-independent	Executive Committee, Security Committee	Nil
Mr. Gopal Krishnan ⁴	24 April 2018	Non-executive, non-independent	Audit Committee, Executive Committee	Nil

Further information on current Board members:

Board of Directors

Al Sayyid Amjad Mohamed Al Busaidi

Chairman

Al Sayyid Amjad Mohamed Al Busaidi was appointed Chairman of the Ooredoo Oman Board in March 2011. He joined the Diwan of Royal Court in 1990 and currently serves as assistant to the Head of Administrative and Financial Affairs. Before that he was the Executive President of the Diwan of Royal Court Pension Fund. Currently, Al Sayyid Amjad is also a member of the Board of Directors of Bank Nizwa, and previously served on the Boards of NIFCO, Shomookh Investment and the National Mass Housing Company. He has a Master's Degree in Business Administration from Southern Cross University (Australia).

Sheikh Saud bin Nasser Al Thani

Vice Chairman

Sheikh Saud Bin Nasser Al Thani was appointed as Group CEO of Ooredoo in November 2015.

Sheikh Saud Bin Nasser Al Thani joined Ooredoo in 1990. Since then, Sheikh Saud has gained a wide range of experience in internal communications, personnel administration, human resources and policies and procedures.

During his time at Ooredoo, he has served as Assistant GM Human Resources, Director of Internal Communications, and Executive Director, General Services. He has handled key projects like the restructuring of the organisation in 1998, the structure review in 2000 and the job evaluation and compensation review with Ooredoo's auditors KPMG. In 2005, Sheikh Saud was appointed Executive Director of Special Businesses. In 2007, he was named Executive Director of Group HR. He was also a member of the Ooredoo Steering Committee for the Doha Asian Games Organising Committee.

Sheikh Saud became CEO of Ooredoo Qatar in 2011. He has led Ooredoo Qatar to build on its position as the country's preferred communications provider and has supported the expansion of its product and service portfolio, in addition to making Qatar one of most successful and consistent markets in the Group. Ooredoo Qatar's strong market performance was illustrated by the 2012 capture of over two-thirds of Qatar's overall market revenue growth - success that continued throughout his tenure as CEO.

In addition, he is holding key positions across Ooredoo Group, including Chairman of the Board for Ooredoo Kuwait; Vice Chairman of the Board for Ooredoo Oman; and Vice Chairman of the Board for Asiaccell. Also, he currently serves on the Boards of Silatech and INJAZ Qatar/INJAZ Al Arab.

Sheikh Saud has a Bachelor of Arts in Public Administration from Western International University, in Phoenix, Arizona. He also holds a Bachelor's degree in Business Administration. Sheikh Saud is also the Chairman of the Remuneration Committee.

¹ Resigned as Director on 22 April 2019

² Appointed as temporary Director in place of resigning director

³ Appointed as temporary Director on 24 April 2018 and as a Board member on 5 March 2019

⁴ Appointed as temporary Director on 24 April 2018 and as a Board member on 5 March 2019

Mr. Mohammed Jassim Al Kuwari

Director

Mr. Mohammed Al Kuwari was appointed as Chief Corporate Services Officer of Ooredoo Qatar in January 2012, having joined the Company in 2005. He is responsible for Human Resources, Procurement and Supply Chain, Building and Support Services and Operational Excellence. Mr. Al Kuwari has more than 20 years of rich and diverse experience in HR, Procurement and Support Services. He has a Bachelor's degree in Science – Business Administration from The American University, Washington DC. Mr. Mohammed Al Kuwari is the Vice Chairman of the Executive Committee.⁵

Mr. Ahmad Abdulaziz Al Neama⁶

Director

Mr. Ahmad Abdulaziz Al Neama is currently the CEO of Ooredoo Indosat. He was previously the Group Chief Technology Officer of Ooredoo Qatar. He joined Ooredoo in 2004 and gained a broad range of experience within the Company during this time. After only eight and a half years into his Ooredoo career he became the Senior Director for Radio Access Networks. Mr. Ahmad was confirmed as Ooredoo's youngest-ever acting CTO with responsibility of a 550-strong business unit in 2013. He participated in the expansion of the 3G network during and after the 2006 Doha Asian Games. He also led the project of fibre and 4G site rollout across Qatar. Mr. Ahmad has a degree in Electrical Engineering from the University of Colorado at Denver, Colorado (USA).

Mr. Thani Ali Al Malki⁷

Director

Mr. Thani Ali Al Malki joined Ooredoo Oman Board in 2019. He started his journey in the telecommunications industry with a Degree in Electronics & Communication Engineering from the University of Leeds, UK. He developed a strong understanding of business telecom systems as an intern with British Telecom, which was the UK's first and largest telecommunications provider.

He later joined Barwa Media Company and obtained vast experience in IT infrastructure for three years. Later in 2010 he joined Es'hailSat – a Satellite Company in Qatar, where he worked for two years in their project management office in Palo Alto, California to manufacture the first satellite for Qatar. After the successful launch of the satellite he worked in Qatar along with the commercial team to achieve their commercial targets for selling the capacity in the first satellite. Leveraging this experience, he subsequently joined Ooredoo Qatar in 2015 as Head of Radio Network. During his tenure at Ooredoo Qatar he has achieved great success by being part of the team engaged in successfully launching one of the first 5G networks in Qatar and is currently leading the Active Division Team at Ooredoo Qatar.

Mr. Said Faraj Al Rabeea

Director

Mr. Al Rabeea joined the Ooredoo Oman Board in 2011. He has worked in the government sector for more than 34 years, during which time he has held a number of senior positions in human resources, information technology and telecommunications. He is currently the Chairman of the Board of Directors of Duqm Data Centre and Thabat Holding Company. He also sits on a number of other boards in Oman. He has a Bachelor's degree in Business Administration. Mr. Said is the Chairman of the Security Committee.

Dr. Faisal Abdullah Al Farsi

Director

Dr. Faisal Al Farsi has been a Director of Ooredoo Oman Board since March 2017. He is currently the General Manager of the Public Authority for Social Insurance. He has been a Board member of several general joint stock companies. Dr. Al Farsi holds a Master's Degree in International Business Law from the University of Hull, UK, and a PhD in Business and Commercial Law from the University of Mohammed V in Morocco.

Ms. Reem Mohammed Jawad Ali

Director

Ms. Reem Jawad holds a Bachelor's degree in Accounting from Sultan Qaboos University and is currently the Finance Manager of the Civil Service Employees Pension Fund. She has more than 19 years' experience in finance and accounting, covering financial statements' analysis, preparation of budgets and cash management. She joined the Ooredoo Oman Board as a representative of the Civil Service Employees Pension Fund in March 2017, and is currently the Chairperson of the Audit Committee.⁸

Sheikh Nasser bin Hamad bin Nasser Al Thani⁹

Director

Sheikh Nasser bin Hamad bin Nasser Al Thani was appointed as Chief Business Officer of Ooredoo Qatar in July 2017. In his current role he is responsible for end-to-end profit and loss accountability for Ooredoo Qatar's B2B portfolio including Connectivity, ICT and Mega Projects as well as the Qatar Data Centre. Sheikh Nasser has an MBA from the University of Wales, a Bachelor's degree from Qatar University and has attended various Executive Development programmes from HEC Paris, London School of Economics and IMD Switzerland. He also holds a Telecoms Mini MBA from the Telecoms Academy, UK.

Mr. Gopal Krishnan¹⁰

Director

Mr. Krishnan joined the Ooredoo Oman Board as Director on 24 April 2018. Mr. Krishnan joined the Ooredoo Group in 1994 and has been serving in various positions in finance during the past 26 years. Mr. Gopal is a Chartered Accountant from India qualified in 1987 and Certified Management Accountant from the USA, having professional experience of 31 years. He is currently working as Executive Director, Financial Planning and Performance in Ooredoo Group. His role involves Group-wide financial planning, performance management reporting, forecasting and supporting the Group in various investment decisions.

⁵ Appointed as EC Vice Chairman on 21 October 2019

⁶ Resigned as Board member on 22 April 2019

⁷ Appointed as temporary Director on 22 April 2019

⁸ Appointed as AC Chairperson instead of Dr. Faisal Al Farsi effective from 1 March 2019

⁹ Appointed as temporary Director on 24 April 2018 and as a Board member on 5 March 2019

¹⁰ Appointed as temporary Director on 24 April 2018 and as a Board member on 5 March 2019

Mr. Majid Mubarak Al Marzooqi¹¹

**Chief Governance and External Affairs Officer and Company Secretary
Acting Chief Legal and Regulatory Officer**

Mr. Majid has been with Ooredoo since 2006 and during this time he has held the roles of Legal Counsel, Director of Legal Affairs and Chief Corporate Governance Officer, before assuming his current role as Chief Governance and External Affairs Officer and Company Secretary. In addition to his current role as Chief Governance and External Affairs Officer and Company Secretary, Mr. Majid has recently been appointed as Acting Chief Legal and Regulatory Officer. This dedicated line of business focuses on all Board and governance matters and implements best practice from a governance perspective, in addition to the provision of legal and regulatory advice. Mr. Majid has over 19 years of experience in law, governance and public relations in the private and government sectors.

Mr. Badar Abdullah Al Hashmi

Chief Audit Executive (CAE)

Mr. Badar joined Ooredoo Oman as Chief Audit Executive in January 2017, bringing over 18 years of experience. He provides strategic direction and leadership in the areas of internal audit, risk assurance, operational improvement and change management throughout the corporation. Previously, Badar worked for a large corporation as a Chief Audit Executive and worked for the world's top Big Four accounting firms in New Zealand, USA, Canada, UK and the GCC; within the field of business risk and advisory.

An alumni of Switzerland's prestigious Institute of Management Development (IMD) and of Oman's elite National CEO Programme, Mr. Al Hashmi was also awarded a Bachelor's degree with honors in Accounting & Finance from the University of Salford, UK. Badar is a Certified Internal Auditor and holds a Certification in Risk and Information Control as well as a Certification in Risk Management Assurance. Badar currently volunteers professionally as the elected President of Institute of Internal Audit (IIA) Oman and is a Member of the Institute Relations Committee of the IIA Global.

Board meetings and Board members' attendance in 2019

Attendance at Board meetings in 2019 is shown in Table 2. (page 10)

Board committees

Ooredoo has four Board committees: the Executive Committee, the Audit Committee, the Remuneration Committee and the Security Committee.

Executive Committee

The Executive Committee focuses on strategic issues and is responsible for all budget and procurement related matters. The Committee currently comprises five members: Sheikh Nasser bin Hamad bin Nasser Al Thani (Chairman), Mr. Mohammed Jassim Al Kuwari (Vice Chairman), Mr. Gopal Krishnan, Mr. Said Faraj Al Rabeea, and Mr. Thani Ali Al Malki.

The Executive Committee met five times during 2019. The dates and attendance at these meetings are shown in Table 3. (page 10)

The Executive Committee's terms of reference are:

- Approve expenditure within the limits specified by the Board of Directors.
- Review and approve recommendations for the award of tenders.
- Approve procurements and contracts of values within the limits authorised under the Authority Manual, or as delegated by the Board.
- Review the quality and efficiency of services and products provided by the Company and suggest means of developing and upgrading such services and products.
- Provide Management with strategic directives on the priorities and risks relating to financial and strategic investment operations.
- Approve financial and strategic investments and related matters within the financial limits stipulated in the Company's Authority Manual.
- To grant or release of any security either to Company or from Company within its limits.

- Write-off bad debt in accordance with its financial limits.
- Approve payment of any regulatory fines in accordance with its financial limits.
- Approve commitments outside the Annual Operating Plan (AOP) Single Source Agreement in accordance with its financial limits.
- Approve the commitment of Annual Operating Plan (AOP) (excluding Single Source Agreement) in accordance with its financial limits.
- Approve strategic commercial partnerships in accordance with the financial limits.
- Approve investment operations and treasury affairs.
- The Committee may seek the assistance of independent experts or consultants to help it achieve its objectives.
- Review the performance of the Committee and present periodic updates on its activities to the Board of Directors.
- Review draft regulations and policies of the Company that fall within the Committee's scope of work, and submit recommendations on the same to the Board of Directors.
- Review the Authority Manual and submit proposals for amendment of the same to the Board of Directors.
- Submit reports to the Board of Directors including recommendations on the scope, directives, quality and level of investments undertaken by the Company, if any.

Audit Committee

The Audit Committee assists the Board in overseeing the integrity of the Company's policies and financial statements, including validating and recommending them for Board approval. It also oversees the performance of the Company's internal audit function. The Committee currently comprises three directors: Ms. Reem Mohammed Jawad Ali (Chairperson), Dr. Faisal Abdullah Al Farsi and Mr. Gopal Krishnan.

The Audit Committee met five times during 2019. The dates and attendance at these meetings are shown in Table 4. (page 10)

¹¹ In addition to his role as Chief Governance and External Affairs Officer, Mr. Majid Al Marzooqi was appointed as Acting Chief Legal and Regulatory Officer after the resignation of Mr. James Maxwell

Corporate Governance Report

Continued

Table 2: Attendance at Board meetings in 2019

	1	2	3	4	5
	06/02/2019	22/04/2019	25/07/2019	22/10/2019	04/12/2019
Al Sayyid Amjad Mohamed Al Busaidi (Chairman)	Yes	Yes	Yes	Yes	Yes
Sheikh Saud bin Nasser Al Thani (Vice Chairman)	Yes	Yes	Yes	Yes	Yes
Mr. Mohammed Jassim Al Kuwari	Yes	No	Yes	Yes	No
Mr. Said Faraj Al Rabeea	Yes	Yes	Yes	Yes	Yes
Mr. Ahmad Abdulaziz Al Neama	Yes	No	N/A	N/A	N/A
Mr. Thani Ali Al Malki	N/A	N/A	Yes	Yes	Yes
Dr. Faisal Abdullah Al Farsi	Yes	Yes	Yes	Yes	Yes
Ms. Reem Mohammed Jawad Ali	Yes	Yes	Yes	Yes	Yes
Sheikh Nasser bin Hamad bin Nasser Al Thani	Yes	Yes	No	Yes	Yes
Mr. Gopal Krishnan	Yes	Yes	Yes	Yes	Yes

Table 3: Executive Committee meetings and attendance in 2019

	1	2	3	4	5
	05/02/2019	21/04/2019	25/07/2019	21/10/2019	04/12/2019
Sheikh Nasser bin Hamad bin Nasser Al Thani (Chairman)	Yes	Yes	No	Yes	Yes
Mr. Mohammed Jassim Al Kuwari (Vice Chairman) ¹²	Yes	No	Yes	Yes	No
Mr. Said Faraj Al Rabeea	Yes	No	Yes	Yes	Yes
Mr. Ahmad Abdulaziz Al Neama ¹³	No	No	N/A	N/A	N/A
Mr. Thani Ali Al Malki ¹⁴	N/A	N/A	Yes	Yes	Yes
Mr. Gopal Krishnan	Yes	Yes	Yes	Yes	Yes

Table 4: Audit Committee meetings and attendance in 2019

	1	2	3	4	5
	05/02/2019	21/04/2019	24/07/2019	21/10/2019	03/12/2019
Ms. Reem Mohammed Jawad Ali (Chairperson) ¹⁵	Yes	Yes	Yes	Yes	Yes
Dr. Faisal Abdullah Al Farsi	Yes	Yes	Yes	Yes	Yes
Mr. Gopal Krishnan	Yes	Yes	Yes	Yes	Yes

Table 5: Remuneration Committee meetings and attendance in 2019

	1	2	3	4	5
	05/02/2019	22/04/2019	25/07/2019	21/10/2019	04/12/2019
Sheikh Saud bin Nasser Al Thani (Chairman)	Yes	Yes	Yes	Yes	Yes
Mr. Mohammed Jassim Al Kuwari	Yes	No	Yes	Yes	No
Mr. Said Faraj Al Rabeea	Yes	Yes	Yes	Yes	Yes

¹² Appointed as EC Vice Chairman on 21 October 2019

¹³ Resigned as Executive Committee member on 22 April 2019

¹⁴ Appointed as Executive Committee member on 25 July 2019

¹⁵ Appointed as AC Chairperson instead of Dr. Faisal Al Farsi effective from 1 March 2019

The Audit Committee's terms of reference are:

- Assist the Board of Directors in fulfilling its oversight responsibilities for the integrity of the Company's financial reporting process, the system of internal control, the audit process, and the Company's process for monitoring compliance with laws and regulations.
- Assist the Board of Directors in validating and verifying the overall efficiency of the Executive Management in implementing the operational directives and guidelines set up by the Board.
- Ensure independence and objectivity of the Internal and External Audit functions, Executive Management support, and establishing communication links between the Company's Executive Management and the auditors (Internal and External).
- Assist the Board of Directors in creating policies for safeguarding the Company's human, material and intellectual resources and assets.
- The Audit Committee shall submit to the Board an annual plan through which it shall discharge its tasks and competences.
- Establish the Internal Audit department's objectives, policies and scope.
- Review Internal Audit's quarterly reports raised to the Committee, with copies to the Chairman and the members of the Board of Directors.
- Review the External Auditors' Report and plan.
- Raise observations and recommendations regarding the points included in such reports to the Board of Directors.
- Approve the Internal Audit department's annual plans, and oversee their implementation.
- Raise recommendations on the appointment of the Company's External Auditors.
- Select the Company's Chief Audit Executive, and make recommendations on his/her appointment and/or termination to the Board for approval.
- Oversee administratively, financially and technically the Internal Audit department, including the proposal and implementation of its operating and capital budget, its organisational structure, training, development and promotion of staff, in accordance with the applicable regulations of the Company.

- Evaluate the Internal and External Audit performance on an annual basis based on the predetermined performance indicators and relevant professional and regulatory requirements.
- Review and study the Company's regulations and policies whenever exigency dictates this and raise suggestions on their amendments to the Board of Directors.
- Check for financial fraud or falsification in financial statements and put strict control procedures in place to ensure adoption of appropriate policies and principles.
- Oversee the preparation of financial statements.
- Review risk management policies of the Company.
- Review proposed Company transactions with related parties and make suitable recommendations to the Board.

Remuneration Committee

The Remuneration Committee focuses on the compensation and benefits of employees and supervises the Company's Omanisation and succession programmes. The Committee currently comprises three directors: Sheikh Saud bin Nasser Al Thani, Mr. Mohammed Al Kuwari, and Mr. Said Faraj Al Rabeea.

The Remuneration Committee met five times in 2019. The dates and attendance at these meetings are shown in Table 5. (page 10)

The Remuneration Committee's terms of reference are:

- Review the candidacy request for Board membership and identify and nominate candidates to fill Board vacancies for the approval of the Board.
- Nominate individuals to qualified to act as temporary Directors should any unexpected vacancy arise.
- Review and submit the nomination of Board representatives at subsidiaries and Affiliates (excluding SPVs) to the Board for approval.
- Recommend the appointment and termination of the CEO to the Board for approval.
- Appoint those it deems fit to fill jobs of the Senior Executive Management in Grade 1, except for the CEO, CAE and Company Secretary.

- Approve the appointment and termination of all Grade 2 employees.
- Endorse the Company's Corporate Scorecard for Board approval.
- Approve the annual performance rating of all Grade 1 and Grade 2 employees.
- Oversee the proper implementation of the Company's compensation and benefit policies, review benefits policies, and review and endorse HR, Training and Job Evaluation policies and Performance Evaluation procedures for Board approval.
- Endorse, for Board approval, any exceptions to HR policies, including for compensation and benefits that are outside the authority of Management.

Security Committee

The Security Committee focuses on ensuring the Company's compliance in regards to security requirements set out in the Telecommunications Act and the Company's Fixed and Mobile Licenses. The Security Committee currently comprises three members: Mr. Said Faraj Al Rabeea (Chairman), Sheikh Nasser bin Hamad bin Nasser Al Thani and the Company CEO. The Security Committee met twice in 2019. The dates and attendance at these meetings are shown in Table 6. (page 12)

Total remuneration paid to Directors in respect of 2019

Ooredoo Oman Directors are each paid a sitting fee of OMR 700 per Board meeting and OMR 500 per Committee meeting. The total sitting fees paid to Directors in 2019 is shown in table 7. (page 12)

Additionally, at the Company's Annual General Meeting held on 5 March 2019, the shareholders approved a further distribution to the Directors of OMR 159,000 to be divided between the Directors of 2019.

Corporate Governance Report

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Table 6: Security Committee meetings and attendance in 2019

	1	2
	05/02/2019	24/07/2019
Mr. Said Faraj Al Rabeea (Chairman)	Yes	Yes
Sheikh Nasser bin Hamad bin Nasser Al Thani	Yes	No
Mr. Ian Charles Dench	Yes	Yes

Table 7: Total sitting fees paid to Directors in respect of 2019

Name of Director	Position	Amount in OMR
Al Sayyid Amjad Mohamed Al Busaidi	Chairman	3,300
Sheikh Saud bin Nasser Al Thani	Vice Chairman	5,800
Mr. Mohammed Jassim Al Kuwari	Director	4,900
Mr. Ahmad Abdulaziz Al Neama	Former Director	500
Mr. Said Faraj Al Rabeea	Director	8,800
Dr. Faisal Abdullah Al Farsi	Director	5,800
Ms. Reem Mohammed Jawad Ali	Director	5,800
Sheikh Nasser bin Hamad bin Nasser Al Thani	Director	5,100
Mr. Gopal Krishnan	Director	8,300
Mr. Thani Ali Al Malki	Temporary Director	3,600

Table 8: The Company's Related Party Transactions during 2019

Transaction	OMR 2019	OMR 2018	% Change
Directors and Key Management remuneration comprising:	2,667,279	2,351,693	13%
Salaries/remuneration and benefits	2,445,225	2,127,816	15%
Directors' remuneration	200,000	200,00	0%
Management end of service benefits	22,054	23,877	-8%
Service fee payable to Ooredoo International as per Technical Services Agreement	8,556,525	8,508,488	1%
Brand license fee payable to Ooredoo IP LLC as per Brand-Licensing Agreement	4,261,998	4,238,354	1%
Other expenses comprising:	567,504	501,321	13%
Reimbursement of salaries and other expenses of seconded staff (Ooredoo Qatar)	1,509	-	100%
Reimbursement of salaries and other expenses of seconded staff (to Ooredoo Group)	6,789	78,783	-91%
Reimbursement of other expenses (from Ooredoo Group)	89,106	(31,311)	-385%
Other expenses (Duqm Data Centre)	-	9,438	-100%
Site rental (Thabat Holding Company)	470,100	444,411	6%
Telecom revenues from other members of Ooredoo Group	1,083,380	1,148,122	-6%
Telecom costs to other members of Ooredoo Group	427,709	149,576	186%
Sale of assets to (Duqm Data Centre)	291,580	-	100%
Purchase of 2 x 10G IRU capacity on SMW5 cable from (Ooredoo Qatar)	365,845	-	100%

Related Party Transactions 2019

The Company's Related Party Transactions during 2019 are shown in Table 8. (page 12)

During 2019, an independent evaluation was conducted by third parties of the Technical and Support Services Agreement between Ooredoo Oman and Ooredoo Group, and the Brand License Agreement between Ooredoo Oman and Ooredoo IP LLC. These evaluations were conducted to assess whether the transactions were fair and in the best interests of the Company.

Technical and Support Services Agreement

Ooredoo Oman (OO) (then Nawras) entered into an arrangement with Ooredoo Group (OG) (then Qtel Group) in 2008, under which OO pays a management fee of 3% of its gross revenue to OG for providing technical and support services to OO. OO engaged Analysys Mason (AM) to conduct an independent valuation of the agreement, the result of which is as follows:

1. The benefits of the majority of services provided by OG cannot be replicated by OO without OG's support, making these services beneficial to OO and implicitly cost-efficient with no/limited associated costs. While OO can replicate other cost avoidance services, OO will incur a similar or a higher cost to procure these services.

2. Employees at OG who are delivering these services to OO are expected to be comparable or more cost-efficient than additional staff or consultants/vendors that OO can hire itself for delivering similar services due to OG's cross-Oppo experience/learnings. These cost avoidance-related services are therefore also beneficial and cost-efficient for OO.

3. The total benefit provided by OG to OO for AM's validation was OMR30.3 million. Due to limited timing provided for validation, AM could only confirm validation of the value of the services provided by OG to OO in FY2018 of at least OMR17.61 million or 6.21% of revenue for FY2018, which is well above the management fee charged by OG of OMR8.51 million (3% of revenue) for FY2018, with procurement and treasury services accounting for almost 80% of the value.

Brand License Agreement (BLA)

Ooredoo Oman (OO) entered into the Brand License Agreement (BLA) with Ooredoo IP LLC (OIP), whereby OIP licenses Ooredoo brand IP to OO and provides marketing and related services in return for a branding fee equivalent to 1.5% of gross revenues. OO appointed Brand Finance to conduct an evaluation on this arrangement, the result of which is as follows:

1. The provision of the 'additional brand benefits' in 2018 as set out in the BLA is satisfied and other services went beyond what would typically be covered.

2. The current royalty rate of 1.5% is much lower compared to the consumer uplift modelling indication of 5.8%, given the strength of the Ooredoo brand.

3. The Ooredoo brand overtook Omantel on brand strength in 2018 and is far ahead of other competitors. It generates a significant revenue premium and is good value at the current royalty rate. OIP's cost to provide them is lower than the cost of OO providing brand services by itself and it represents good value for the royalty fee paid in 2018.

4. The brand services in the BLA appear to be suitable in terms of quality and relevance. It would be considerably more costly to create the key brand services locally than to share in the cost to provide them borne by OIP.

Senior Management

There were a number of changes to the composition of the Executive Management during 2019 as follows:

- Mr. James Maxwell resigned from his role as Chief Legal and Regulatory Officer on 16 October 2019.
- Mr. Majid Mubarak Al Marzooqi's designation was changed from Chief Corporate Governance Officer to Chief Governance and External Affairs Officer on 25 July 2019.
- After the resignation of Mr. James Maxwell, Mr. Majid Mubarak Al Marzooqi was appointed as Acting Chief Legal and Regulatory Officer in addition to his current role as Chief Governance and External Affairs Officer.
- Mr. Kumail Baker Al Moosawi's designation was changed from Chief People Officer to Chief People and Corporate Services Officer on 25 July 2019. In February 2020, he was appointed as Chief New Businesses Officer.

- Mr. Shady Elmohandes was appointed as Chief Consumer Officer on 1 January 2020.

- Ms. Amaal Abdulkhaliq Al Lawati was appointed as Chief People Officer in February 2020.

Ooredoo Oman's current Senior Management team at the time of this Annual Report is shown in Table 9. (page 14)

Mr. Ian Charles Dench

Chief Executive Officer (CEO)

Ian has been the Chief Executive Officer of Ooredoo Oman since 2016, having been a part of the Ooredoo Group for ten years. He initially joined Ooredoo in 2006 as an Executive Director and then went on to become the Company's Chief Marketing Officer. A key member of the Ooredoo Qatar leadership team, Ian significantly contributed in building Ooredoo's market leadership position in Qatar. In 2016, he became the Company's Group Chief Commercial Officer before relocating to the Sultanate of Oman.

Prior to joining Ooredoo, Ian spent three years as General Manager Sales and Marketing at Batelco, Bahrain. Before moving to the region, initially located in the UK and later in Singapore, he held senior sales and marketing executive positions with British Telecom (BT), Genie Internet Limited (a wholly owned subsidiary of BT) and O2, powerhouse organisations within the UK's telecommunications industry.

A veteran within the industry, Ian has served on the Board of a number of organisations including Batelco Jordan, Navlink (an AT&T affiliated company) the Asia Pacific Internet Group (APACIG), a joint venture of Rocket Internet. He also served as Commissioner for Indosat Ooredoo and is a Board member for data2cloud Oman, an Ooredoo Company.

Ian holds an MBA CAAS (City University) Business School from CAAS (City University) Business School in London and is a FCIM-Chartered Marketer from the Chartered Institute of Marketing (CIM), the world's leading professional marketing body in the UK.

Corporate Governance Report

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Table 9: Senior Management

Mr. Ian Charles Dench	Chief Executive Officer
Mr. Abdul Razzaq Abdul Wahed Al Balushi	Chief Financial Officer
Mr. Kumail Baker Al Moosawi ¹⁶	Chief New Businesses Officer
Engineer Ahmed Abdullah Issa Al Abri	Chief Technology and Information Officer
Ms. Amaal Abdulkhaliq Al Lawati ¹⁷	Chief People Officer
Mr. Sultan Ahmed Al Wahaibi	Chief Business and Wholesale Officer
Mr. Majid Mubarak Al Marzooqi ¹⁸	Acting Chief Legal and Regulatory Officer
Mr. Shady Elmohandes ¹⁹	Chief Consumer Officer

Table 10: Ooredoo Oman organisational structure

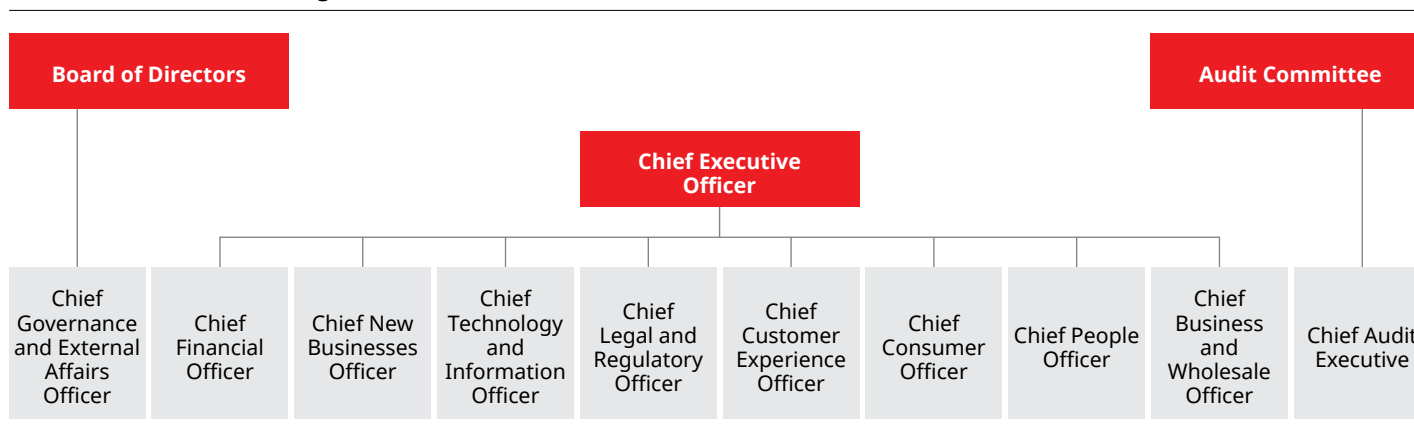


Table 11: Ooredoo Oman share trading throughout 2019

Date	Open	High	Low	Trades	Volume	Turnover	Last Trade	Previous Close	Close	Net Change	%
Jan	0.53	0.53	0.52	260	3,125,011	1,688,732	0.52	0.532	0.528	-0.004	-0.75%
Feb	0.55	0.55	0.54	271	1,401,880	764,979	0.548	0.544	0.548	0.004	0.74%
Mar	0.50	0.50	0.50	164	1,160,074	614,470	0.5	0.504	0.504	0.000	0.00%
Apr	0.50	0.50	0.50	509	4,412,679	2,204,276	0.502	0.5	0.502	0.002	0.40%
May	0.49	0.49	0.49	374	2,993,307	1,403,714	0.49	0.492	0.492	0.000	0.00%
Jun	0.47	0.47	0.47	161	2,084,813	970,790	0.47	0.462	0.47	0.008	1.73%
Jul	0.47	0.48	0.47	282	4,172,419	1,920,560	0.484	0.466	0.474	0.008	1.72%
Aug	0.51	0.52	0.51	202	361,826,577	137,203,987	0.516	0.506	0.516	0.010	1.98%
Sep	0.52	0.52	0.52	211	2,228,130	1,156,671	0.524	0.526	0.524	-0.002	-0.38%
Oct	0.52	0.53	0.52	145	2,945,568	1,556,763	0.524	0.522	0.526	0.004	0.77%
Nov	0.54	0.54	0.52	140	1,043,853	558,128	0.52	0.536	0.528	-0.008	-1.49%
Dec	0.52	0.53	0.52	357	4,130,322	2,118,233	0.528	0.52	0.524	0.004	0.77%

¹⁶ Appointed as Chief New Businesses Officer in February 2020

¹⁷ Appointed as Chief People Officer in February 2020

¹⁸ In addition to his role as Chief Governance and External Affairs Officer, Mr. Majid Al Marzooqi was appointed as Acting Chief Legal and Regulatory Officer after the resignation of Mr. James Maxwell

¹⁹ Appointed as Chief Consumer Officer on 1 January 2020

Mr. Abdul Razzaq Abdul Wahed Al Balushi

Chief Financial Officer (CFO)

Abdul Razzaq joined Ooredoo Oman in January 2016 and brings over 24 years of multi-discipline work experience, which has earned him the position of Chief Financial Officer at Ooredoo. Before joining Ooredoo, Abdul Razzaq held a number of important leadership positions in various fields related to matters of senior management, finance, contracts and procurement, banking, strategy and corporate planning and risk management. He has also held board positions and several executive management committee secretary positions as well as acting in a consulting capacity. Abdul Razzaq spent his 24 years at HSBC, Oman LNG LLC, Oman Shipping Company SAOG, Aldersgate Partners and Oman Trading International.

Abdul Razzaq obtained his Masters in Business Administration from the University of Strathclyde, UK. He is a Certified Treasury and Finance Professional (CTFP) as well as a holder of a Certificate in Accounts, Banking and Trade.

Mr. James Maxwell²⁰

Chief Legal and Regulatory Officer (CLRO)

James joined Ooredoo in 2007 and has over 21 years' experience in providing legal and regulatory advice to leading corporates, with 15 years working exclusively in telecommunications. His past roles include working in M&A and securities at Linklaters in the UK and Minter Ellison in Australia, and as an in-house Corporate Counsel at Vodafone UK and SingTel Optus in Australia. James holds a Bachelor of Laws (LLB Hons) from Melbourne University, Australia. He has also completed post graduate programmes at London School of Business, IMD and Canfield University.

Mr. Majid Mubarak Al Marzooqi²¹

Chief Governance and External Affairs Officer (CGEAO) and Company Secretary

Acting Chief Legal and Regulatory Officer (Acting CLRO)

Majid has been with Ooredoo since 2006 and during this time he has held the roles of Legal Counsel, Director of Legal Affairs and Chief Corporate Governance Officer, before assuming his current role as Chief Governance and External Affairs Officer and Company Secretary. In addition to his current role as Chief Governance and External Affairs Officer and Company Secretary, Majid has recently been appointed as Acting Chief Legal and Regulatory Officer. This dedicated line of business focuses on all Board and governance matters and implements best practice from a governance perspective, in addition to the provision of legal and regulatory advice. Majid has over 19 years' experience in law, governance and public relations in the private and government sectors.

Ms. Amaal Abdulkhaliq Al Lawati²²

Chief People Officer (CPO)

Amaal graduated from the College of Science at Sultan Qaboos University in 1995. She has 21 years' experience gained in the telecoms and banking sectors of Oman. Amaal joined National Bank of Oman in 1995 as a Management Trainee and was promoted to Officer in the Trade Finance section. In 2000, she joined Majan International Bank as Assistant Manager in Trade Finance. Later, in 2003, Amaal joined Bank Dhofar as Manager in the Treasury Department. Amaal has been recently appointed as Chief People Officer.

In 2004, Amaal joined Ooredoo as Section Head in the Finance back office and was soon responsible for managing 50 team members in her capacity as Department Head in the Billing and Collections Team. In 2013, Amaal was promoted to Director. 2015 saw her promotion to Chief Customer Experience Officer with approximately 300 employees under her responsibility, before being appointed as Chief People Officer in 2020.

Mr. Sultan Ahmed Al Wahaibi

Chief Business and Wholesale Officer (CBWO)

Sultan has more than 18 years' experience leading teams as a Project Manager, Head of Wireless Communication, and Director of the Network Modernisation Programme in Oman. Having joined Ooredoo Oman in 2010, Sultan progressed within the Company, taking on many roles, including Director of Implementation and Infrastructure and Director of Capability Management prior to his appointment as Chief Business and Wholesale Officer.

Sultan holds a Bachelor's degree in Electrical Engineering with a Minor in Business from Carleton University in Ottawa, Canada. He is also a graduate of the London Business School's reputed Executive Education Programme and the Institute for Management Development's (IMD, Switzerland) as part of the Ooredoo Business Leader Programme. Sultan is also a graduate of the National CEO Programme and an active member of Oman Business Forum.

Mr. Kumail Baker Al Moosawi²³

Chief New Businesses Officer (CNBO)

Kumail has been with Ooredoo since November 2004 and brings over 20 years' experience in numerous business functions that include retail, operations, finance, customer service, audit, and human resources management. Kumail is currently the Chief of New Businesses Officer, and before that, he was the Chief People and Corporate Services Officer. He completed his undergraduate education at Florida Atlantic University in the United States, majoring in Finance, and started his career in the banking sector in Oman. He is a member of the Chartered Institute of Personnel and Development (CIPD) and an active member of the GCC HR Forum.

²⁰ Resigned as Chief Legal and Regulatory Officer with effect from 16 October 2019

²¹ In addition to his role as Chief Governance and External Affairs Officer, Mr. Majid Al Marzooqi was appointed as Acting Chief Legal and Regulatory Officer after the resignation of Mr. James Maxwell

²² Appointed as Chief People Officer in February 2020

²³ Appointed as Chief New Businesses Officer in February 2020

Corporate Governance Report

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Engineer Ahmed Abdullah Issa Al Abri

Chief Technology and Information Officer (CTIO)

Ahmed Abdullah Al Abri has more than 20 years' experience in network planning, technological planning and implementation of telecommunications networks, project management, strategic planning, information technology and technology project management, telecommunications regulation, and project engineering. He joined Ooredoo in 2006 as Chief Engineer for Planning and later moved to various executive positions, most recently as General Manager for Projects and Strategic Infrastructure, before being appointed as Chief Technology and Information Officer in 2018. Ahmed holds a Bachelor's degree in Engineering and a Masters degree in Business Administration, and is a graduate of the Executive Leadership Programme at London Business School.

Mr. Shady Elmohandes²⁴

Chief Consumer Officer (CCO)

Shady is an experienced telecommunications executive, with more than 18 years in the telecoms industry covering Egypt, Saudi Arabia and Qatar marketing, product development, customer value management (CVM) and communications. Prior to joining Ooredoo Oman, Shady was Ooredoo Qatar's Senior Director of Consumer Services Marketing, managing Mobile and Fixed services as well as TV, devices, mobile money and VAS businesses and contributed significantly to the success of Ooredoo Qatar during his 13 years of service. He also held various positions with Mobinil Egypt and Leo Burnett. Shady has a Bachelor's degree in Economics from Cairo University, Egypt.

Channels and methods of communication with shareholders and investors

The Ooredoo Oman website has a comprehensive Investor Relations section where shareholders can view the Company's quarterly financial information, disclosure policy and frequently asked questions. They can also register to receive financial news alerts and contact the Investor Relations Manager by email.

Quarterly conference sessions with analysts are planned throughout the year, and quarterly financial statements are published in national newspapers within five days of being presented on the Muscat Securities Market website.

The Management Review section of the Ooredoo Oman Annual Report contains detailed management discussion and analysis.

Table 12: Ooredoo Oman share price compared to MSM30 index throughout 2019

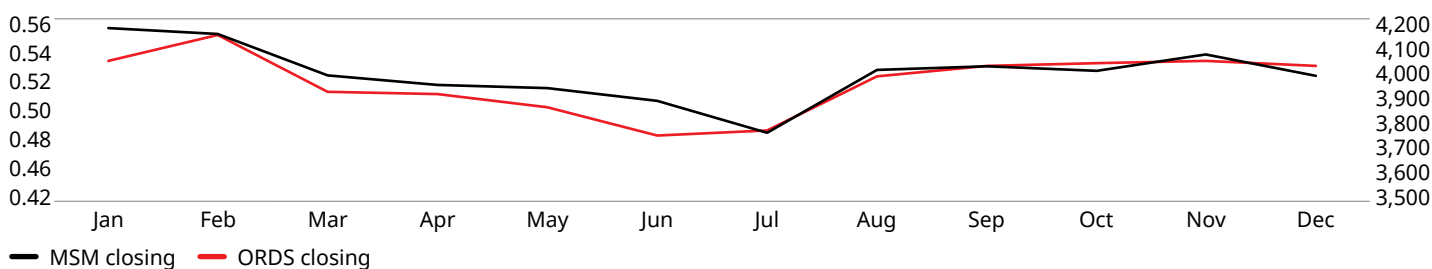


Table 13: Ooredoo Oman share distribution (in terms of ownership)

Month	Omani	Non Omani	GCC	Arab	Foreign
Jan	34.02%	65.98%	62.30%	0.05%	3.63%
Feb	33.98%	66.03%	62.29%	0.05%	3.69%
Mar	33.93%	66.07%	62.31%	0.05%	3.71%
Apr	33.93%	66.08%	62.26%	0.05%	3.77%
May	33.80%	66.20%	62.31%	0.05%	3.84%
Jun	33.84%	66.16%	62.33%	0.05%	3.78%
Jul	33.44%	66.56%	62.38%	0.05%	4.13%
Aug	33.41%	66.59%	62.41%	0.05%	4.13%
Sep	33.14%	66.86%	62.71%	0.05%	4.10%
Oct	33.27%	66.74%	62.71%	0.05%	3.98%
Nov	33.31%	66.69%	62.71%	0.05%	3.93%
Dec	33.24%	66.76%	62.82%	0.06%	3.88%

²⁴ Appointed as Chief Consumer Officer on 1 January 2020

Ooredoo Oman share trading details

Ooredoo Oman's shares traded on the Muscat Securities Market during 2019 as shown in Table 11. (page 14)

Ooredoo Oman's share price compared to the MSM30 index throughout 2019 is shown in Table 12. (page 16)

Ooredoo Oman's share distribution in 2018 is shown in Table 13. (page 16)

Ooredoo Group is the only shareholder that holds more than 10% of the Company's issued shares. The Company does not have any securities or financial instruments convertible to shares.

Details of non-compliance by the Company

The Board of Directors is pleased to advise shareholders that there were no non-compliance related penalties imposed upon the Company by Muscat Securities Market or the Capital Market Authority in 2019.

Disclosure Policy

Ooredoo Oman rigorously applies its Disclosure Policy so as to develop and maintain reasonable market expectations of the Company's current and future trading prospects. This is achieved by making disclosure on a widely disseminated basis, through a realistic understanding of the prospects for future performance, and by ensuring that information does not intentionally or unintentionally mislead investors.

Managing risk

The Company has established a section that ensures risk management is an essential part of the Company's culture and strategic decision-making through an Enterprise Risk Management (ERM) function. The ERM's strategic objectives bring a systematic approach to assessing, evaluating, managing, and controlling overall enterprise risk. It also assists in providing practical and cost effective solutions to manage and mitigate risk.

ERM is called for under the Company's corporate governance framework.

The Company is required to present the status of internal control and arrangements for risk management to its Senior Management and to report the same to the Audit Committee and Board of Directors on a quarterly basis.

External auditor

The Company's external auditor in respect of 2019 was PwC. The total fees for audit and non-audit related services paid to the auditor in respect of 2019 were OMR 190,000.

Corporate Social Responsibility

The Company's CSR platform, known as Ooredoo Goodwill, has grown to encompass all areas of the community by providing sustainable support, social development, education and also a focus on women's empowerment. Our Springboard programme has now completed its tenth wave, while Spring Forward has completed its fifth wave, taking support of digital entrepreneurship to a new level.

Our annual Goodwill Journey, which celebrated its 15th anniversary this year touched many lives across the Sultanate. The Journey focused on fostering women's economic empowerment, education and self-sufficiency, as well as promoting the sustainable development of communities across the country.

Making good on our promise to promote education, we continued to update and enhance our successful Digital Tutorial App.

We have also actively worked on our commitment to contributing to a safe and sustainable environment, running the latest in a string of internal initiatives, which have included beach clean-ups at a number of locations around the Sultanate.

Finally, we were excited to receive the prestigious Sultan Qaboos Award for Voluntary Work. As well as being a reminder of our capacity to do good, it serves as a testament to our place in the heart of the community and the wonderful culture of giving that runs throughout the Company.

Board declaration

The Board of Directors acknowledges that:

- Ooredoo Oman has all its systems and procedures formally documented and in place. The Company's internal regulations comply with the relevant regulatory requirements and have been formalised, reviewed and approved by the Board of Directors.
- The Board of Directors is responsible for ensuring that the financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), the requirements of the Commercial Companies Law of the Sultanate of Oman 18/2019 and the rules for disclosure requirements prescribed by the Capital Market Authority.
- No material events affect the continuation of the Company and its operations during the next financial year.
- The Directors on the Board do not provide press statements or release data or information without the prior written permission of the Board or the Chairman.
- They have reviewed the efficiency and adequacy of the Company's internal control system for purposes of ensuring it complies with internal rules and declarations.
- In order to ensure compliance with the CMA Code of Corporate Governance, a third party evaluator was appointed during the Annual General Meeting held on 5 March 2019 and Protiviti was the firm appointed to conduct a Board evaluation for 2019.
- All Board Members are aware of the Code of Corporate Governance and its requirements.

Independent Auditor's Report



Independent auditor's report to the shareholders of Omani Qatari Telecommunications Company SAOG

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements of Omani Qatari Telecommunications Company SAOG ("the Parent Company") and the consolidated financial statements of the Parent Company and its subsidiary (together, "the Group") present fairly, in all material respects, the respective financial positions of the Parent Company and the Group as at 31 December 2019, and their respective financial performance and their respective cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The financial statements of the Parent Company and the consolidated financial statements of the Group (together "these financial statements") comprise their respective:

- statement of profit or loss for the year ended 31 December 2019;
- statement of comprehensive income for the year then ended;
- statement of financial position as at 31 December 2019;
- statement of changes in equity for the year then ended;
- statement of cash flows for the year then ended; and
- the notes to these financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of these financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of these financial statements in the Sultanate of Oman. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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Chartered Accountants Licence No. L1065369, Management Consultants Licence No. L1065290, Commercial Register No. 1230865

Independent auditor's report to the shareholders of Omani Qatari Telecommunications Company SAOG (continued)

Our audit approach Overview

Key Audit Matter(s)	<ul style="list-style-type: none"> • Revenue recognition and related IT systems – appropriateness of revenue recognition due to complexity of system (“the Parent Company” and “the Group”) • Capitalisation practice and assets’ useful lives for property and equipment (“the Parent Company” and “the Group”) • Implementation of IFRS 16 “Leases” (“the Parent Company” and “the Group”)
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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in these financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on these financial statements as a whole, taking into account the structure of the Parent Company and the Group, the accounting processes and controls, and the industry in which the Parent Company and the Group operate.

Key audit matters

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

Key audit matters	How our audit addressed the Key audit matter
<p>Revenue recognition and related IT systems – appropriateness of revenue recognition due to complexity of system (“the Parent Company” and “the Group”)</p> <p>We focused on this area, as there is an inherent risk around the recognition of revenue in telecommunication service given the revenue is processed by complex IT systems involving large volumes of data with a combination of different products, services and related prices. In addition, the application of the revenue accounting standard is complex and involves a number of key judgements and estimates. This resulted in a significant portion of our audit effort directed towards this area and related IT systems.</p>	<p>Our audit approach included combination of controls and substantive testing as described below:</p> <ul style="list-style-type: none"> • We placed high reliance on the Group’s IT system and key internal controls, a normal practice for the audit of a large telecommunication business and we involved our internal Information Technology specialists to assist us with testing the IT general controls and application controls of IT systems connected with the process of transactions associated with significant revenue streams. • We tested the end-to-end reconciliations from data records extracted from source systems to the billing systems and to the general ledger including testing the key controls related to the revenue assurance process. • We carried out test call samples in order to obtain comfort over the rating and duration by extracting data from support systems. • We tested the key controls over the calculation of the amounts billed to customers including application of relevant rates and the capturing and recording of the revenue transactions to relevant accounts.

Independent Auditor's Report

Continued

Independent auditor's report to the shareholders of *Omani Qatari Telecommunications Company SAOG (continued)*

Key audit matters (continued)

Key audit matters	How our audit addressed the Key audit matter
<p>Revenue recognition and related IT systems – appropriateness of revenue recognition due to complexity of system (“the Parent Company” and “the Group”) (continued)</p> <p>Refer to notes 3, 4c and 5 to these financial statements for accounting policies, critical accounting estimates and judgments and related disclosures.</p>	<ul style="list-style-type: none">• In relation to the timing of revenue recognition and allocation of the transaction price in bundled products and services relating to postpaid revenue streams, we assessed revenue recognition of sample contracts based on their respective contractual terms and conditions.• We performed substantive tests on a sample of customer bills by comparing to agreed tariffs.• We tested the nature and accounting for a sample of discounts relating to prepaid and post-paid revenue.• We examined material non-standard journal entries and other adjustments posted to revenue. <p>We also assessed the adequacy of related disclosures and accounting policies reflected in notes 3, 4c and 5 to these financial statements.</p>
<p>Capitalisation practices and assets' useful lives for property and equipment (“the Parent Company” and “the Group”)</p> <p>The carrying value of property and equipment amounted to RO 265 million, which represents 61% of the Group's total assets as at 31 December 2019.</p> <p>We focused on this area, due to the significance of the property and equipment balance and management's judgments and estimates involved in relation to the carrying value.</p> <p>The assessment of whether property and equipment meet the capitalisation criteria requires judgement including timelines of transfer from capital work in progress to depreciable fixed assets and determining whether an asset meets capitalisation criteria in accordance with the accounting policies. In addition, estimating the useful lives of property and equipment and commencement of its depreciation requires judgment by the management. Further, it involves the Group's collective assessment of the industry practice, internal technical evaluation and experience with the similar assets in concluding the useful economic life of the assets.</p> <p>Refer to notes 3, 4g and 11 to these financial statements for accounting policies, critical accounting estimates and judgments and related disclosures.</p>	<p>Our audit approach included combination of controls and substantive testing as described below:</p> <ul style="list-style-type: none">• We evaluated the design and tested the operating effectiveness of relevant manual and automated controls for the property and equipment capitalisation and depreciation.• We evaluated the reasonableness of depreciation by testing on a sample basis whether depreciation commenced from the date these assets were available for use as intended.• We assessed the nature of significant component costs incurred in selected significant capital projects through testing of amounts recorded and assessing whether the nature of expenditure met the capitalization criteria in accordance with the accounting policies.• We examined the minutes of the asset write off committee to identify any obsolete asset or indicator that network assets could be impaired.• We tested whether the management decision on assets lives are appropriate by considering our knowledge of the business and practice in the wider telecoms industry. <p>We also assessed the adequacy of related disclosures and accounting policies reflected in notes 3, 4g and 11 to these financial statements.</p>

3 Independent auditor's report to the shareholders of Omani Qatari Telecommunications Company SAOG (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the Key audit matter
<p>Implementation of IFRS 16 “Leases” (“the Parent Company” and “the Group”)</p> <p>IFRS 16 replaces the existing standard IAS 17 and specifies how an entity will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.</p> <p>The Group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. A number of judgements have been applied and estimates made in determining the impact of the standard. In order to compute the transition impact of IFRS 16, a significant data extraction exercise was undertaken by management to summarise lease data for all categories of applicable assets such that the respective inputs could be uploaded into management’s model. The incremental borrowing rate (“IBR”) method has been adopted where the implicit rate of interest in a lease is not readily determinable.</p> <p>We considered the implementation of IFRS 16 as a key audit matter because the calculation of the lease liability and right-of-use asset involves new complex rules, new processes for collecting data and significant management judgement related to the interpretation of lease terms, renewal and termination options, short term and low value leases for the individual contracts.</p> <p>Refer to note 2.3 to these financial statements, which discloses the impact of IFRS 16 as at 1 January 2019 and the accounting policies. Also refer to note 4h, 12 and 23 to these financial statements for critical accounting estimates and judgments and related disclosures.</p>	<ul style="list-style-type: none"> • We assessed the design and implementation of key controls pertaining to the determination of the IFRS 16 transition impact disclosures. • We discussed with the management and their external experts, read the internally prepared accounting papers for IFRS 16 and understood the Group’s process in identifying lease contracts, or contracts which contained leases. • We used our accounting experts in assessing the reasonableness of the key assumptions and appropriateness of the overall methodology used in management assessment of IFRS 16. • We used our valuation specialists in assessing the appropriateness of the discount rates applied in determining lease liabilities. • We verified the accuracy and completeness of the underlying lease data by agreeing a representative sample of leases to original contract or other supporting information, and checked the integrity and mathematical accuracy of the IFRS 16 calculations for each lease sampled through recalculation of the IFRS 16 adjustment. • We tested the reconciliation to the Group’s operating lease commitments (disclosed per Note 2.3 to these financial statements), and by investigating sample of each type of contracts to assess whether they contained a lease under IFRS 16. <p>We considered the retrospective application and checked whether this is consistent with the definition and practical expedients of IFRS 16 and assessed the adequacy of related disclosures and accounting policies reflected in notes 2.3, 4h, 12 and 23 to these financial statements.</p>

Independent Auditor's Report

Continued

Independent auditor's report to the shareholders of Omani Qatari Telecommunications Company SAOG (continued)

Other information

The directors are responsible for the other information. The other information comprises, Board of Directors' Report, Corporate Governance Report and Management Review (but does not include these financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report and the Group's Annual Report, which is expected to be made available to us after that date.

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

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

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

When we read the Group's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors.

Responsibilities of the directors for these financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the relevant requirements of the Capital Market Authority of the Sultanate of Oman and the applicable provisions of the Commercial Companies Law of 2019, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, the directors are responsible for assessing the Parent Company and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Parent Company and the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of these financial statements

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

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

- Identify and assess the risks of material misstatement of these financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's and/or the Group's internal control.

Independent auditor's report to the shareholders of Omani Qatari Telecommunications Company SAOG (continued)

Auditor's responsibilities for the audit of these financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's and/or the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company and/or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of these financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.


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

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

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

Report on other legal and regulatory requirements

Further, as required by the relevant requirements of the Capital Market Authority of the Sultanate of Oman and the applicable provisions of the Commercial Companies Law of 2019, we report that these financial statements have been prepared and comply, in all material respects, with those requirements and provisions.


Omar Al Sharif

Muscat, Sultanate of Oman

6 February 2020



Maintaining financial stability

-
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Parent Company and Consolidated Statement of Profit or Loss

For the year ended 31 December 2019

	Notes	Parent Company		Consolidated	
		2019 R0'000	2018 R0'000	2019 R0'000	2018 R0'000
Revenue	5	285,218	283,616	285,513	283,616
Operating expenses	6	(80,930)	(80,056)	(81,087)	(80,056)
General and administrative expenses	7	(56,218)	(59,891)	(56,826)	(60,073)
Depreciation and amortisation	11, 12, 13 & 13A	(71,496)	(63,150)	(71,571)	(63,150)
Royalty	13	(29,219)	(27,737)	(29,219)	(27,737)
Financing costs (including interest expense on lease liabilities) – net	8	(3,200)	(1,278)	(3,203)	(1,285)
Impairment loss on financial assets		(3,122)	(1,679)	(3,122)	(1,679)
Other income – net		292	142	193	142
Profit before tax		41,325	49,967	40,678	49,778
Taxation	9	(6,728)	(7,896)	(6,728)	(7,896)
Profit for the year		34,597	42,071	33,950	41,882
Profit attributable to:					
Equity holders of the Parent Company		34,597	42,071	34,116	41,975
Non-controlling interests		-	-	(166)	(93)
		34,597	42,071	33,950	41,882
Basic and diluted earnings per share (RO)	10	0.053	0.065	0.052	0.064

The notes and other explanatory information on pages 32 to 72 form an integral part of these Parent Company and consolidated financial statements.
The report of the Independent Auditor's is set forth on pages 18 to 23.

Parent Company and Consolidated Statement of Comprehensive Income

For the year ended 31 December 2019

	Notes	Parent Company		Consolidated	
		2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
Profit for the year		34,597	42,071	33,950	41,882
Other comprehensive income					
<i>Items that may be reclassified to profit or loss</i>					
Net unrealised (losses)/gain on cash flow hedges		(28)	3	(28)	3
Income tax effect	9	4	-	4	-
Other comprehensive (loss)/profit for the year	17	(24)	3	(24)	3
Total comprehensive income for the year		34,573	42,074	33,926	41,885
Total comprehensive income attributable to:					
Equity holders of the Parent Company		34,573	42,074	34,092	41,978
Non-controlling interests		-	-	(166)	(93)
		34,573	42,074	33,926	41,885

The notes and other explanatory information on pages 32 to 72 form an integral part of these Parent Company and consolidated financial statements.

The report of the Independent Auditor's is set forth on pages 18 to 23.

Parent Company and Consolidated Statement of Financial Position

As at 31 December 2019

	Notes	Parent Company		Consolidated	
		2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
ASSETS					
Non-current assets					
Property and equipment	11	263,884	272,394	264,819	273,211
Right-of-use assets	12	44,107	-	44,107	-
Licences	13	21,922	20,590	21,922	20,590
Other intangible assets	13A	11,898	13,060	11,898	13,060
Investment in a subsidiary	14	1,405	1,020	-	-
Deferred tax asset	9	4,003	2,630	4,003	2,630
Contract assets, other assets and unbilled receivables – contract assets	15	2,581	415	2,581	415
Total non-current assets		349,800	310,109	349,330	309,906
Current assets					
Inventories		5,102	3,992	5,102	3,992
Trade receivables, prepayments, contract assets and other assets	15	44,760	50,891	44,674	51,042
Fair value of derivatives		-	28	-	28
Cash and cash equivalents	16	42,667	46,858	42,969	47,746
Total current assets		92,529	101,769	92,745	102,808
TOTAL ASSETS		442,329	411,878	442,075	412,714
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	17	65,094	65,094	65,094	65,094
Statutory reserve	19	21,698	21,698	21,698	21,698
Hedging reserve		-	24	-	24
Retained earnings		175,986	170,681	175,196	170,433
Equity attributable to the equity holders of the Parent Company		262,778	257,497	261,988	257,249
Non-controlling interests		-	-	325	515
Total equity and non-controlling interests	14	262,778	257,497	262,313	257,764

The notes and other explanatory information on pages 32 to 72 form an integral part of these Parent Company and consolidated financial statements.

The report of the Independent Auditor's is set forth on pages 18 to 23.

Parent Company and Consolidated Statement of Financial Position Continued

As at 31 December 2019

	Notes	Parent Company		Consolidated	
		2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
Non-current liabilities					
Interest bearing borrowings	21	-	7,034	-	7,034
Lease liabilities	23	37,499	-	37,499	-
Site restoration provision	22	7,015	6,205	7,015	6,205
Employee benefits	24	1,537	2,598	1,537	2,598
Total non-current liabilities		46,051	15,837	46,051	15,837
Current liabilities					
Payables and accruals	25	105,514	106,926	105,725	107,035
Employee benefits	24	1,220	-	1,220	-
Interest bearing borrowings	21	-	5,777	-	6,237
Lease liabilities	23	6,098	-	6,098	-
Contract liabilities	20	12,096	16,993	12,096	16,993
Income tax payable	9	8,572	8,848	8,572	8,848
Total current liabilities		133,500	138,544	133,711	139,113
Total liabilities		179,551	154,381	179,762	154,950
TOTAL EQUITY AND LIABILITIES		442,329	411,878	442,075	412,714

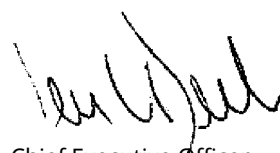
These Parent Company and consolidated financial statements were approved and authorised for issue by the Board of Directors on 5 February 2020 and were signed on its behalf by:



Chairman



Director



Chief Executive Officer

The notes and other explanatory information on pages 32 to 72 form an integral part of these Parent Company and consolidated financial statements. The report of the Independent Auditor's is set forth on pages 18 to 23.

Parent Company and Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Parent Company					Total RO'000
	Share capital RO'000	Statutory reserve RO'000	Hedging reserve RO'000	Retained earnings RO'000		
Balance at 31 December 2017	65,094	21,698	21	152,675		239,488
Adjustment on initial application of IFRS 15	-	-	-	2,695		2,695
Adjustment on initial application of IFRS 9	-	-	-	580		580
Adjusted balance at 1 January 2018	65,094	21,698	21	155,950		242,763
Profit for the year	-	-	-	42,071		42,071
Other comprehensive income for the year	-	-	3	-		3
Total comprehensive income for the year	-	-	3	42,071		42,074
Dividends (note 18)	-	-	-	(27,340)		(27,340)
Balance at 31 December 2018	65,094	21,698	24	170,681		257,497
At 1 January 2019	65,094	21,698	24	170,681		257,497
Profit for the year	-	-	-	34,597		34,597
Other comprehensive income for the year	-	-	(24)	-		(24)
Total comprehensive income for the year	-	-	(24)	34,597		34,573
Dividends (note 18)	-	-	-	(29,292)		(29,292)
Balance at 31 December 2019	65,094	21,698	-	175,986		262,778

	Consolidated						
	Share capital RO'000	Statutory reserve RO'000	Hedging reserve RO'000	Retained earnings RO'000	Sub-total RO'000	Non- controlling interests RO'000	Total RO'000
Balance at 31 December 2017	65,094	21,698	21	152,561	239,374	135	239,509
Adjustment on initial application of IFRS 15	-	-	-	2,695	2,695	-	2,695
Adjustment on initial application of IFRS 9	-	-	-	580	580	-	580
Adjusted balance at 1 January 2018	65,094	21,698	21	155,836	242,649	135	242,784
Profit for the year	-	-	-	41,975	41,975	(93)	41,882
Other comprehensive income for the year	-	-	3	-	3	-	3
Total comprehensive income for the year	-	-	3	41,975	41,978	(93)	41,885
Acquisition of minority interest	-	-	-	(38)	(38)	473	435
Dividends (note 18)	-	-	-	(27,340)	(27,340)	-	(27,340)
Balance at 31 December 2018	65,094	21,698	24	170,433	257,249	515	257,764
At 1 January 2019	65,094	21,698	24	170,433	257,249	515	257,764
Profit for the year	-	-	-	34,116	34,116	(166)	33,950
Other comprehensive income for the year	-	-	(24)	-	(24)	-	(24)
Total comprehensive income for the year	-	-	(24)	34,116	34,092	(166)	33,926
Acquisition of minority interest	-	-	-	(61)	(61)	(24)	(85)
Dividends (note 18)	-	-	-	(29,292)	(29,292)	-	(29,292)
Balance at 31 December 2019	65,094	21,698	-	175,196	261,988	325	262,313

The notes and other explanatory information on pages 32 to 72 form an integral part of these Parent Company and consolidated financial statements.

The report of the Independent Auditor's is set forth on pages 18 to 23.

Parent Company and Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Notes	Parent Company		Consolidated	
		2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
OPERATING ACTIVITIES					
Profit before tax		41,325	49,967	40,678	49,778
Adjustments for:					
Depreciation	11	56,628	54,563	56,703	54,563
Amortisation	12,13,13A	14,868	8,587	14,868	8,587
Impairment loss on financial assets		3,122	-	3,122	-
Movement in provision for bad debts (equity) adjustment		-	580	-	580
Financing costs – lease	8	2,404	-	2,404	-
Employee retention – long term incentive		1,158	1,106	1,158	1,106
Finance costs	8	863	946	866	953
Interest income	8	(627)	(133)	(627)	(133)
Unwinding of discount of site restoration provision	22	560	465	560	465
Employees' end of service benefits	24	428	424	428	424
Gain on sale of property and equipment – net		(99)	-	-	-
Loss on write-off of property and equipment	11	-	991	-	991
Provision reversal on property and equipment	11	-	(952)	-	(952)
Contract assets and other assets		-	235	-	235
Contract liabilities		-	(88)	-	(88)
Operating cash flows before working capital changes		120,630	116,691	120,160	116,509
Working capital changes:					
Inventories		(1,110)	(1,998)	(1,110)	(1,998)
Trade receivables, prepayments, contract assets and other assets		3,242	(6,974)	3,479	(7,106)
Prepayment of lease liabilities		(1,606)	-	(1,606)	-
Contract assets, other assets and unbilled receivables – contract assets		(2,399)	-	(2,399)	-
Payables, accruals and site restoration provision		(1,623)	(442)	(1,521)	(433)
Contract liabilities		(4,897)	-	(4,897)	-
Cash generated from operations		112,237	107,277	112,106	106,972
Income tax paid		(8,373)	(7,149)	(8,373)	(7,149)
Interest paid – lease		(2,455)	-	(2,455)	-
Long term incentive paid		(1,111)	(865)	(1,111)	(865)
Interest paid		(863)	(946)	(866)	(953)
Employees' end of service benefits paid	24	(316)	(298)	(316)	(298)
Net cash generated from operating activities		99,119	98,019	98,985	97,707

The notes and other explanatory information on pages 32 to 72 form an integral part of these Parent Company and consolidated financial statements.

The report of the Independent Auditor's is set forth on pages 18 to 23.

Parent Company and Consolidated Statement of Cash Flows Continued

For the year ended 31 December 2019

	Notes	Parent Company		Consolidated	
		2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
INVESTING ACTIVITIES					
Purchase of property and equipment	11	(54,968)	(43,122)	(55,050)	(43,714)
Purchase of intangibles	13A	(1,018)	(2,295)	(1,018)	(2,295)
Interest income	8	627	133	627	133
Purchase of licence	13	(400)	(444)	(400)	(444)
Investment in a subsidiary	14	(300)	(765)	-	-
Proceeds from sale of property and equipment		210	-	-	-
Net cash used in investing activities		(55,849)	(46,493)	(55,841)	(46,320)
FINANCING ACTIVITIES					
Repayment of interest bearing borrowings		(37,811)	(32,672)	(38,271)	(32,212)
Proceeds from interest bearing borrowings		25,000	22,000	25,000	22,000
Proceeds from share issue of subsidiary		-	-	-	435
Dividends paid	18	(29,292)	(27,340)	(29,292)	(27,340)
Repayment of lease principal		(5,273)	-	(5,273)	-
Acquisition of minority interest	1	(85)	-	(85)	-
Net cash used in financing activities		(47,461)	(38,012)	(47,921)	(37,117)
Net change in cash and cash equivalents		(4,191)	13,514	(4,777)	14,270
Cash and cash equivalents at the beginning of the year		46,858	33,344	47,746	33,476
Cash and cash equivalents at the end of the year	16	42,667	46,858	42,969	47,746

Non-cash investing and financing activities

	Notes	Parent Company		Consolidated	
		2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
Acquisition of right-of-use leased assets	12	50,527	-	50,527	-
Purchase of licence	13	7,200	-	7,200	-
		57,727	-	57,727	-

The notes and other explanatory information on pages 32 to 72 form an integral part of these Parent Company and consolidated financial statements.

The report of the Independent Auditor's is set forth on pages 18 to 23.

Notes to the Parent Company and Consolidated Financial Statements

For the year ended 31 December 2019

1. Legal status and principal activities

Omani Qatari Telecommunications Company SAOG ("the Parent Company" or "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 licence to provide mobile telecommunication services in the Sultanate of Oman for a period of 15 years ending 18 February 2020. Further, the Telecommunications Regulatory Authority (TRA) has approved to renew the Company's mobile licence for another 15 years starting from February 2020. The renewal fees shall be RO 75,000,000, to be paid in two equal instalments of RO 37,500,000 in 2020 and 2021. The renewal of the licence is still subject to an official Royal Decree as at 31 December 2019 (notes 27 and 32).

In accordance with Royal Decree 34/2009, effective 6 June 2009, the Company was also awarded a licence to provide fixed line telecommunication services in the Sultanate of Oman for a period of 25 years. The Company's activities under this licence 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.

During 2015, the Company acquired 51% shareholding in Duqm Data Centre SAOC ("the Subsidiary"). The Subsidiary is registered in the Sultanate of Oman. The Subsidiary's principal activities are data collection, management and operation of data preparation of other agencies on permanent basis. During December 2018, the Company subscribed to additional shares in the Subsidiary for RO 765,000. Because of this, the shareholding of the Company in the Subsidiary was increased to 60%.

On 1 April 2019, the Company acquired additional shares in the Subsidiary from a non-controlling interest shareholder for cash consideration. The difference between the acquisition cost and the carrying value of the minority interest at the date of the acquisition was adjusted in retained earnings. Due to this, the shareholding of the Company in the Subsidiary was increased to 66%.

Further, during December 2019, the Company subscribed to additional shares in the Subsidiary for RO 300,000. Because of this, the shareholding of the Company in the Subsidiary was increased to 71%. The Subsidiary has started its commercial operations during the year.

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

On August 26, 2019, Ooredoo Q.P.S.C. has executed a share transfer, as part of an internal reorganization, of its 55% shareholding in the Company from its fully owned subsidiary MENA Investcom S.P.C. to its fully owned subsidiary Seyoula International Investment W.L.L whose registered address is Ooredoo Building 25th Floor, 100 West Bay Center Diplomatic Area, P.O. Box 217 Doha, Qatar. Both these subsidiaries are ultimately owned by Ooredoo Q.P.S.C.

The Parent Company and its subsidiary together is hereafter referred to as "the Group" and individually as "the Parent Company" or "the Company" and "the Subsidiary", respectively.

2. Basis of preparation

The consolidated financial statements of the Group and the financial statements of the Parent Company (together referred to as "these financial statements") 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 2019 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. These financial statements numbers are rounded to the nearest thousand except when otherwise indicated.

These financial statements are prepared under the historical cost convention modified to include the measurement at fair value of certain financial instruments and the cash-settled share-based payment arrangements which are measured at fair value. 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.

The preparation of these financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these financial statements are disclosed in note 4.

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

2. Basis of preparation (continued)

2.1. New and amended standards adopted by the Group

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2019, have been adopted in these financial statements.

Title	Key requirements	Effective date
IFRS 16 <i>Leases</i>	<p>IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.</p> <p>The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.</p> <p>Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.</p> <p>The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Refer to note 2.3 for more details on the adoption of this new standard.</p>	1 January 2019 Early adoption is permitted only if IFRS 15 is adopted at the same time.
Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	<p>The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:</p> <ul style="list-style-type: none"> • how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty; • that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored; • that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment; • that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and • that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements. <p>While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements.</p>	1 January 2019
Prepayment Features with Negative Compensation – Amendments to IFRS 9	<p>The narrow-scope amendments made to IFRS 9 Financial Instruments in October 2017 enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss.</p> <p>To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.</p>	1 January 2019
Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28	<p>The amendments clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 Financial Instruments before applying the loss allocation and impairment requirements in IAS 28 Investments in Associates and Joint Ventures.</p>	1 January 2019

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

2. Basis of preparation (continued)

2.1. New and amended standards adopted by the Group (continued)

Title	Key requirements	Effective date
Annual Improvements to IFRS Standards 2015-2017 Cycle	<p>The following improvements were finalised in December 2017:</p> <ul style="list-style-type: none"> • IFRS 3 Business Combinations – clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages; • IFRS 11 Joint Arrangements – clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation; • IAS 12 Disclosure of Interests in Other Entities – clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised; and • IAS 23 Borrowing Costs – clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings. 	1 January 2019
Plan Amendment, Curtailment or Settlement – Amendments to IAS 19	<p>The amendments to IAS 19 Employee Benefits clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must :</p> <ul style="list-style-type: none"> • calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change; • recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and • separately recognise any changes in the asset ceiling through other comprehensive income. 	1 January 2019

The Group had to change its accounting policies as a result of adopting IFRS 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. This is disclosed in note 2.3. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.2. New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. These new standards and interpretations are set out below.

Title	Key requirements	Effective date
IFRS 17 <i>Insurance Contracts</i>	<p>IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of:</p> <ul style="list-style-type: none"> • discounted probability-weighted cash flows; • an explicit risk adjustment, and • a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period. <p>The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.</p> <p>An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.</p> <p>There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.</p> <p>The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.</p>	1 January 2021 (likely to be extended to 1 January 2022)

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

2. Basis of preparation (continued)

2.2. New standards and interpretations not yet adopted (continued)

Title	Key requirements	Effective date
Definition of Material – Amendments to IAS 1 and IAS 8	<p>The IASB has made amendments to IAS 1 <i>Presentation of Financial Statements</i> and IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> which use a consistent definition of materiality throughout International Financial Reporting Standards and the <i>Conceptual Framework for Financial Reporting</i>, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.</p> <p>In particular, the amendments clarify:</p> <ul style="list-style-type: none"> • that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and • the meaning of ‘primary users of general purpose financial statements’ to whom those financial statements are directed, by defining them as ‘existing and potential investors, lenders and other creditors’ that must rely on general purpose financial statements for much of the financial information they need. 	1 January 2020
Definition of a Business – Amendments to IFRS 3	<p>The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term ‘outputs’ is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.</p> <p>The amendments will likely result in more acquisitions being accounted for as asset acquisitions.</p>	1 January 2020
Revised Conceptual Framework for Financial Reporting	<p>The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:</p> <ul style="list-style-type: none"> • increasing the prominence of stewardship in the objective of financial reporting; • reinstating prudence as a component of neutrality; • defining a reporting entity, which may be a legal entity, or a portion of an entity; • revising the definitions of an asset and a liability; • removing the probability threshold for recognition and adding guidance on derecognition; • adding guidance on different measurement basis, and • stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. <p>No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.</p>	1 January 2020
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	<p>The IASB has made limited scope amendments to IFRS 10 <i>Consolidated financial statements</i> and IAS 28 <i>Investments in associates and joint ventures</i>.</p> <p>The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a ‘business’ (as defined in IFRS 3 <i>Business Combinations</i>).</p> <p>Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor’s interests in the associate or joint venture. The amendments apply prospectively.</p> <p>In December 2015 the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.</p>	Not Applicable

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

2. Basis of preparation (continued)

2.3. Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 Leases in these financial statements and discloses the new accounting policies that have been applied from 1 January 2019.

The Group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening Parent Company and consolidated statement of financial position on 1 January 2019 and there is no impact on retained earnings on 1 January 2019.

i. Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group has used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Accounted for each lease component and any associated non-lease components as a single lease component;
- Excluded initial direct costs from measurement of right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

ii. Leases classified as finance leases under IAS 17

There are no leases that were previously classified as finance leases under IAS 17.

Impact on financial statements

On transition to IFRS 16, the Group recognised RO 47 million of right-of-use assets and RO 46 million of lease liabilities.

When measuring the lease liabilities, the Group discounted lease payments using the incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 5.62%.

	RO'000
Operating lease commitment at 31 December 2018 as disclosed in the Company's consolidated financial statements	3,271
Contracts/agreements that do not meet the definition of leases under IFRS 16, however categorised as leases under IAS 17	(1,547)
Finance lease liabilities recognised as at 31 December 2018	-
- Recognition exemption for:	-
- Short term leases	-
- Leases of low-value assets	-
- Extension and termination options reasonably certain to be executed	2,990
- Variable lease payments based on an index or rate	-
- Residual value guarantees	-
- Discounted using the incremental borrowing rate at 1 January 2019	(678)
- Contracts excluded from operating lease commitment disclosure under IAS 17	41,725
Lease liabilities recognised at 1 January 2019	45,761
Of which are:	
- Current lease liabilities	40,198
- Non-current lease liabilities	5,563

On transition to IFRS 16, the standard provides practical expedient to not reassess the contracts that were previously identified as leases applying IFRIC 4 and IAS 17.

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

2. Basis of preparation (continued)

2.3. Changes in accounting policies (continued)

The change in accounting policy affected the following items in the statement of financial position of these financial statements on 1 January 2019:

	Increase (decrease) RO'000
Right-of-use assets	47,367
Prepayments	(1,606)
Lease liabilities	45,761

Identification of a lease

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

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- the Group has the right to direct the use of the asset. The Group has the decision-making rights that are most relevant to changing how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts which are or contain lease, on or after 1 January 2019.

A. As a lessee

Under IFRS 16, the Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated/amortised using the straight-line method from the commencement date to the earliest useful life of the right-of-use asset or at the end of the lease term. The estimated useful lives of the right-of-use assets is determined as the initial non-cancellable lease term adjusted by any extension or termination options available under the contract. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of lease liability. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

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

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

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

The lease liability is remeasured when there is a change in any of the following:

- The lease terms
- The assessment of whether the Group is reasonably certain to exercise an option to purchase the underlying asset
- The amounts expected to be payable under residual value guarantees
- Future lease payments resulting from a change in an index or rate
- In-substance fixed lease payments

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

2. Basis of preparation (continued)

2.3. Changes in accounting policies (continued)

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

The Group presents lease liabilities and right-of-use assets that do not meet the definition of investment property as separate line items in the statement of financial position classifying short and long term liabilities separately. Similarly, the depreciation/amortisation arising from the right-of-use asset has been recognised under 'Depreciation and amortisation' and interest on lease liabilities under 'Financing cost' in the statement of profit or loss.

Short-term leases and leases of low-value assets

At the time of initial recognition, the Group shall elect to not recognise right-of-use assets and liabilities for leases where,

- the total lease term is less than or equal to 12 months i.e. short-term leases;
- value of the underlying asset is considered as a low value lease i.e. it the value of the asset when new is less than USD 5,000.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (space for billboards, self-service machines and generators for networking sites) that have a lease term of 12 months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

B. As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

Policy applicable before 1 January 2019

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized 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/amortised 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.

Changes in judgment, estimate and risk management

The critical judgements and estimates used in the preparation of these financial statements are consistent with those used in the preparation of the Group's financial statements for the year ended 31 December 2018, except for the changes highlighted below:

- a. Extension and termination options are included in several leases across various classes of right-of-use assets across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. In cases where lease contracts have indefinite term or are subject to auto renewal, lease term is determined considering the business case and reasonably certain renewal of lease. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

2. Basis of preparation (continued)

2.3. Changes in accounting policies (continued)

Changes in judgment, estimate and risk management (continued)

b. The present value of the lease payments is determined using the discount rate representing the incremental borrowing rate that a lessee would have to pay to borrow over a similar term, and with a similar security, the fund necessary to obtain an asset of a similar value to the right-to-use asset in a similar economic environment. The Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases and makes necessary adjustments, if required, specific to the lease, eg term, country, currency. Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

c. The Group accounts and identifies assets as a portfolio based on its similar characteristics and has applied the requirements of IFRS 16 on estimates and assumptions that reflect the size and composition of that portfolio.

d. The Group records full provision for any future costs of decommissioning for its right of use assets. The estimate for future costs is based on current economic environment, which management believes is a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes on the underlying assumptions.

e. The Group is not significantly exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect, as the Group has not entered into such arrangements.

3. Significant accounting policies

The significant accounting policies are as follows which are applied consistently throughout the year and are consistent with those applied in prior years:

Basis of consolidation

i. Business combinations

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

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

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

ii. Subsidiaries

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

iii. Non-controlling interests

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iv. Transactions eliminated on consolidation

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

Revenue, contract assets and contract liabilities

Revenue include all revenues from the ordinary business activities of the Group which mainly include sale of equipment and rendering of services. All ancillary income in connection with the rendering of services and delivery of goods in the course of the Group's ordinary activities is also presented as revenue.

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

3. Significant accounting policies (continued)

Revenue, contract assets and contract liabilities (continued)

Collectability

One of the attributes of a contract so that it can be accounted for under IFRS 15 is that it should be 'probable' that the reporting entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. The meaning of the term 'probable' is consistent with the existing definition in IFRS, i.e. 'more likely than not'. The Group has concluded that a major portion of its contracts are collectable and will therefore be accounted for under IFRS 15.

Contract enforceability

An entity will have to first determine the term of the contract to apply certain aspects of the revenue model (e.g., identifying performance obligations, determining the transaction price). The contract term to be evaluated is the period in which parties to the contract have present enforceable rights and obligations. The period in which enforceable rights and obligations exist may be affected by termination provisions in the contract.

The Group has concluded that the agreed contract duration in its respective contracts will be considered as the contract term in applying the IFRS 15 model as the termination provisions in its respective contracts are substantive.

Contract costs

Under IFRS 15, commissions and installation costs meet the definition of an incremental cost to acquire a contract or a cost to fulfil a contract (contract cost). The Group has capitalised these qualifying expenses as other assets and amortises them on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates subject to any impairment.

Allocation of Transaction price based on Standalone Selling Price (SSP)

IFRS 15 requires the Group to determine the stand-alone selling price (SSP) of the POs and allocate the transaction price in proportion to those SSP. Transaction price allocated to each PO impacts the amount of revenue recognised by the Group at various periods (i.e. at inception date, during the contract life, at termination date or at modification date) since revenues from POs are either recognised upfront, over the contract period or deferred until occurrence of certain future events. The Group will use observable price and various estimation methods (adjusted market price and cost-plus margin) across its identified POs such as mobile devices.

Contract asset

When either party to a contract has performed, the Group shall present the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset must be recognised if the Group recorded revenue for fulfilment of a contractual performance obligation before the customer paid consideration or before – irrespective of when payment is due – the requirements for billing and thus the recognition of a receivable exist.

Multiple-element arrangements

The Group offers a various multiple element arrangement which involves the delivery or provision of multiple products or services must be separated into distinct performance obligations, each with its own separate revenue contribution that is recognized as revenue on fulfilment of the obligation to the customer. At Parent Company, this especially concerns the sale of a mobile handset or other telecommunications equipment combined with the conclusion of a mobile or fixed-network telecommunications contract. The total transaction price of the bundled contract is allocated among the individual performance obligations based on their relative standalone selling prices, i.e., based on a ratio of the standalone selling price of each separate element to the aggregated standalone selling prices of the contractual performance obligations. As a result, the revenue to be recognized for products (often delivered in advance) such as unlocked mobile handsets that are sold at a subsidized price in combination with a long-term service contract is higher than the amount billed or collected. This leads to the recognition of what is known as a contract asset – a receivable arising from the customer contract that has not yet legally come into existence – in the statement of financial position. The contract asset is reversed and reduced over the remaining minimum contract period, lowering revenue from the other performance obligations (in this case: mobile service revenues) compared with the amounts billed. In contrast to the amounts billed, this results in higher revenue from the sale of goods and merchandise and lower revenue from the provision of services. In addition, the Group also offers the following:

- Mobile and fixed contracts with customers where sale of services is the only expected performance obligation – IFRS 15 does not have an impact on the Group's profit or loss as the timing of revenue recognition will not change under the new Standard.
- Services bundled with sale of equipment that are locked to the Group's network – IFRS 15 does not have an impact on the Group's profit or loss as the bundled equipment are not considered distinct or separate performance obligations ("PO") in the contract with the customer. Hence, the related transaction price, if any, is allocated to the remaining services.

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

3. Significant accounting policies (continued)

Revenue, contract assets and contract liabilities (continued)

Contract liability

A contract liability must be recognised when the customer paid consideration or a receivable from the customer is due before the Group fulfilled a contractual performance obligation and thus recognized revenue. In a customer contract, contract liabilities must be set off against contract assets.

Sale of prepaid cards

Sale of prepaid cards is recognised as revenue based on the actual utilisation of the prepaid cards sold. Sales relating to unutilised prepaid cards are accounted as contract liability. Contract liability related to unused prepaid cards is recognised as revenue when utilised by the customer or upon termination of the customer relationship or upon expiration of the prepaid cards.

Service roll-over rights

Where customers are entitled to roll-over the service entitlements (in bundle voice or data allowances) to future periods, the Group defers revenue for such unused or rolled over services. In determining whether roll-overs are material, the Group considers the proportion of rolled-over services that are ultimately utilised by customers. Where roll-over allowances are considered to be material, the Group recognises the revenue based on usage, along with necessary adjustments for breakages.

Customer Loyalty Programme

The Group has a customer loyalty programme whereby customers are awarded credits ("points") based on the usage of products and services, entitling customers to the right to redeem the accumulated points via specified means. The fair value of the consideration received or receivable in respect of the initial sale is allocated between the points and the other components of sale. The amount allocated to the points is estimated by reference to the fair value of the right to redeem it at a discount for the products of the Group or for products or services provided by third parties. The fair value of the right to redeem is estimated based on the amount of discount, adjusted to take into account the expected redemption rate. This fair value needs to be reviewed annually and whenever there is a significant change affecting the fair value.

The amount allocated to the points is deferred and included in contract liability. Revenue is recognised when these points are redeemed, relative to the total number of points expected to be redeemed, and the company has fulfilled its obligations to the customer. Contract liability from loyalty credits is also released to revenue when it is no longer considered probable that the points will be redeemed or on when expired.

Satisfaction of performance obligations

Revenue is recognised as the Group satisfies performance obligations by transferring the promised goods or services to customers.

Performance obligations are satisfied:

- Over time (in the case for services); or
- At a point in time (in the case for devices).

Performance obligations are satisfied over time if any of the following criteria are met:

- the customer simultaneously receives and consumes the benefits as the Group performs;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Telecom services (voice, SMS, data etc.) including add-ons and marketing promotions (e.g. WhatsApp subscription and free data allowance on mobile and broadband plans) are the performance obligations that the customer simultaneously receives and consumes as the Group performs. These are considered performance obligation satisfied over time.

- Where customers receive fixed monthly allowances for a fixed monthly rental and the allowances expire in the same month, then the revenue will be recognised on a pro-rata basis over the period during which services are delivered.
- If the allowances can be rolled-over for more than a month, then the revenue will be recognised based on usage and estimation of breakages, if any (service roll-over rights).
- Where customers are charged at the specified rates based on usage, the revenue will be recognised as services are delivered and consumed.

Revenue from telecom services is recognised through the use of input method wherein recognition is over time based on the customer subscription period since the customer simultaneously receives and consumes the benefits as the seller renders the services.

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

3. Significant accounting policies (continued)

Revenue, contract assets and contract liabilities (continued)

Satisfaction of performance obligations (continued)

Performance obligations that are satisfied at a point in time are satisfied when a customer obtains control of a promised asset. In determining whether a transfer of control has occurred some judgment is required. Indicators of the transfer of control, not all of which need to be met, include (but are not limited to):

- The Group has a present right to payment for the asset.
- The customer has legal title to the assets.
- The Group has transferred physical possession of the assets.
- The customer has the significant risks and rewards of ownership of the asset.
- The customer has accepted the asset.

For devices/equipment that are considered distinct or separate performance obligations ("PO"), revenue will be recognised at point in time upon delivery.

For installation services that are not considered distinct or separate performance obligations ("PO"), since there is a high level of interdependency between installation and the underlying services, any charges received from the customer for installation will be attributed to the services PO and recognised as these services are provided to the customer.

For installation services that are considered distinct or separate performance obligations ("PO"), once the installation service is completed and acknowledged by the customer, the Group has completed its performance obligation and revenue will be recognised upon completion of instalment.

Discounts and promotions

The Group provides various discounts and promotions to its customers, which may be agreed at inception or provided during the contract term.

Value-added services

The Group has offerings where it provides customers with additional content, such as music and video streaming and SMS services, as Value-added services (VAS). On this type of services, the Group has concluded that they are acting as principal and revenue will be recognised at a gross basis.

Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

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 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.

Deferred 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.

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

3. Significant accounting policies (continued)

Taxation (continued)

Deferred tax (continued)

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 other comprehensive income 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 of 2019, and other latest relevant directives issued by the 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 it relates.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group'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 and equipment

Property 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 and equipment. Capital work-in-progress is not depreciated. The estimated useful lives are as follows:

Mobile/fixed exchange and network equipment	4 – 20 years
Subscriber apparatus and other equipment	2 – 15 years
Building	3 – 10 years

The carrying values of property 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 and equipment that is accounted for separately is capitalised and the carrying amount of the component that it replaces is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in profit or loss as the expense is incurred. When each major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied.

An item of property 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.

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

3. Significant accounting policies (continued)

Intangible assets (continued)

Intangible assets with finite lives are amortised over their estimated 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 Group's intangible assets are as follows:

	Mobile licence costs	Fixed line licence costs	Software	Cable capacity
Useful lives	Finite (15 years)	Finite (25 years)	Finite (3-5 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.	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	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.

Employees' benefits

End of service benefits are accrued in accordance with the terms of employment of the Group employees at the reporting date, having regard to the requirements of the Oman Labour Law 2003 as amended and in compliance with IAS-19: 'Employee Benefits'. Employee entitlements to annual leave and leave salary are recognised when they accrue to employees and an accrual is made for the estimated liability as a result of services rendered by employees up to the reporting date. These accruals are disclosed in current liabilities, while that relating to end of service benefits is disclosed as a non-current liability.

Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurance Law of 1991 are recognised as an expense in the statement of comprehensive income as incurred.

Cash settled share-based payment transactions

The Group provides long term incentives in the form of shadow shares ("the benefit") to its employees. The entitlement to these benefits is based on individual performance and overall performance of the Group, subject to fulfilling certain conditions ("vesting conditions") under documented plan and is payable every year all throughout the vesting period ("the exercise date"). The benefit is linked to the share price of the Company, and the Group proportionately recognise the liability against these benefits over the vesting period through the statement of profit or loss, until the employees become unconditionally entitled to the benefit.

The fair value of the liability is reassessed on each reporting date and any changes in the fair value of the benefit are recognised through the statement of profit or loss.

Once the benefit is settled in cash at the exercise date, the liability is derecognised. The amount of cash settlement is determined based on the share price of the Group at the exercise date. On breach of the vesting conditions, the liability is derecognised through the statement of profit or loss.

Provisions

General

A provision is recognised in the statement of financial position when the Group 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.

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

3. Significant accounting policies (continued)

Provisions (continued)

Site restoration provision

The provision for site restoration costs arose on construction of the networking sites. A corresponding asset is recognised in property 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.

Royalty

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

Financial assets

Classification

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

- For assets measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.
- For investments in debt instruments, this depends on the business model in which the investment is held.
- For investments in equity instruments, this depends on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at fair value through profit and loss (FVTPL)	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at fair value through other comprehensive income (FVOCI)	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments	The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss.

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

3. Significant accounting policies (continued)

Financial assets (continued)

Impairment

In applying IFRS 9 impairment requirements, an entity needs to follow one of the approaches below:

- The General approach – Under the general approach, at each reporting date, an entity recognises a loss allowance on either 12-month or life-time expected credit losses (ECL), depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognised in profit or loss as an impairment gain or loss.
- The Simplified approach – Under the simplified approach, an entity is not required to track changes in credit risk and requires recognition of lifetime ECL's at all times. IFRS 9 requires to use this approach in its ECL provisioning for trade receivables, unbilled receivables, unbilled receivables – contract assets and contract assets that do not have a significant financing component.

For trade receivables (post-paid receivables, amount due from distributors, receivables from other telecommunication operators and due from related parties), unbilled receivables, unbilled receivables – contract assets and contract assets, the Group applies the simplified approach to providing for ECLs as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all receivables. Impairment assessment is done using a provision matrix and the ECL provision is based on the Group's historical information adjusted for future expectations using macro-economic indicators and point-in-time adjustments for probability of default (PD).

For cash in bank and call deposits, the Group applies the General approach as explained above. The Group monitors and track the credit quality of banks, where these balances are placed, for credit risk management purposes only. In view of this there has been no ECL provision recognised on these financial assets.

The Group employs statistical models to analyse the data collected and generate estimates of PD of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors. The Group has identified GDP to be the most relevant factor and accordingly, adjusted the historical loss rates based on expected changes in the factor.

The measurement of the expected credit loss allowance for financial assets is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate model assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios and the associated ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Derivative financial instruments

The Group 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 Group 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 Group assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect the profit or loss.

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

3. Significant accounting policies (continued)

Derivative financial instruments (continued)

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 recognised in profit or loss.

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

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 Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- Either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group 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. The recognition of a new liability, and the difference in the respective carrying amounts, is recognised in profit or loss.

Segment reporting

Segment results that are reported to the Group's Chief Operating Decision Maker ("CODM"), which is the Board of Directors, include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Financial information on operating segments is presented in Note 30 to the consolidated financial statements

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below except for leases which are disclosed in note 2.3.

a. 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 9.

b. Impairment of trade receivables, unbilled receivables, unbilled receivables – contract assets and contract assets

An estimate of the collectible amount of trade receivables, unbilled receivables, unbilled receivables – contract assets and contract assets 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 receivables, unbilled receivables, unbilled receivables – contract assets and contract assets were RO 40,748,000 (2018: RO 40,320,000) and the total provision for doubtful debts is RO 6,672,000 (2018: RO 6,231,000). 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 15.

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

4. Critical accounting estimates and judgements (continued)

c. Revenue from contracts with customers

Products with multiple deliverables that have value to customers on a stand-alone basis are defined as multiple element arrangements. The transaction price for these contracts must be allocated to the performance obligations on a relative stand-alone selling price basis.

Management estimates the stand-alone selling price at contract inception based on observable prices of the type of goods to be provided and the services rendered in similar circumstances to similar customers. If a discount is granted, it is allocated to both performance obligations based on their relative stand-alone selling prices. Where the stand-alone selling price are not directly observable, they are estimated based on expected cost plus margin.

When the Group has control of goods or services when they are delivered to a customer, then the Group is the principal in the sale to the customer; otherwise the Group is acting as an agent. Whether the Group is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Group and its business partners; such judgements impact the amount of reported revenue and operating expenses.

The Group retains its principal or agent status in most of its products and services based on the following indicators:

- Which entity is primarily responsible for fulfilling promise to provide specified good or service;
- Which entity has inventory risk before the specified good or service; and
- Which entity has discretion in establishing the price for the specified good or service.

d. Provision for site restoration

The Group has recognised a provision for site restoration associated with the sites it leases. 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 2019 is RO 7,014,824 (2018: RO 6,204,977). The related details are set out in note 22.

In order to reflect the current market conditions affecting site restoration costs, a review of the estimates was carried out during 2019 by the management, and included inflation rate, interest rate, number of sites and costs per site, and as a result an increase in provision was made.

e. 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 the inventory before allowance was RO 5,919,082 (2018: RO 4,494,255) and the allowance for obsolete inventory amounted to RO 817,322 (2018: RO 501,988). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the profit or loss.

f. 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.

g. Depreciation/amortisation and useful lives

Depreciation and amortisation is charged so as to write off the cost of assets over their estimated useful lives. The Group's management determines the estimated useful lives of its property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. A reduction in the estimated useful lives of property and equipment would increase depreciation expense and decrease noncurrent assets.

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

4. Critical accounting estimates and judgements (continued)

h. Extension options for leases under IFRS 16

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group considers factors including historical lease durations, regulatory requirements and the costs and business disruption required to replace the leased asset including the penalties that would be incurred as part of exercising such options wherever applicable. It reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

i. Going concern

The management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group 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 Group's ability to continue as a going concern. Therefore, these financial statements continue to be prepared on the going concern basis.

5. Revenue

	Parent Company		Consolidated	
	2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
Revenue from rendering of telecommunication services	278,060	283,315	278,346	283,315
Sale of telecommunication equipment	11,069	5,443	11,069	5,443
Rental income from site sharing	1,598	2,196	1,607	2,196
	290,727	290,954	291,022	290,954
Less: distributor discounts	(5,509)	(7,338)	(5,509)	(7,338)
	285,218	283,616	285,513	283,616

	Parent Company		Consolidated	
	2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
At a point in time	11,069	5,443	11,069	5,443
Over time	274,149	278,173	274,444	278,173
	285,218	283,616	285,513	283,616

6. Operating expenses

	Parent Company		Consolidated	
	2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
Cost of equipment sold and other services	25,165	15,304	25,322	15,304
Repairs and maintenance	25,016	24,706	25,016	24,706
Interconnection charges	16,173	21,020	16,173	21,020
Lease lines and frequency fee	9,419	9,178	9,419	9,178
Rental and utilities	4,842	9,951	4,842	9,951
Allowance for inventory obsolescence – net	315	(103)	315	(103)
	80,930	80,056	81,087	80,056

Operating expenses disclosed in this note excludes the attributable portion of "depreciation and amortisation", which is disclosed as a separate line item in the statement of profit or loss. Furthermore, this note also excludes the attributable portion of "employees' salaries and associated costs", which is disclosed in note 7 under "general and administrative expenses".

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

7. General and administrative expenses

	Parent Company		Consolidated	
	2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
Employees' salaries and associated costs	33,460	34,755	33,861	34,871
Service fees (note 26)	8,557	8,508	8,557	8,508
Brand licence fees (note 26)	4,262	4,238	4,262	4,238
Sales and marketing expenses	3,794	4,429	3,862	4,429
Commission on sales	2,031	1,798	2,031	1,798
Legal and professional charges	1,046	1,210	1,055	1,220
Rental and utilities	589	2,227	642	2,255
Others	2,479	2,726	2,556	2,754
	56,218	59,891	56,826	60,073

8. Financing costs - net

	Parent Company		Consolidated	
	2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
Interest on leases	2,404	-	2,404	-
Interest on bank borrowings	863	946	866	953
Interest income on deposits	(627)	(133)	(627)	(133)
Site restoration - unwinding of discount (note 22)	560	465	560	465
	3,200	1,278	3,203	1,285

9. Taxation

	Parent Company		Consolidated	
	2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
Statement of profit or loss				
Current tax				
- Current year	8,097	8,363	8,097	8,363
- Deferred tax	(1,369)	(467)	(1,369)	(467)
	6,728	7,896	6,728	7,896
Current liability				
Current year	8,097	8,363	8,097	8,363
Prior year	475	485	475	485
	8,572	8,848	8,572	8,848
Deferred tax asset				
Beginning of the year	2,630	2,163	2,630	2,163
Movement for the year through profit or loss	1,369	467	1,369	467
Movement for the year through statement of other comprehensive income	4	-	4	-
At the end of the year	4,003	2,630	4,003	2,630

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

9. Taxation (continued)

The deferred tax asset comprises of the following types of temporary differences:

	Parent Company		Consolidated	
	2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
Property and equipment, licences and other intangible assets	2,221	1,021	2,221	1,021
Provisions	1,782	1,609	1,782	1,609
	4,003	2,630	4,003	2,630

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

	Parent Company		Consolidated	
	2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
Profit before tax	41,325	49,967	40,678	49,778
Tax at applicable rate	6,199	7,495	6,102	7,467
Non-deductible expenses and other permanent differences	1,898	868	1,898	868
Deferred tax relating to origination and reversal of temporary differences	(1,369)	(467)	(1,369)	(467)
Others	-	-	97	28
Tax expense for the year	6,728	7,896	6,728	7,896

The tax rate applicable to the Group is 15% (2018: 15%). Deferred tax asset/liability is recorded at 15% (2018: 15%). For the purpose of determining the taxable results for the year, the accounting profit of the Group 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.

Assessments for tax years 2017 and 2018 are yet to be completed. Management is of the opinion that additional taxes, if any, that may be assessed on completion of the assessments for the open tax years would not be significant to the Group's statement of financial position at 31 December 2019.

10. Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit for the year attributable to ordinary equity holder of the Parent Company by the weighted average number of shares outstanding during the year as follows:

	Parent Company		Consolidated	
	2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
Profit for the year (RO'000) attributable to equity holders of the Parent Company	34,597	42,071	34,116	41,975
Weighted average number of shares outstanding for the year (number in thousand)	650,944	650,944	650,944	650,944
Basic and diluted earnings per share (RO)	0.053	0.065	0.052	0.064

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

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

11. Property and equipment

	Parent Company				
	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
<i>Cost</i>					
At 1 January 2019	584,770	71,236	10,720	12,909	679,635
Transfers	32,659	5,978	106	(38,743)	-
Reclassification	7,043	(6,170)	(873)	-	-
Addition	-	-	-	48,229	48,229
Disposal	-	(210)	-	-	(210)
Write off	(37,616)	-	-	-	(37,616)
At 31 December 2019	586,856	70,834	9,953	22,395	690,038
<i>Accumulated depreciation</i>					
At 1 January 2019	347,238	53,591	6,412	-	407,241
Reclassification	4,050	(3,583)	(467)	-	-
Charge for the year	46,014	9,556	1,058	-	56,628
Disposal	-	(99)	-	-	(99)
Write off	(37,616)	-	-	-	(37,616)
At 31 December 2019	359,686	59,465	7,003	-	426,154
<i>Net book value</i>					
At 31 December 2019	227,170	11,369	2,950	22,395	263,884
<i>Cost</i>					
At 1 January 2018	564,909	58,321	10,074	6,354	639,658
Additions	-	-	-	48,293	48,293
Transfers	26,692	14,400	646	(41,738)	-
Provision reversal	952	-	-	-	952
Write off	(7,783)	(1,485)	-	-	(9,268)
At 31 December 2018	584,770	71,236	10,720	12,909	679,635
<i>Accumulated depreciation</i>					
At 1 January 2018	309,809	45,847	5,299	-	360,955
Charge for the year	45,180	8,270	1,113	-	54,563
Write off	(7,751)	(526)	-	-	(8,277)
At 31 December 2018	347,238	53,591	6,412	-	407,241
<i>Net book value</i>					
At 31 December 2018	237,532	17,645	4,308	12,909	272,394

Capital work in progress includes advances given to suppliers towards purchase of property and equipment amounting to RO 1,786,624 (2018: RO 270,303).

For the purposes of statement of cash flows additions to purchase of property and equipment has been adjusted by RO 6,989,000 (2018: RO 4,827,000) for the net movement in trade accounts payable and accrued expenses towards capital expenditure.

Total additions for the year ended 31 December 2019 includes provisioning for site restoration of RO 250,000 (2018: RO 344,000) (note 22).

During the year, management of the Group undertook a review of the individual asset wise categorisation of its property and equipment to reflect changes in technology and information technology architecture. As a result of the review, certain assets were reclassified into different property and equipment categories. Accordingly, the related costs and accumulated depreciation were also reclassified.

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

11. Property and equipment (continued)

	Consolidated				
	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
<i>Cost</i>					
At 1 January 2019	584,770	71,240	10,720	13,722	680,452
Transfers	32,659	6,516	106	(39,281)	-
Reclassification	7,043	(6,170)	(873)	-	-
Additions	-	-	-	48,311	48,311
Write off	(37,616)	-	-	-	(37,616)
At 31 December 2019	586,856	71,586	9,953	22,752	691,147
<i>Accumulated depreciation</i>					
At 1 January 2019	347,238	53,591	6,412	-	407,241
Reclassification	4,050	(3,583)	(467)	-	-
Charge for the year	46,014	9,631	1,058	-	56,703
Write off	(37,616)	-	-	-	(37,616)
At 31 December 2019	359,686	59,639	7,003	-	426,328
<i>Net book value</i>					
At 31 December 2019	227,170	11,947	2,950	22,752	264,819
<i>Cost</i>					
At 1 January 2018	564,909	58,321	10,074	6,579	639,883
Additions	-	-	-	48,885	48,885
Transfers	26,692	14,404	646	(41,742)	-
Provision reversal	952	-	-	-	952
Write off	(7,783)	(1,485)	-	-	(9,268)
At 31 December 2018	584,770	71,240	10,720	13,722	680,452
<i>Accumulated depreciation</i>					
At 1 January 2018	309,809	45,847	5,299	-	360,955
Charge for the year	45,180	8,270	1,113	-	54,563
Write off	(7,751)	(526)	-	-	(8,277)
At 31 December 2018	347,238	53,591	6,412	-	407,241
<i>Net book value</i>					
At 31 December 2018	237,532	17,649	4,308	13,722	273,211

Capital work in progress includes advances given to suppliers towards purchase of property and equipment amounting to RO 1,786,624 (2018: RO 270,303).

For the purposes of statement of cash flows additions to purchase of property and equipment has been adjusted by RO 6,989,000 (2018: RO 4,827,000) for the net movement in trade accounts payable and accrued expenses towards capital expenditure.

Total additions for the year ended 31 December 2019 includes provisioning for site restoration of RO 250,000 (2018: RO 344,000) (note 22).

During the year, management of the Group undertook a review of the individual asset wise categorisation of its property and equipment to reflect changes in technology and information technology architecture. As a result of the review, certain assets were reclassified into different property and equipment categories. Accordingly, the related costs and accumulated depreciation were also reclassified.

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

12. Right-of-use assets

Parent Company and Consolidated

The Group entered into many lease arrangements with various counter parties which include arrangements for:

- Mobile network sites: To install and operate mobile telecommunication equipment's at green fields rooftop, land etc.
- Transmission and co-located sites: Network and service planning such as hosting, cross-connection, IPLC, Co-location and backhaul facility etc.
- Retail outlets
- Vehicles
- Buildings and warehouses

	Parent Company and Consolidated					Total RO '000
	Mobile network sites RO '000	Transmission and Co-located sites RO '000	Retail outlets RO '000	Vehicles RO '000	Buildings and warehouses RO '000	
Balance as at 1 January 2019	37,976	1,571	2,660	377	4,783	47,367
Amortisation for the year	(4,736)	(166)	(517)	(201)	(800)	(6,420)
Additions during the year	2,692	-	-	478	27	3,197
Modification during the year	-	-	(26)	-	-	(26)
Expired contract for the year – cost	(13)	-	-	(65)	-	(78)
Expired contract for the year – amortisation	2	-	-	65	-	67
Balance as at 31 December 2019	35,921	1,405	2,117	654	4,010	44,107

Following the election of the Group not to recognise right-of-use assets and lease liabilities for short-term and low-value leases, RO 505,031 and RO 135,602, respectively, were recognised as expenses during the year. Moreover, variable lease payments which were recognised as expenses in 2019 amounted to RO 289,186.

13. Licences

	Parent Company and Consolidated		
	Mobile licence RO'000	Fixed line licence RO'000	Total RO'000
<i>Cost</i>			
At 1 January 2019	52,537	21,847	74,384
Additions	7,600	-	7,600
At 31 December 2019	60,137	21,847	81,984
<i>Amortisation</i>			
At 1 January 2019	45,484	8,310	53,794
Amortisation during the year	5,092	1,176	6,268
At 31 December 2019	50,576	9,486	60,062
<i>Net book value</i>			
At 31 December 2019	9,561	12,361	21,922

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

13. Licences (continued)

	Parent Company and Consolidated		
	Mobile licence RO'000	Fixed line licence RO'000	Total RO'000
<i>Cost</i>			
At 1 January 2018	52,537	21,403	73,940
Additions	-	444	444
At 31 December 2018	52,537	21,847	74,384
<i>Amortisation</i>			
At 1 January 2018	40,686	7,280	47,966
Amortisation during the year	4,798	1,030	5,828
At 31 December 2018	45,484	8,310	53,794
<i>Net book value</i>			
At 31 December 2018	7,053	13,537	20,590

Licences represent the amount paid to the Telecommunication Regulatory Authority of the Sultanate of Oman for obtaining the licence to operate as fixed and mobile telecommunication service provider. Licences are stated at cost less accumulated amortisation and impairment losses.

As disclosed in note 1, the TRA has approved to renew the Parent Company's mobile licence for another 15 years starting from February 2020. The renewal fees shall be RO 75,000,000, to be paid in two equal instalments of RO 37,500,000 in 2020 and 2021. The renewal of the licence is still subject to an official Royal Decree as at 31 December 2019 (notes 27 and 32).

In accordance with the terms of the mobile, and fixed line licences, granted to the Company, royalty is payable to the Government of the Sultanate of Oman. The royalty payable is calculated based on 12% (2018: 12%) of the net of predefined sources of the Company's revenue and interconnection expenses to local operators for mobile licence and 7% (2018: 7%) for fixed licence.

During the year, the Company acquired 100 MHz of spectrum in the 3.5 GHz band. The cost of the additional spectrum is RO 7.2 million payable in 2020 plus annual utilization fees. In addition to this, the Company incurred registration fees of RO 400,000. The spectrum licence will be for 15 years.

13A. Other intangible assets

	Parent Company and Consolidated		
	Cable capacity RO'000	Software RO'000	Total RO'000
<i>Cost</i>			
At 1 January 2019	10,033	10,144	20,177
Additions	371	647	1,018
At 31 December 2019	10,404	10,791	21,195
<i>Amortisation</i>			
At 1 January 2019	649	6,468	7,117
Amortisation during the year	506	1,674	2,180
At 31 December 2019	1,155	8,142	9,297
<i>Net book value</i>			
At 31 December 2019	9,249	2,649	11,898

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

13. Licences (continued)

13A. Other intangible assets (continued)

	Parent Company and Consolidated		
	Cable capacity RO'000	Software RO'000	Total RO'000
<i>Cost</i>			
At 1 January 2018	9,106	8,776	17,882
<i>Additions</i>	927	1,368	2,295
At 31 December 2018	10,033	10,144	20,177
<i>Amortisation</i>			
At 1 January 2018	236	4,122	4,358
Amortisation during the year	413	2,346	2,759
At 31 December 2018	649	6,468	7,117
<i>Net book value</i>			
At 31 December 2018	9,384	3,676	13,060

The other intangible assets represent the various software installed on the Network and Information Technology hardware and platforms and the allocated capacity, from the owners of the interests in the cable systems.

14. Investment in a subsidiary

During 2015, the Company acquired a 51% shareholding in the Subsidiary. However, as the board of directors believe that the power to govern the financial and operating policies are vested with the Company under the management agreement dated September 2014, the investment is considered as a subsidiary company. The Subsidiary is registered in the Sultanate of Oman. The Subsidiary's principal activities are data collection, management and operation of data preparation of other agencies on permanent basis. During December 2018, the Company subscribed to additional shares in the Subsidiary for RO 765,000. Because of this, the shareholding of the Company in the Subsidiary became 60%.

On 1 April 2019, the Company acquired additional shares in the Subsidiary from a non-controlling interest shareholder for cash consideration. The difference between the acquisition cost and the carrying value of the minority interest at the date of the acquisition was adjusted in retained earnings. Due to this, the shareholding of the Company in the Subsidiary became 66%.

Further, during December 2019, the Company subscribed to additional shares in the Subsidiary for RO 300,000. Because of this, the shareholding of the Company in the Subsidiary became 71%.

The Subsidiary has started its commercial operations during the year. For the year ended 31 December 2019, the Subsidiary contributed loss of RO 301,000 to the Group's results (2018: RO 96,000).

The financial information of the Subsidiary is not presented in these financial statements as the non-controlling interests are not material to the Group.

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

15. Trade receivables, prepayments, contract assets and other assets

	Parent Company		Consolidated	
	2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
Trade receivables				
- Post-paid receivables	13,012	11,275	13,012	11,275
- Amount due from distributors	7,204	10,267	7,204	10,267
- Receivables from other telecommunication operators	9,658	9,662	9,658	9,662
- Due from related parties (note 26)	979	345	979	345
Unbilled receivables	3,387	4,373	3,387	4,373
Unbilled receivables – contract assets	3,786	3,608	3,786	3,608
Contract assets	2,722	790	2,722	790
	40,748	40,320	40,748	40,320
Less: allowances for impairment of:				
- Trade receivables (note 29)	(6,137)	(6,055)	(6,137)	(6,055)
- Unbilled receivables and unbilled receivables – contract assets (note 29)	(302)	(176)	(302)	(176)
- Contract assets (see below)	(233)	-	(233)	-
	34,076	34,089	34,076	34,089
Prepaid expenses and other receivables	10,378	14,505	10,584	14,506
Other assets recognised for cost incurred to obtain and fulfil a contract	2,044	1,826	2,044	1,826
Deferred cost	551	846	551	846
Due from related parties (note 26)	292	40	-	190
	47,341	51,306	47,255	51,457
Less: non-current portion of:				
- Contract assets	(1,137)	(93)	(1,137)	(93)
- Other assets recognised for cost incurred to obtain and fulfil a contract	(519)	(322)	(519)	(322)
- Unbilled receivables – contract assets	(925)	-	(925)	-
	(2,581)	(415)	(2,581)	(415)
Current portion of trade receivables, prepayments, contract assets and other assets	44,760	50,891	44,674	51,042

Unimpaired receivables are expected, because of past experience, to be substantially recoverable. It is not the practice of the Group 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. For more details on the Group's impairment of its receivables, refer to note 29.

The 'other assets recognised for cost incurred to obtain and fulfil a contract' are amortised on a straight-line basis over the term of the average contractual life. Amortisation during the year amounted to RO 2,200,098 (2018: RO 897,847).

The movement in the provision for impairment of contract assets is as follows:

	2019 RO'000	2018 RO'000
Opening loss allowance at 1 January	-	-
Provision for impairment during the year	233	-
Closing loss allowance at 31 December	233	-

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

16. Cash and cash equivalents

	Parent Company		Consolidated	
	2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
Cash and bank balances	4,408	2,326	4,710	3,214
Call deposits	38,259	44,532	38,259	44,532
Total	42,667	46,858	42,969	47,746

Call deposits are placed with a commercial bank and that have maturities on demand.

17. Share capital and other reserve

	Authorised		Issued and fully paid	
	2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
Ordinary shares – par value RO 0.1	70,000	70,000	65,094	65,094

Major shareholders

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

	2019		2018	
	Number of shares	%	Number of shares	%
Seyoula International Investment W.L.L.	358,019,310	55	-	-
MENA Investcom S.P.C.	-	-	358,019,310	55

As disclosed in note 1, on August 26, 2019, Ooredoo Q.P.S.C. has executed a share transfer, as part of an internal reorganization, of its 55% shareholding in the Company from MENA Investcom S.P.C. to Seyoula International Investment W.L.L.

Other comprehensive income accumulated in reserves, net of tax

	2019 RO'000	2018 RO'000
Cash flow hedges – effective portion of changes in fair value	(24)	3

18. Dividends

The Parent Company's shareholders at the annual general meetings held on 5 March 2019 approved a payment of baisal 45 per share as dividend for the financial year ended 31 December 2018, and this was paid in March 2019.

The Directors have proposed a dividend of baisal 40 per share for year ended 31 December 2019 amounting to RO 26,037,769. This is subject to approval of the Company's shareholders at the Annual General Meeting on 24 March 2020.

19. Statutory reserve

Article 132 of the Commercial Companies Law of 2019 requires that 10% of Parent 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.

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

20. Contract liabilities

The Group has recognised the following contract liabilities related to its contracts with customers:

	Parent Company		Consolidated	
	2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
Deferred revenue:				
- prepaid	10,408	13,900	10,408	13,900
- loyalty points	680	2,159	680	2,159
Others	1,008	934	1,008	934
	12,096	16,993	12,096	16,993

Significant portion of deferred revenue pertaining to prior year was recognised as revenue in the current year. There is no revenue recognised in the current year that is related to performance obligations that were satisfied in the prior years.

21. Interest bearing borrowings

	Parent Company		Consolidated	
	2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
Total interest bearing borrowings	-	12,997	-	13,457
Less: deferred financing costs	-	(186)	-	(186)
	-	12,811	-	13,271
Less: payable within one year – term loan	-	(5,777)	-	(6,237)
Non-current portion	-	7,034	-	7,034

In 2016, the Company had signed three financing facilities amounting to RO 68.1 million with local and international banks for general purpose requirements. The first facility is a syndicated long term loan of USD 60 million (RO 23.1 million) with a five year tenure and is repayable in sixteen quarterly instalments commenced in April 2017. The second and third facilities are revolving credit facilities of RO 45 million.

In December 2019, the Company has made an early full repayment of its long term loan maturing in 2021 resulting to a nil balance as at 31 December 2019. The above borrowings were unsecured and carried effective interest rates of Libor+1.25%.

Moreover, the Company has also arranged for an additional revolving credit facility of RO 45 million during the year. As of 31 December 2019, the Company has available funds for drawdown of RO 90 million (2018: RO 45 million).

The Group had complied with all the financial covenants of its borrowing facilities which relate to 'Debt to EBITDA' and 'Interest coverage' during and as at 31 December 2018. As at 31 December 2019, there were no outstanding borrowings.

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

21. Interest bearing borrowings (continued)

21A. Movement in financing activities

	Parent Company				Face value RO '000	Carrying amount RO '000
	Currency of loan	Nominal interest rate	Year of maturity			
1 January 2019 to 31 December 2019						
New loans						
Revolving credit facility	OMR	FD rate+1.75%	2019	25,000	25,000	
Repayment of loans						
Unsecured bank loan	USD	Libor+1.25%	2019	(12,997)	(12,997)	
Revolving credit facility	OMR	FD rate+1.75%	2019	(25,000)	(25,000)	
Other movements – deferred finance cost						186
Acquisition of minority interest						(85)
Lease liabilities						(5,273)
Other movements – dividend paid						(29,292)
Net movement during 1 January 2019 to 31 December 2019						(47,461)
1 January 2018 to 31 December 2018						
New loans						
Revolving credit facility	OMR	FD rate+1.75%	2018	22,000	22,000	
Repayment of loans						
Unsecured bank loan	USD	Libor+1.8%	2018	(2,503)	(2,503)	
Unsecured bank loan	USD	Libor+1.8%	2018	(2,503)	(2,503)	
Unsecured bank loan	USD	Libor+1.25%	2021	(5,777)	(5,777)	
Revolving credit facility	OMR	FD rate+1.75%	2018	(22,000)	(22,000)	
Other movements – deferred finance cost						111
Other movements – dividend paid						(27,340)
Net movement during 1 January 2018 to 31 December 2018						(38,012)
Consolidated						
	Currency of loan	Nominal interest rate	Year of maturity	Face value RO '000	Carrying amount RO '000	
1 January 2019 to 31 December 2019						
New loans						
Revolving credit facility	OMR	FD rate+1.75%	2019	25,000	25,000	
Repayment of loans						
Unsecured bank loan	USD	Libor+1.25%	2019	(12,997)	(12,997)	
Revolving credit facility	OMR	FD rate+1.75%	2019	(25,000)	(25,000)	
Unsecured bank loan	OMR	2.25%	2019	(460)	(460)	
Other movements – deferred finance cost						186
Acquisition of minority interest						(85)
Lease liabilities						(5,273)
Other movements – dividend paid						(29,292)
Net movement during 1 January 2019 to 31 December 2019						(47,921)

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

21. Interest bearing borrowings (continued)

21A. Movement in financing activities (continued)

	Consolidated			Face value RO '000	Carrying amount RO '000
	Currency of loan	Nominal interest rate	Year of maturity		
1 January 2018 to 31 December 2018					
New loans					
Revolving credit facility	OMR	FD rate+1.75%	2018	22,000	22,000
Short term loan	OMR	2.25%	2018	883	883
Repayment of loans					
Unsecured bank loan	USD	Libor+1.8%	2018	(2,503)	(2,503)
Unsecured bank loan	USD	Libor+1.8%	2018	(2,503)	(2,503)
Unsecured bank loan	USD	Libor+1.25%	2021	(5,777)	(5,777)
Revolving credit facility	OMR	FD rate+1.75%	2018	(22,000)	(22,000)
Unsecured bank loan	OMR	2.25%	2018	(423)	(423)
Other movements - deferred finance cost					111
Other movements					435
Other movements - dividend paid					(27,340)
Net movement during 1 January 2018 to 31 December 2018					(37,117)

22. Site restoration provision

Site restoration provision as of the reporting date amounted to RO 7,014,814 (2018: RO 6,204,977). The Group is committed to restore each site as it is vacated. A movement schedule is set out below:

	Parent Company and Consolidated	
	2019 RO'000	2018 RO'000
Balance at 1 January	6,205	5,396
Provision during the year	250	344
Unwinding of discount (note 8)	560	465
Balance at 31 December	7,015	6,205

The provision is recognised based on the following significant assumptions:

	Parent Company and Consolidated	
	2019 RO'000	2018 RO'000
Average period to restoration (years)	15	15
Inflation rate	0.5%	1.10%
Discount rate	9.0%	8.6%

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

23. Lease liabilities (note 2.3)

	Parent Company and Consolidated
	2019 RO'000
Maturity analysis – contractual undiscounted cash flow	
Less than one year	8,240
One to five years	29,266
More than five years	15,062
Total undiscounted lease liabilities at 31 December	52,568

Movement in lease liabilities during the year is as follows:

	Parent Company and Consolidated
	2019 RO'000
At beginning of year – initial recognition	45,761
Adjustment for modification/expiration for the year (note 12)	(37)
Additions during the year (note 12)	3,197
Interest expense on lease liability (note 8)	2,404
Principal element of lease payments	(5,273)
Payment of interest portion of lease liability	(2,455)
	43,597
Lease liabilities included in the statement of financial position at 31 December	
Current	6,098
Non-current	37,499

For the details of extension options, refer to note 4 (h).

24. Employee benefits

	Parent Company		Consolidated	
	2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
Employees' end of service benefits (note a)	1,537	1,425	1,537	1,425
Cash settled share-based payments (note b)	1,220	1,173	1,220	1,173
Total employee benefits	2,757	2,598	2,757	2,598
Less: current liability for cash settled share-based payments (note b)	(1,220)	–	(1,220)	–
Non-current liability as at the end of the year	1,537	2,598	1,537	2,598

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

	Parent Company		Consolidated	
	2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
Balance at 1 January	1,425	1,299	1,425	1,299
Provided during the year	428	424	428	424
Paid during the year	(316)	(298)	(316)	(298)
Balance at 31 December	1,537	1,425	1,537	1,425

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

24. Employee benefits (continued)

b. Cash settled share-based payments pertains to the Company's Long Term Incentive Scheme (LTI) for the management team based on the Company achieving 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 shares is staggered over a period of three years from the grant year.

25. Payables and accruals

	Parent Company		Consolidated	
	2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
Trade payables	8,699	13,187	8,883	13,232
Accrued expenses – operating expenses	54,053	54,109	54,080	54,109
Accrued expenses – capital expenses	38,706	36,459	38,706	36,459
Amounts due to related parties (note 26)	3,347	2,952	3,347	3,016
Deposits from customers	709	219	709	219
	105,514	106,926	105,725	107,035

26. Related party transactions

Related parties comprise the shareholders, directors, key management personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions. Pricing policies and the terms of these transactions are approved by the Group's management.

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

	Parent Company		Consolidated	
	2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
<i>Ultimate parent:</i>				
Service fees (note 7)	8,557	8,508	8,557	8,508
Brand licence fees (note 7)	4,262	4,238	4,262	4,238
Other expenses	568	501	568	501
	13,387	13,247	13,387	13,247

Effective 1 January 2008, the Company has entered into a technical and service agreement with its ultimate parent company. In consideration of services provided, the Company pays a service fee to its ultimate parent company which is calculated annually based on the Company's gross revenue.

Effective 1 October 2016, the Company has entered into a brand licensing agreement with its ultimate parent company. In consideration of using the brand "OOREDOO", the Company pays a brand licence fee to its ultimate parent company which is calculated annually based on the Company's adjusted gross revenue.

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

	Parent Company		Consolidated	
	2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
Payables				
Other related parties (note 25)	3,347	2,952	3,347	3,016
Receivables				
Other related parties (note 15)	1,271	385	979	535

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

26. Related party transactions (continued)

Compensation of key management personnel

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

	Parent Company		Consolidated	
	2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
Salaries/remuneration and benefits	2,445	2,128	2,525	2,193
Directors' remuneration	200	200	215	213
Employees' end of service benefits	22	24	26	29
	2,667	2,352	2,766	2,435

The Group enters into commercial transactions with other members of Ooredoo Group as follows:

	Parent Company		Consolidated	
	2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
Telecom revenues	1,083	1,148	1,083	1,148
Telecom costs	428	150	428	150
Purchase of asset (Ooredoo Qatar)	366	-	366	-
Sale of asset to Duqm Data Centre	292	-	-	-

27. Capital commitments

	Parent Company		Consolidated	
	2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
Capital commitments				
Estimated capital expenditure contracted for at the reporting date but not provided for:				
Property and equipment	16,408	15,402	16,461	15,402
Licences (notes 1 and 32)	75,000	-	75,000	-

28. Contingent liabilities

Parent Company and Consolidated

Guarantees

At 31 December 2019, the Group had contingent liabilities in respect of guarantees of RO 2,824,111 (2018: RO 275,122). It is anticipated that no material liabilities are expected to arise from these.

At 31 December 2019, the Group had other contingent liabilities in respect of performance bonds of RO 20,612 (2018: RO 185,500).

29. Risk management

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

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

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

29. Risk management (continued)

a. Market risk

i. Foreign exchange 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 Group's payable and accruals include amounts payable in US Dollars. As of the reporting date, this USD denominated payable amount was approximately 39% (2018: 42%) of the Group's total payables and accruals. The Omani Rial is effectively 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.

ii. 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 Group's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates which has been fully paid as at 31 December 2019. The Group's call deposits are short term in nature and therefore, the Group is not exposed to interest rate risk.

b. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk is as indicated by the carrying amount of its assets which consist principally of trade receivables, unbilled receivables and unbilled receivables – contract assets, contract assets and bank balances. The Group trades only with recognised, creditworthy dealers and operators. Its three largest dealers' balances account for 23% of outstanding unimpaired trade receivables at 31 December 2019 (2018: 28%).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The maximum exposure to credit risk at the reporting date was:

	Parent Company		Consolidated	
	2019 RO'000	2018 RO'000	2019 RO'000	2018 RO'000
Trade receivables				
- Post-paid receivables	13,012	11,275	13,012	11,275
- Amount due from distributors	7,204	10,267	7,204	10,267
- Receivables from other telecommunication operators	9,658	9,662	9,658	9,662
- Due from related parties	979	345	979	345
Unbilled receivables	3,387	4,373	3,387	4,373
Unbilled receivables – contract assets	3,786	3,608	3,786	3,608
Contract assets	2,722	790	2,722	790
Due from related parties	292	40	-	190
Other receivables	2,848	4,883	3,053	5,033
Cash and cash equivalents	42,667	46,858	42,969	47,746
Total	86,555	92,101	86,770	93,289

Credit risk on trade receivables and contract assets is limited to their carrying values as management regularly reviews these balances to assess recoverability and makes provision for balances whose recoverability is in doubt. The exposure of credit risk from amounts due from other telecommunication operators is minimal as the amounts are driven by contractual arrangements. For unbilled receivables and unbilled receivables – contract assets, this is automatically billed based on the customers billing cycle and thus have a very minimal credit risk.

The Group obtains bank/corporate guarantees from its dealers in order to mitigate its credit risk. It is the Group's policy that certain credit verification is performed for all of the Group's post-paid subscribers. In addition, receivable balances are monitored on an ongoing basis.

The carrying amounts of the Group's trade receivables are significantly denominated in US Dollars, while only minimal balance pertains to other currencies. On the other hand, all unbilled receivables, unbilled receivables – contract assets and contract assets are denominated in Omani Rial. Consequently foreign currency risk is mitigated.

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

29. Risk management (continued)

b. Credit risk (continued)

With respect to exposures with banks, management considers the credit risk exposure to be minimal as the Group deals with local and foreign reputed banks. The ratings of these banks range from Not Rated to P2 in 2019 (2018: Not Rated to P3). Management does not expect any losses from non-performance by these counterparties.

With respect to credit risk arising from the other financial assets including other receivables and due from related parties of the Group, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Security

For some receivables, the Group may obtain security in the form of bank guarantees which can be called upon if the counterparty is in default under the terms of the agreement.

Impairment of financial assets

The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk [refer to note 3 (Financial assets)].

Trade receivables, unbilled receivables and unbilled receivables – contract assets

For trade receivables, unbilled receivables and unbilled receivables – contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of these financial assets.

	Parent Company and Consolidated				Total
	Current	31-60 days	61-90 days	Over 90 days	
31 December 2019					
Expected credit loss rate					
Post-paid receivables	6%	11%	26%	74%	-
Amount due from distributors	0%	0%	0%	0%	-
Other telecommunication operators	1%	0%	0%	4%	-
Due from related parties	0%	0%	0%	14%	-
Unbilled receivables and unbilled receivables – contract assets	4%	0%	0%	0%	-
Gross carrying amount					
Post-paid receivables	3,362	1,920	852	6,878	13,012
Distributors	7,163	41	-	-	7,204
Other telecommunication operators	2,189	9	11	7,449	9,658
Due from related parties	81	68	39	791	979
Unbilled receivables and unbilled receivables – contract assets	7,173	-	-	-	7,173
Total	19,968	2,038	902	15,118	38,026
Loss allowance					
Post-paid receivables	187	216	218	5,107	5,728
Amount due from distributors	-	-	-	-	-
Other telecommunication operators	14	-	-	285	299
Due from related parties	-	-	-	110	110
Unbilled receivables and unbilled receivables – contract assets	302	-	-	-	302
Total	503	216	218	5,502	6,439

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

29. Risk management (continued)

b. Credit risk (continued)

Impairment of financial assets (continued)

	Parent Company and Consolidated				Total
	Current	31-60 days	61-90 days	Over 90 days	
31 December 2018					
Expected credit loss rate					
Post-paid receivables	6%	9%	19%	74%	-
Amount due from distributors	0%	0%	0%	0%	-
Other telecommunication operators	1%	5%	1%	12%	-
Due from related parties	0%	0%	0%	43%	-
Unbilled receivables and unbilled receivables – contract assets	2%	0%	0%	0%	-
Gross carrying amount					
Post-paid receivables	2,183	1,579	831	6,682	11,275
Amount due from distributors	10,267	-	-	-	10,267
Other telecommunication operators	4,256	76	336	4,994	9,662
Due from related parties	134	25	-	186	345
Unbilled receivables and unbilled receivables – contract assets	7,981	-	-	-	7,981
Total	24,821	1,680	1,167	11,862	39,530
Loss allowance					
Post-paid receivables	123	136	162	4,916	5,337
Amount due from distributors	-	-	-	-	-
Other telecommunication operators	31	4	4	599	638
Due from related parties	-	-	-	80	80
Unbilled receivables and unbilled receivables – contract assets	176	-	-	-	176
Total	330	140	166	5,595	6,231

Movements in allowance for impairment of trade receivables, unbilled receivables and unbilled receivables – contract assets are as follows:

	Parent Company and Consolidated				Total
	Post-paid receivables	Other telecommunication operators	Due from related parties	Unbilled receivables and unbilled receivables – contract assets	
31 December 2019					
Opening loss allowance at 1 January	5,337	638	80	176	6,231
Charge for the year	3,015	(339)	30	126	2,832
Written off during the year	(2,624)	-	-	-	(2,624)
Closing loss allowance at 31 December	5,728	299	110	302	6,439

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

29. Risk management (continued)

b. Credit risk (continued)

Impairment of financial assets (continued)

	Parent Company and Consolidated				Total
	Post-paid receivables	Other telecommunication operators	Due from related parties	Unbilled receivables and unbilled receivables - contract assets	
31 December 2018					
Opening loss allowance at 1 January	5,841	1,129	7	-	6,977
Retained earnings adjustment (IFRS 9)	(383)	(197)	-	-	(580)
Charge for the year	1,582	(294)	73	176	1,537
Written off during the year	(1,703)	-	-	-	(1,703)
Closing loss allowance at 31 December	5,337	638	80	176	6,231

The Group writes off its trade receivables, unbilled receivables and unbilled receivables - contract assets when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. These written off accounts are individually identified on account level mainly based on their aging balances. There is no provision for impairment for amount due from distributors as at 31 December 2019 and 2018.

For the movements in allowance for impairment of contract assets, refer to note 15.

Management believes that the expected credit loss on cash equivalents, other receivables and due from related parties are not material and hence no loss allowance was made for such financial assets at 31 December 2019 and 2018.

c. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of the Group's own reserves and bank facilities. The Group's terms of sales require amounts to be paid within 30 to 90 days from the invoice date. The table below summarizes the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments:

	Parent Company				Total RO'000
	Carrying amount RO'000	Contractual cash flows			
		Less than 3 months RO'000	3 to 12 months RO'000	2 to 5 years RO'000	
As at 31 December 2019					
Lease liabilities	43,597	1,207	4,891	37,499	43,597
Trade and other payables	102,167	94,258	7,909	-	102,167
Due to related parties	3,347	3,347	-	-	3,347
Total	149,111	98,812	12,800	37,499	149,111
As at 31 December 2018					
Interest bearing borrowings	12,997	1,444	4,332	7,221	12,997
Lease liabilities	-	-	-	-	-
Trade and other payables	103,974	103,755	219	-	103,974
Due to related parties	2,952	2,952	-	-	2,952
Interest on bank borrowings	-	106	241	146	493
Total	119,923	108,257	4,792	7,367	120,416

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

29. Risk management (continued)

c. Liquidity risk (continued)

	Consolidated				
	Carrying amount RO'000	Contractual cash flows			Total RO'000
		Less than 3 months RO'000	3 to 12 months RO'000	2 to 5 years RO'000	
As at 31 December 2019					
Lease liabilities	43,597	1,207	4,891	37,499	43,597
Trade and other payables	102,378	94,469	7,909	-	102,378
Due to related parties	3,347	3,347	-	-	3,347
Total	149,322	99,023	12,800	37,499	149,322
As at 31 December 2018					
Interest bearing borrowings	13,457	1,546	4,690	7,221	13,457
Trade and other payables	104,019	103,800	219	-	104,019
Due to related parties	3,016	3,016	-	-	3,016
Interest on bank borrowings	-	108	243	146	497
Total	120,492	108,470	5,152	7,367	120,989

d. Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, human error, and systems failure, or from external events. The Group 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 its overall risk management strategy. Internal audit function is also utilised by the Group in mitigating this risk.

e. Capital management

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group 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 2019 and 2018. Capital comprises share capital, reserves and retained earnings, and is measured at RO 261,988,000 as at 31 December 2019 (2018: RO 257,249,000). Capital requirements are prescribed by the Commercial Companies Law of 2019.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity (as shown in the statement of financial position including non-controlling interest). Net debt is calculated as total borrowings less cash and cash equivalents.

The Group had always managed to maintain its cash and cash equivalents balance relatively the same as its total borrowings, hence, gearing ratio is not applicable as at 31 December 2019 and 2018.

30. Segment information

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

For management purposes, the Group 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 pre-paid 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 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.

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

30 Segment information (continued)

Segment revenue and results

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

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

Segmental consolidated results for the year ended 31 December 2019 are as follows:

	Mobile RO'000	Fixed line RO'000	Adjustments RO'000	Total RO'000
Revenue				
External sales	221,686	63,827	-	285,513
Inter-segment sales	458	6,328	(6,786)	-
Total revenue	222,144	70,155	(6,786)	285,513
Results				
Depreciation and amortisation	56,026	9,277	-	65,303
Amortisation – licence	5,092	1,176	-	6,268
Segment results – profit	15,622	28,723	-	44,345
Finance costs – net				(3,203)
Profit before taxation, before loss of subsidiary				41,142
Loss of subsidiary, excluding finance costs				(464)
Taxation				(6,728)
Profit for the year				33,950

Segmental consolidated results for the year ended 31 December 2018 are as follows:

	Mobile RO'000	Fixed line RO'000	Adjustments RO'000	Total RO'000
Revenue				
External sales	228,952	54,664	-	283,616
Inter-segment sales	727	6,378	(7,105)	-
Total revenue	229,679	61,042	(7,105)	283,616
Results				
Depreciation and amortisation	46,936	10,386	-	57,322
Amortisation – licence	4,798	1,030	-	5,828
Segment results – profit	30,137	21,105	-	51,242
Finance costs – net				(1,285)
Profit before taxation, before loss of subsidiary				49,957
Loss of subsidiary, excluding finance costs				(179)
Taxation				(7,896)
Profit for the year				41,882

The Group's assets and liabilities have not been identified to any of the reportable segments as the majority of the operating fixed assets are fully integrated between segments. The Group believes that it is not practical to provide segment disclosure relating to total assets and liabilities since a meaningful segregation of available data is not feasible.

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

30 Segment information (continued)

Segment revenue and results (continued)

Capital expenditure incurred for different consolidated segments are as follows:

	2019 RO'000	2018 RO'000
Property and equipment		
- Mobile	35,801	39,727
- Fixed	12,428	8,566
- Others (Subsidiary)	82	592
	48,311	48,885

31 Fair values of financial instruments

Financial instruments comprise financial assets, financial liabilities and derivatives.

Financial assets consist of cash and bank balances and trade and other receivables including contract assets. Financial liabilities consist of interest bearing borrowings, and trade and other payables. Derivatives consist of interest rate swap contracts.

Fair value hierarchy

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

	Parent Company and Consolidated			
	Fair value			
	Level 1	Level 2	Level 3	Total
31 December 2019				

Financial liabilities measured at fair value

Cash settled share-based payments	-	1,220	-	1,220
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	Parent Company and Consolidated			
	Fair value			
	Level 1	Level 2	Level 3	Total

31 December 2018

Financial assets measured at fair value

Interest rate swaps used for hedging	-	28	-	28
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Financial liabilities measured at fair value

Cash settled share-based payments	-	1,173	-	1,173
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Due to the short-term nature of the trade and other receivables and trade and other payables their carrying amount is considered to be the same as their fair value by the Company's Board of Directors.

Notes to the Parent Company and Consolidated Financial Statements Continued

For the year ended 31 December 2019

31 Fair values of financial instruments (continued)

The fair values of interest bearing borrowings are not materially different from their carrying amounts, since the interest payable on those borrowings is close to current market rates.

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.

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

The fair values of the interest rate swaps arrangements and cash settled share-based payments are worked out using the level 2 valuation technique. The related fair value details are provided by the swap counter party.

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

32 Events after the reporting period

In January 2020, the Company settled its first instalment of RO 37,500,000 for its renewal of the mobile licence which is still subject to an official Royal Decree as at 5 February 2020 (notes 1 and 27).

Further in January 2020, the Company made a drawdown of RO 24 million from its available revolving credit facility funds of RO 90 million at 31 December 2019 (note 21).





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