Financial Report

2020

ooredoo

Financial Report

Board of Directors' Report

An Unprecedented Year

Dear Shareholders,

On behalf of the Board of Directors, I am very proud to present to you the 2020 financial report for the Omani Qatari Telecommunications Company SAOG (Ooredoo).

The year saw unprecedented challenges for businesses and individuals all over the world. Yet in many ways it also spurred exponential growth in digital services and transformation. At Ooredoo, we continued to be ahead of the curve, achieving a number of exciting milestones in our own digital transformation and that of the Sultanate, including successfully launching 5G in April and vastly enhancing our digital platforms to cater to our customer needs during the peak of the pandemic and lockdown. This was strengthened by the renewal of our mobile license in February through a Royal Decree, allowing us to provide telecoms services for another 15 years.

The communications demands of the COVID-19 pandemic were something Ooredoo was fully geared up for, from our network to our services and products, and our company culture. The global pandemic really gave us a chance to demonstrate just what we could do for our customers and the community in their greatest time of need, whether it was supporting them to work from home, keeping them connected with loved ones, facilitating their studies, or keeping them entertained. All the while, we continued to provide a superior customer experience, even when our own teams were working from home.

Right from the very beginning of the pandemic, our crisis management strategy was activated, with a priority to protect of our staff and network, to continue to serve our customers, and to support the government. We adopted an agile approach to our operations, while working from home provided us with an impromptu training on technology and adaptiveness.

With our people continuing to be at the heart of everything we do and their needs and preferences highest in mind, we remained committed to their development and success through the various training programmes we provide, and their overall well-being through the open, supportive and dynamic culture we foster. I pay tribute to the many members of our team who were able to so deftly adapt to new ways of working, while contributing to the fight against the pandemic and supporting their community.

Turning now to our financial performance for the year, gross consolidated revenue in 2020 was OMR 265.0 million (2019: OMR 285.5 million), which yielded net profit, after tax, of OMR 21.3 million (2019: OMR 33.9 million). The Company's revenue for 2020 is lower by 7.2% compared to 2019.

The Board will recommend the approval of a dividend of 25 Baizas per share (2019: 40 Baizas) at the Annual General Meeting on 18 March 2021. This represents a yield of 6.4 percent on the Ooredoo Oman (ORDS) share price at the close of 2020.

This year the Company's financial performance was impacted in different segments of the business as a result of the COVID-19 pandemic, which resulted in fewer economic activities in the country. Also impacted was the mobile prepaid segment, due to a reduction in the expatriate population. The lockdown of stores also affected the overall number of acquisitions and other activities related to the postpaid and fixed revenue streams. In addition, the Company launched a number of initiatives to support the community in combatting the effects of COVID-19 as part of its corporate social responsibility program, which resulted in further increasing costs. Nevertheless, and despite the stated challenges during the year, the Company endeavored to end the year with a solid and resilient performance.

With the unanticipated events of last year, the launch of a third operator was delayed, yet it's remained on our radar and we are confident that with our strong market positioning we are more than prepared to face the competition with our great value products and services, fantastic network and an awesome digital-first customer experience.

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 Transport, Communications and Information Technology, 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.

I would also like to take this opportunity to renew our allegiance to His Majesty Sultan Haitham bin Tarek Al Said. His leadership during these challenging times and his vision for Oman are a source of pride and hope for Omanis and residents living in this prosperous country. May Oman continue to grow under his reign and may God protect him always.

Amjad Mohamed Al Busaidi
Chairman, Ooredoo

Management Review

A year in review

The past year was largely defined by the global pandemic, which demonstrated to us, more than ever, the importance of being connected. 2020 saw us continue our successful journey towards achieving our vision of "enriching people's digital lives" founded on our values of "Caring, Connecting, and Challenging".

Looking back on this unprecedented year, we are proud to see ourselves standing firm as market leaders, operating an efficient business model that nurtures a performance-driven culture. We continue to broaden internet accessibility, champion innovation and value in our products and services, and above all, offer a superior, digital-led customer experience, all the while lending our resources wherever we could to aid the community in its greatest time of need.

Outperforming expectations

2020 was a very challenging year in all aspects: economically, geopolitically and socially, with COVID-19 heavily impacting the world. In Ooredoo Oman, we managed to maintain our operations efficiently, achieving many of the targets set for the year. Perhaps our single biggest achievement was the renewal of our mobile license to continue to provide telecoms services; extended for a period of 15 years through a Royal Decree. In addition, in October, data2cloud (d2c), our subsidiary, received cloud certification from the Ministry of Transport, Communications and IT, allowing all government entities to host with Ooredoo Oman. The construction of our new data centre is also well on track and we look forward to inaugurating it in the near future.

We also continued to invest in our multi award-winning App and digital platforms like the eShop and eCare, which were instrumental in helping us support our customers during lockdown periods, and making our services and products available remotely, 24/7. We also built on our ground-breaking pay+ mobile wallet, a collaboration with the National Bank of Oman (NBO), which continues to set the standard in the Sultanate's evolving payment ecosystem and keep our customers' lives simple, convenient and more importantly, digital. This is not to mention a string of awards, placing us way ahead of our competitors in digital services, customer satisfaction and loyalty.

Furthermore, a number of initiatives for cost efficiency and OPEX savings were implemented during the year, to help balance the effects of the pandemic, including renegotiating reduced IT and network contracts, re-working and reducing our contracts with our main suppliers, reduced IT costs through a consolidation tender and renegotiating all other OPEX contracts.

Navigating COVID-19

COVID-19 presented a number of challenges for the telecommunications industry, from a high number of expats leaving and businesses going under, to travel restrictions, which impacted revenue generated from roaming.

Nevertheless, the pandemic accelerated Oman's digital transformation agenda, which has been an ongoing priority for us. Thanks to our resilience and adaptability, we were able to continue our operations and serve our customers during these unusual times. The pandemic allowed us to showcase to people how simple-to-use our digital platforms are and what a difference they can make in their lives. We significantly enhanced our award-winning app enabling customers to complete transactions, even before social isolation came into play.

Internally, we implemented a digital strategy across the technology function and this was particularly timely as part of our COVID-19 response.

In addition, we used our resources to support the government in its fight against COVID-19, working closely with the Supreme Committee for Dealing with COVID-19 for a series of awareness messages, changing our network name to 'Stay Home' in solidarity with all the efforts exerted as well as allowing free access to government sites, and generally encouraging positive behaviour to combat the virus.

The 'new' normal

In March, all of our staff made the switch to working from home within a few days. Our teams were fully equipped to function remotely, while continuing to serve our customers through our digital channels, thanks to our digital transformation efforts. During this time, we launched various staff initiatives to boost morale, including mental health awareness campaigns, donation drives, collaboration activities and an HR services app, while overall cultivating a supportive work environment. As a result, our productivity rose, learning and development was boosted, and the best achievement of all was that COVID-19 infections in our workforce stayed as low as 0.5%.

Despite 100% of our Contact Centre champions working from home in the height of lockdown, we kept our customers in touch and connected, providing support through the app, social media and even WhatsApp. We further established a new learning team within the Contact Centre to maintain high levels of knowledge and train new joiners online. We then launched the "We Support We Sell" initiative, which allowed our Contact Centre champions not only fully support customers but also provide them with more details, sell our products and services and thus, help to generate revenue.

A resilient network

Almost overnight, the people of Oman moved the majority of their work, studies, and lives to their homes, and there has been a much bigger reliance on the internet to keep people connected. Our ongoing heavy investment in our network meant that it was well equipped to cater to the increased data demands that this situation brought. Our priority has always been to keep our network running smoothly and ready for any eventuality, and the pandemic has been a testament to such efforts. Our digital platforms, too, have been able to meet the demands of increased traffic and we have continued to update and enhance them so that our customers, existing and new, can do more than ever in safety.

We are excited to be leading the way with 5G, successfully launching consumer services in April, and at the height of lockdown. It was closely followed by 5G Business services in August. And as we ended the year, we already offer excellent value plans, which are available to an ever-expanding number of locations across Oman. Our 5G rollout is progressing well and we have an aggressive plan to roll out 500 sites, preparing us to support Oman's communications needs way into the future. With our 4G network now covering more than 96% of the country, we continue to cement our position as data experience leaders.

A progressive digital experience

Despite having to shut all of our stores overnight and moving our staff to work from home, we were able to keep all services fully operational with access to our contact centre, our app, eShop, and all other digital channels. Through our app, customers were able to pay bills, top up, subscribe to plans, seek help and much more throughout the lockdown. We added numerous new digital services, such as being able to update ID through the app, order home internet, save card details for faster payments and to raise and track trouble tickets.

Communication through social media also increased, in particular through WhatsApp, where our customers can now place orders and raise queries. We've also added multiple languages to WhatsApp to make it even more accessible and easy to use. Our eShop has also evolved significantly over this recent period, providing, in Arabic, English and now Malayalam and Bengali, multiple services with home delivery anywhere in the Sultanate. Our mobile wallet, pay+, has seen great take-up, with customers able to make contactless deposits, bill payments, transfers, and pay at over 3,000 merchants, using just their mobile numbers.

For our business customers, we upgraded services available through our dedicated B2B digital channels, enabling them to stay in contact with their account managers too.

Customer centric

Keeping our customers connected is what we're all about, and during the pandemic we made a promise to find ways to keep them connected with their friends, family and work, while supporting them through the challenges of the crisis. We launched a number of offers, discounts and freebies for customers during the lockdown period, including free calls, extra data, faster speeds, and plenty of free add-ons.

One of our primary focuses for Home was to launch 5G Home Internet in Q2 of 2020. The impact has been overwhelmingly positive with our base increasing by 2.9K from May to October. Another key customer-focused initiative was our postpaid portfolio revamp. We introduced digital plans that eliminated two primary customer pain-points. Today these plans are contract-free and with endless data features. This helped us almost double our postpaid base in less than one year and increase our customer market share by approximately 6.1%.

We also introduced an off-peak data offer as part of our COVID-19 initiatives to help customers stay online. As a result, we saw a 76% year-on-year growth in mobile broadband traffic during these months and a 6% increase in mobile broadband users.

As a result of lockdown and people needing to conduct transactions remotely, the number of daily active app users increased significantly quarter-on-quarter with a 50% increase over Q1 during the remainder of the year. We also saw app recharges double from Q1 to Q3 and bill payments doubling from Q1 to Q3.

As people sought more and varied entertainment while staying safe at home, we responded, by increasing our Carrier Billing portfolio, launching more entertainment services, such as STARZPLAY and OSN and growing our services portfolio with Google and Apple.

Not losing sight of our role in the community, we also introduced many new organisations on the donation service and collaborated with the Ministry of Health on donation collections. As a result, we were able to help raise over 100k Omani Rials for those in need.

A reliable business partner

For B2B, we focused on delivering a unique digital experience to business customers, making sure that they could stay connected, up and running and implement their own business continuity plans. During the height of the pandemic, we increased our bandwidth speeds to ensure their employees could work from home effectively and efficiently, just as ours were. We also offered unlimited calls, data packages, extra speeds and much more, all of which can be accessed through the enhanced B2B app or through account managers, to make working from home easier. In addition, and capitalising on the capabilities of our subsidiary, data2cloud, Ooredoo Business introduced new products and services within the ICT domain including cloud services, video conferencing, email collaboration suite, cloud storage and contact centre solutions.

Now, more than 40% of our business customers are using the B2B mobile app, which provides them with a quick and convenient way to manage their telecoms needs. Growth on digital channels increased by 53% compared to the close of 2019.

Community focused

Never has there been a greater need to support the community. To help meet the most pressing needs of the pandemic, we donated medical supplies and equipment to various hospitals across Oman. In addition, short code donations were launched for the public to support the Ministry of Health's efforts, while we gave free calls and data to medical staff in hospitals. We also held a blood donation drive for the national Blood Bank Center, encouraging both the public and Ooredoo family members to give much needed blood supplies in the wake of the crisis.

Furthermore, free SIM cards, minutes and data were provided for students arriving from abroad and in quarantine, in partnership with the Ministry of Social Development and other donations also made to local charity, Dar Al Atta'a, which supported more than 500 families.

To address the sudden and unanticipated closing of schools and educational institutions, we signed an agreement with the Ministry of Education to support their education portal. This initiative addresses the challenges presented by COVID-19, ensuring that education is not disrupted moving forward. The platform created virtual classrooms for students across the country, as well as enabled discussion forums for teachers and administrators to share best practices and monitor growth and development in line with international indexes. We also sponsored 'EDUFIRE', a platform designed to enable students graduating from high school to choose their college or university online.

Meanwhile, we launched new features on the hugely popular 'Digital Tutorial App', to support students from grades 1-12 enhance their skills and knowledge. With a rating of 4.4 on the Google Play store and 4.3 in the Apple Store, it has a total of 61 million views worldwide, and includes a diverse list of visual and audio curricula designed for all age groups. Most recently, we added a programme for pre-primary (kindergarten and preschool) lessons and courses for parents to help develop their children's skills.

The pandemic has certainly not stopped Ooredoo's efforts to empower the next generation of leaders to be the change they want to see in their lives and communities, not least through Springboard and Spring Forward; our digital entrepreneurship training programmes. Presented digitally, and in collaboration with Sultan Qaboos University, the latest addition of this series of workshops and training sessions covered various important topics that are necessary for entrepreneurs to overcome the unprecedented challenges brought about by COVID-19. These included confidence building, goal setting, stress management, networking and self-motivation; all tools needed to help budding businessmen and women become part of Oman's future growth and success.

Following suit, the 17th edition of our women's incubator programme was taken online to continue its inspiring journey across the Sultanate. Until now, more than 5,000 women from all corners of Oman have graduated and more than 1,000 women have started new businesses.

We have also been building on an agreement we signed with the Ministry of Social Development last year to support the Al Wafa Rehabilitation Centre for Disabled Children to build Sensory Rooms at facilities in Ibra, Nizwa, Al Khaboura and Amerat, all part of our Ooredoo Goodwill programme.

Tomorrow

From returning to the office, maintaining digital adoption and growth, internet rollout in rural areas, the return of roaming, an incoming third operator and more, we look towards 2021 with optimism and intent.

We will be diversifying new business revenue streams including IoT, ICT, d2c, all of which are in different stages of development and need to be nurtured. Moreover, additional opportunities are underway for the coming year, such as 5G consumer and enterprise, as well as new and innovative industrial solutions. Post COVID-19, opportunities mean an acceleration of all things digital for start-ups, small and large enterprises, education and healthcare and government services, and we are ready for them.

Oman was already moving towards a digital future but the pandemic certainly accelerated it. In fact, it has been an essential lifeline for many individuals and businesses. The transformation that has been made under such unprecedented circumstances is nothing short of remarkable, and thanks to our resilience and agility, we have for the most part been able to continue to survive, and even thrive, under vastly different and unusual times.

And this momentum is only going to continue. We look forward to continuing the positive developments that have been made throughout the pandemic and use them as building blocks for a post-COVID world. That means not only strengthening our commitment to enriching our customers' digital lives but contributing to the economic and social prosperity of Oman, as together we strive to overcome the impacts of the pandemic and face a new reality.

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 2020 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 the Board of Directors of the Company 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 have obtained the details of the Company's compliance with the Code, including any non-compliances, identified by the Company's Board of Directors, 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 performed in accordance with International Standards on Auditing or a review in accordance with 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 a review in accordance with 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 paragraph 2 above 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 financial report for the year ended 31 December 2020 and does not extend to any financial statements of the Company taken as a whole.

PricewaterhouseCoopers

Omar Al-Sharif
Muscat, Sultanate of Oman
11 February 2021

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C.R. No 1230865
PricewaterhouseCoopers LLC

Corporate Governance Report

Ooredoo Oman is a firm believer that adhering to sound corporate governance principles plays an essential role in enhancing the Company's performance and its investor's confidence and thus, serving to create and maintain value for shareholders, stakeholders and the telecommunications sector in the long-term. These objectives are the Company's priority.

The Ooredoo Board of Directors fully complies with the requirements of 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, regulators and other government authorities and entities.

The Executive Management of Ooredoo Oman adheres to sound corporate governance principles and processes, the objective of which is to create a culture of good governance across the business, in consistency with international best practices in this field.

The Corporate Governance department aims to fully abide by the principles of sound corporate governance that strengthen the objectives of the Company and define the foundations and nature of the relationships between the shareholders, the Board of Directors, the Executive Management, the employees and others, and the rights and duties of each of these parties. This is done by setting robust guidelines and 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 2020, 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 continued to update and formulate the 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 and updated its Articles of Association.

Despite this year being exceptional due to the novel Corona Virus (COVID-19) pandemic, the Company has succeeded, in collaboration with the CMA and Muscat Clearing and Depository Company SAOC (MCD), to convene its General Meetings in 2020 via MCD's electronic platform to conduct general meetings. This was in full compliance with the Rules for Convening General Meetings of Public Joint Stock Companies and Investment Funds via Electronic Means. A new Board of Directors was also appointed during 2020 and the structuring of the Board committees was changed accordingly.

The Company's policies reflect a solid regulatory framework and system for corporate governance, which contributes to reducing the likelihood of crises and ensures that they can be overcome.

Ooredoo Oman'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 Oman throughout this year is shown in **Table 1** and **2.** The Board composition has changed during 2020 during the Annual General Meeting (AGM) that took place on 1 June 2020. The Board composition prior to the AGM is set out in **Table 1**, and the Board composition post the AGM is set out in **Table 2**.

Table 1: The composition of the Board of Directors during 2020 prior to the AGM held on 1 June 2020

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 of the Board of Directors)[1]	26 March 2011	Non-executive, non-independent	Nil	One
Sheikh Saud bin Nasser Al Thani (Vice-Chairman of the Board of Directors)	16 March 2008	Non-executive, non-independent	Nomination and Remuneration Committee	Nil
Shaikh Nasser bin Hamad bin Nasser Al Thani	24 April 2018	Non-executive, non-independent	Executive Committee, Security Committee	Nil
Mr. Mohammed Jassim Al Kuwari	29 July 2012	Non-executive, non-independent	Executive Committee, Nomination and Remuneration Committee	Nil
Mr. Thani Ali Al Malki	22 April 2019	Non-executive, non-independent	Executive Committee	Nil

[1] Sheikh Saud was the Vice-Chairman of the Board of Directors until the Board elections that took place during the AGM held on 1 June 2020. After the elections, Sheikh Nasser bin Hamad bin Nasser Al Thani was appointed as the Vice-Chairman of the Board of Directors

Mr. Said Faraj Al Rabeea	27 July 2011	Non-executive, independent	Executive Committee, Nomination and Remuneration Committee, Security Committee	One
Dr. Faisal Abdullah Al Farsi	20 March 2017	Non-executive, independent	Audit and Risk Committee	Nil
Ms. Reem Mohammed Jawad Ali	20 March 2017	Non-executive, independent	Audit and Risk Committee	Nil
Mr. Gopal Krishnan	24 April 2018	Non-executive, non-independent	Executive Committee, Audit and Risk Committee	Nil

The current composition of the Board of Directors after the AGM held on 1 June 2020 is set out in **Table 2**.

Table 2: The current composition of the Board of Directors

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 of the Board of Directors)	26 March 2011	Non-executive, non-independent	Nil	One
Shaikh Nasser bin Hamad bin Nasser Al Thani (Vice-Chairman of the Board of Directors)[2]	24 April 2018	Non-executive, non-independent	Nomination and Remuneration Committee	Nil

[2] Appointed as Vice-Chairman of the Board pursuant to the Board composition changes after the Board elections that took place during the AGM on 1 June 2020

Mr. Mohammed Jassim Al-Kuwari	29 July 2012	Non-executive, non-independent	Executive Committee, Nomination and Remuneration Committee	Nil
Mr. Thani Ali Al Malki	22 April 2019	Non-executive, non-independent	Executive Committee, Security Committee	Nil
Mr. Said Faraj Al Rabeea	27 July 2011	Non-executive, independent	Nomination and Remuneration Committee, Security Committee	One
Dr. Faisal Abdullah Al Farsi	20 March 2017	Non-executive, independent	Executive Committee[3], Audit and Risk Committee	Nil
Mr. Gopal Krishnan	24 April 2018	Non-executive, non-independent	Audit and Risk Committee	Nil
Mr. Eisa Mohammed Al-Mohannadi	1 June 2020	Non-executive, non-independent	Nil	Nil
Mr. Shabib Mohammed Al Darmaki	3 September 2020	Non-executive, independent	Audit and Risk Committee	One

The Board composition was changed during 2020 after the AGM and as a result of the Board elections. Additionally, further changes took place as follows:

- Ms. Reem Mohammed Jawad Ali resigned as Director representing the Civil Service Employees Pension Fund on 3 September 2020
- Mr. Shabib Mohammed Al Darmaki was appointed as Director representing the Civil Service Employees Pension Fund on 3 September 2020.

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:

[3] Resigned from the Executive Committee on 18 January 2021 due to his appointment as Audit and Risk Committee Chairman

(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 organizations ("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.

Further information on 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 Nasser bin Hamad bin Nasser Al Thani[4]
Current Vice-Chairman
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, United Kingdom. Sheikh Nasser was appointed as the Vice-Chairman of Ooredoo Oman's Board of Directors in June 2020, and is currently the Chairman of the Nomination and Remuneration Committee.[5]

Sheikh Saud bin Nasser Al Thani[6]
Former Vice-Chairman
Sheikh Saud Bin Nasser Al Thani held the role of Group CEO of Ooredoo from November 2015 to December 2020.

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

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[4] Appointed as Vice-Chairman of the Board of Directors pursuant to the Board composition changes after the Board elections that took place during the AGM on 1 June 2020

[5] Appointed as the Nomination and Remuneration Committee Chairman pursuant to the Committee composition changes after the Board elections that took place during the AGM on 1 June 2020

[6] Sheikh Saud was the Vice-Chairman and Board member until the Board elections that took place during the AGM on 1 June 2020. After the elections, Sheikh Nasser bin Hamad bin Nasser Al Thani was appointed as the Vice-Chairman of the Board of Directors

restructuring of the organization 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 held key positions across Ooredoo Group, including Chairman of the Board for Ooredoo Kuwait; and Vice Chairman of the Board for Asiacell. Also, he currently serves on the Boards of Silatech and INJAZ Qatar/INJAZ Al Arab. Sheikh Saud was previously the Vice Chairman of the Board for Ooredoo Oman.

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.

Mr. Mohammed Jassim Al Kuwari

Director

Mohammed Jassim Ghanim Al Kuwari is a seasoned, customer focused and results oriented professional with more than 25 years' experience in managing & leading enabling functions with deep expertise in Human Resources, Procurement & Supply Chain, Building & Support Services and Operational Excellence.

Currently Mr. Kuwari is working in Ooredoo Qatar as the Chief Corporate Services Officer since 2011 & is responsible for ensuring Ooredoo's business units are enabled in the most appropriate manner by meticulous management of Human Capital, Sourcing & Procurement and Facility & Support Services. Prior to this role, Mr. Kuwari was managing the Human Capital for Ooredoo Qatar and has held multiple leadership positions in the HR function.

Prior to joining Ooredoo, Mr. Kuwari worked in RasGas for more than 10 years. He has a BSc of Business Administration from the American University, Washington DC and has numerous leadership development certifications. Mr. Kuwari serves in multiple Boards including Ooredoo Oman and Ooredoo Iraq. He is also a board member of Starlink Qatar. Mr. Mohammed Al-Kuwari is the Chairman of the Executive Committee.[7]

[7] Appointed as Executive Committee Chairman pursuant to the Committee composition changes after the Board elections that took place during the AGM on 1 June 2020

Mr. Thani Ali Al Malki
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. Thani Ali Al Malki is the Chairman of the Security Committee[8], and the Vice-Chairman of the Executive Committee.[9]

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 35 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 previously Thabat Holding Company. He also sits on a number of other boards in Oman. He has a Bachelor's Degree in Arts.

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 in the United Kingdom and a PhD in Business and Commercial Law from the University of Mohammed V in Morocco. Dr. Faisal is currently the Chairman of the Audit and Risk Committee.[10]

Ms. Reem Mohammed Jawad Ali[11]
Former Director
Ms. Reem Jawad holds a Bachelor's Degree in Accounting from Sultan Qaboos University and was previously the Finance Manager of the Civil Service Employees Pension Fund. She has more than

[8] Appointed as Security Committee Chairman pursuant to the Committee composition changes after the Board elections that took place during the AGM on 1 June 2020

[9] Appointed as Executive Committee Vice-Chairman on 22 July 2020

[10] Appointed as the Audit and Risk Committee Chairman on 18 January 2021

[11] Resigned as Director on 3 September 2020

20 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 from March 2017 to September 2020.

Mr. Gopal Krishnan

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 27 years. Mr. Gopal is a Chartered Accountant from India, qualified in 1987, and is a Certified Management Accountant from USA having professional experience of 32 years. He is currently working as Executive Director, Financial Planning and Performance in Ooredoo Group. His current role involves Group-wide financial planning, performance management reporting, forecasting and supporting the Group in various investment decisions.

Mr. Eisa Mohammed Al Mohannadi[12]

Director

Mr. Eisa Al Mohannadi joined the Ooredoo Oman Board as a Director in June 2020, and currently serves as Senior Director - Finance in Ooredoo Qatar, where he has held a number of positions since 2012. Mr. Al Mohannadi was also in charge of multiple senior positions in the field of banking services, risk management, revenue assurance and public administration.

Mr. Al Mohannadi holds a Bachelor's degree in Business Administration from Marymount University in the United States of America. He also holds a Master's degree in Digital Transformation from HEC PARIS.

Mr. Shabib Mohammed Al Darmaki[13]

Director

Mr. Shabib Mohammed Al Darmaki joined Ooredoo Oman Board in September 2020. He is currently the Director – General of the Civil Service Employees' Pension Fund. He also holds board membership in several public joint stock companies, in the fields of business and Islamic banking services. Mr. Shabib Al Darmaki holds a Master's Degree in Accounting from Oklahoma City University in the United States of America and a Bachelor's Degree in Business Management from Helwan University in Egypt.

Mr. Ibrahim Al Saadi[14]

Acting Chief Audit Executive (Acting CAE)

Mr. Ibrahim Al Saadi has been appointed as Chief Audit Executive in February 2021, and was previously the Head of Finance and Operations Audit at Ooredoo Oman. He has around 15 years of working experience. He has a Master's Degree in Accounting from the University of London and holds ACCA certification.

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[12] Appointed as Director pursuant to the Board elections that took place during the AGM on 1 June 2020

[13] Appointed as Director on 3 September 2020

[14] Appointed as Acting Chief Audit Executive on 11 February 2021

Board meetings and Board members' attendance in 2020

Attendance at Board meetings in 2020 is shown in **Table 3**.

Table 3: Attendance at Board meetings in 2020

	1	2	3	4	5
	05/02/2020	21/04/2020	01/06/2020	23/07/2020	26/10/2020
Al Sayyid Amjad Mohamed Al Busaidi (Chairman)	Yes	Yes	Yes	Yes	Yes
Shaikh Nasser bin Hamad bin Nasser Al Thani (Current Vice-Chairman)	Yes	Yes	Yes	Yes	Yes
Sheikh Saud bin Nasser Al Thani (Former Vice-Chairman)	Yes	Yes	N/A	N/A	N/A
Mr. Mohammed Jassim Al Kuwari	Yes	Yes	Yes	Yes	Yes
Mr. Said Faraj Al Rabeea	No	Yes	Yes	Yes	Yes
Mr. Thani Ali Al Malki	Yes	Yes	Yes	Yes	Yes
Dr. Faisal Abdullah Al Farsi	Yes	Yes	Yes	Yes	Yes
Ms. Reem Mohammed Jawad Ali	Yes	Yes	Yes	Yes	N/A
Mr. Gopal Krishnan	Yes	Yes	Yes	Yes	Yes
Mr. Eisa Mohammed Al Mohannadi	N/A	N/A	N/A	Yes	Yes
Mr. Shabib Mohammed Al Darmaki	N/A	N/A	N/A	N/A	Yes

Board committees

Ooredoo Oman has four Board committees: The Executive Committee, the Audit and Risk Committee, the Nomination and 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 of three members: Mr. Mohammed Jassim Al Kuwari (Committee Chairman), Mr. Thani Ali Al Malki (Committee Vice-Chairman) and Dr. Faisal Abdullah Al Farsi.[1] 5

The Executive Committee met 4 times during 2020. The dates and attendance at these meetings are shown in **Table 4.**

Table 4: Executive Committee meetings and attendance in 2020

	1 05/02/2020	2 22/07/2020	3 25/10/2020	4 07/12/2020
Mr. Mohammed Jassim Al Kuwari (Current Committee Chairman)	Yes	Yes	Yes	Yes
Shaikh Nasser bin Hamad bin Nasser Al Thani (Former Committee Chairman)	Yes	N/A	N/A	N/A
Mr. Thani Ali Al Malki (Committee Vice-Chairman)	Yes	Yes	Yes	Yes
Mr. Said Faraj Al Rabeea	Yes	N/A	N/A	N/A
Mr. Gopal Krishnan	Yes	N/A	N/A	N/A
Dr. Faisal Abdullah Al Farsi	N/A	Yes	Yes	Yes

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.

1 Resigned from the Executive Committee on 18 January 2021 after his appointment as Audit and Risk Committee Chairman. The Board of Directors will appoint a new Executive Committee member in its meeting on 11 February 2021

- 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 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.
- 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 and Risk Committee

The Audit and Risk 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 of three directors: Dr. Faisal Abdullah Al-Farsi (Audit and Risk Committee Chairman), Mr. Gopal Krishnan and Mr. Shabib Mohammed Al Darmaki[1] .

The Audit and Risk Committee met 4 times during 2020. The dates and attendance at these meetings are shown in **Table 5.**

Table 5: Audit and Risk Committee meetings and attendance in 2020

	1	2	3	4
	04\02\2020	21\04\2020	22\07\2020	25\10\2020
Dr. Faisal Abdullah Al-Farsi (Current Committee Chairman)[1]	Yes	Yes	Yes	Yes

[1] Appointed as Audit and Risk Committee member on 18 January 2021

[1] Appointed as Audit and Risk Committee Chairman on 18 January 2021

Ms. Reem Mohammed Jawad Ali (Former Committee Chairperson)[1]	Yes	Yes	Yes	N/A
Mr. Gopal Krishnan	Yes	Yes	Yes	Yes

The Audit and Risk 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 & 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 and Risk 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.

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1 Resigned as Audit and Risk Committee member on 3 September 2020

- 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.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee aims to assist the general meeting in the nomination and election of directors, and to assist the Board in selecting the appropriate and necessary executives for the Executive Management. The Committee currently comprises of three directors: Shaikh Nasser bin Hamad bin Nasser Al Thani (Committee Chairman), Mr. Mohammed Jassim Al Kuwari (Committee Vice-Chairman), and Mr. Said Faraj Al Rabeea.

The Nomination and Remuneration Committee met 4 times in 2020. The dates and attendance at these meetings are shown in **Table 6.**

Table 6: Nomination and Remuneration Committee meetings and attendance in 2020

	1	2	3	4
	05\02\2020	20\04\2020	22\07\2020	26\10\2020
Shaikh Nasser bin Hamad bin Nasser Al Thani (Current Committee Chairman)[1]	N/A	N/A	Yes	Yes
Sheikh Saud bin Nasser Al Thani (Former Committee Chairman)[2]	Yes	Yes	N/A	N/A
Mr. Mohammed Jassim Al Kuwari (Committee Vice-Chairman)[2]	Yes	Yes	Yes	Yes
Mr. Said Faraj Al Rabeea	Yes	Yes	Yes	Yes

1 Appointed as Nomination and Remuneration Committee Chairman pursuant to the Committee composition changes after the Board elections that took place during the AGM on 1 June 2020

2 The composition of the Nomination and Remuneration Committee changed pursuant to the Board elections that took place during the AGM on 1 June 2020

2 Appointed as Nomination and Remuneration Committee Vice-Chairman on 22 July 2020

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 qualified individuals to act as temporary Directors should any vacancy arise in the Board of Directors.
- Review and submit the nomination of Board representatives at subsidiaries and Affiliates (excluding SPV's) 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, except for the CEO and CAE.
- 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 given telecommunications Licenses. The Security Committee currently comprises of three members: Mr. Thani Ali Al Malki (Committee Chairman), Mr. Said Faraj Al Rabeea and Mr. Ian Charles Dench (the Company CEO). The Security Committee met three times in 2020. The dates and attendance at these meetings are shown in **Table 7.**

Table 7: Security Committee meetings and attendance in 2020

	1 05/02/2020	2 22/07/2020	3 25/10/2020
Mr. Thani Ali Al Malki (Current Committee Chairman)[2] 2	N/A	Yes	Yes
Mr. Said Faraj Al Rabeea (Former Committee Chairman)	Yes	Yes	Yes
Mr. Ian Charles Dench	Yes	Yes	Yes
Sheikh Nasser bin Hamad bin Nasser Al Thani[2] 3	Yes	N/A	N/A

[2] Appointed as Security Committee member and Chairman pursuant to the Committee composition changes after the Board elections that took place during the AGM on 1 June 2020

[2] The composition of the Security Committee changed pursuant to the Board elections that took place during the AGM on 1 June 2020

Total remuneration paid to Directors in respect of 2020

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 2020 is shown in **Table 8**.

Table 8: Total sitting fees paid to Directors in respect of 2020

Name of Director	Position	Amount in OMR
Al Sayyid Amjad Mohamed Al Busaidi	Chairman	3,500
Sheikh Nasser bin Hamad bin Nasser Al Thani	Current Vice-Chairman	5,500
Mr. Mohammed Jassim Al Kuwari	Director	7,500
Mr. Said Faraj Al Rabeea	Director	6,800
Dr. Faisal Abdullah Al-Farsi	Director	7,000
Mr. Gopal Krishnan	Director	6,000
Mr. Thani Ali Al Malki	Director	6,500
Mr. Eisa Mohammed Al-Mohannadi	Director	1,400
Mr. Shabib Mohammed Al Darmaki	Director	700
Shaikh Saud bin Nasser Al Thani	Former Vice-Chairman	2,400
Ms. Reem Mohammed Jawad Ali	Former Director	4,300

Additionally, at the Company’s Annual General Meeting held on 1 June 2020, the shareholders approved a further distribution to the Directors of OMR 148,100 to be divided between the Directors in respect of 2019, which was paid during 2020.

Related-party transactions 2020

The Company's Related-party transactions during 2020 are shown in **Table 9.**

Table 9: The Company's Related-party transactions during 2020

Transaction[2] 4	OMR 2020	OMR 2019	% Change
Directors and Key Management remuneration comprising:	**2,141,539**	**2,667,279**	-20%
Salaries/remuneration and benefit	1,900,918	2,445,225	-22%
Director's remuneration	200,000	200,000	0%
Management end of service benefits	40,621	22,054	84%
Service fee payable to Ooredoo International as per Technical services Agreement	**7,935,658**	**8,556,525**	**-7%**
Brand License Fee payable to Ooredoo IP LLC as per Brand-Licensing Agreement	**3,960,619**	**4,261,998**	**-7%**
Other Expenses Comprising:	**595,713**	**567,504**	**5%**
Reimbursement of salaries and other expenses of seconded staff (Ooredoo Qatar)	33,102	1,509	2,094%
Reimbursement of salaries and other expenses of seconded staff (to Ooredoo Group)	-	6,789	-100%
Reimbursement of other expenses (from Ooredoo Group)	238,777	89,106	168%
Other expenses (Duqm Data Centre)	-	-	0%
Site Rental (Al Thabat Holding)	323,834	470,100	-31%
Telecom Revenues from other members of Ooredoo Group	**480,644**	**1,083,380**	**-56%**
Telecom Costs to other members of Ooredoo Group	**150,626**	**427,709**	**-65%**
Sale of assets to (Duqm Data Center)	**-**	**291,580**	**-100%**
Purchase of 2 x 10G IRU capacity on SMW5 cable from (Ooredoo Qatar)	**-**	**365,845**	**-100%**

2 Three Related Party Transactions 4 were agreed and approved for the year 2021 by the shareholders during the Ordinary General Meeting that took place on 15 December 2020, namely: 1- PABX Contact Centre Transformation Project; 2- D2C Partnership Agreement with Duqm Data Centre SAOC; and 3- Purchase of additional data capacity on SMW5 Sea Cable from Ooredoo Q.P.S.C

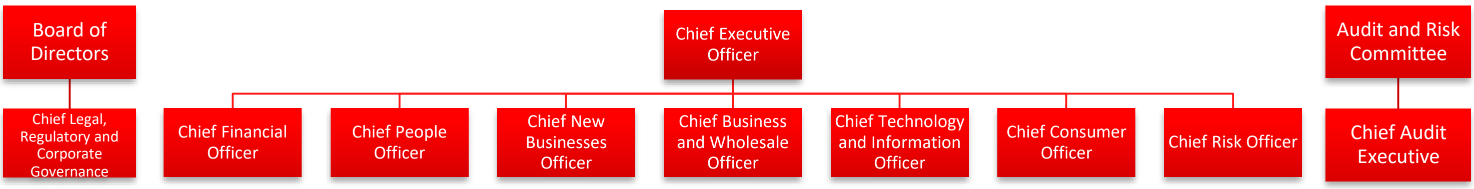
Senior Management

Ooredoo Oman's current Senior Management team at the time of this Financial Report is shown in **Table 10.**

Table 10: Senior Management

Mr. Ian Charles Dench	Chief Executive Officer
Mr. Abdul Razzaq Abdul Wahed Al Balushi	Chief Financial Officer
Mr. Majid Mubarak Al Marzooqi	Chief Legal, Regulatory and Corporate Governance Officer[2]
Ms. Amaal Abdulkhaliq Al Lawati	Chief People Officer
Mr. Kumail Baker Al Musawi	Chief New Businesses Officer
Mr. Sultan Ahmed Al Wahaibi	Chief Business and Wholesale Officer
Engineer Ahmed Abdullah Issa Al Abri	Chief Technology and Information Officer
Mr. Shady Elmohandes	Chief Consumer Officer
Mr. Badar Abdullah Al Hashmi	Chief Risk Officer[2]

Table 11: Ooredoo Oman Organisational Structure



2 Appointed as Chief Legal, Regulatory and Corporate Governance Officer on 26 October 2020

2 Appointed as Chief Risk Officer on 11 February 2021

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 Jordon, 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 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.

Mr. Abdul Razzaq Abdul Wahed Al Balushi

Chief Financial Officer (CFO)

Abdul Razzaq joined Ooredoo Oman in January 2016 and brings over 25 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 25 years at HSBC, Oman LNG LLC, Oman Shipping Company SAOG, Aldersgate Partners and Oman Trading International.

Abdul Razzaq holds an MBA from the University of Strathclyde, UK. He is also a Certified Treasury and Finance Professional (CTFP), an Accredited Financial Analyst (AFA) and a Chartered Economist (ChE). In addition, he holds certificates in accounting, banking and trade.

Abdul Razzaq is an Independent Board Member and the Chairman of the Audit and Risk Committee of Oman Shipping Company SAOC and an Independent Board Member of MM Fund.

Abdul Razzaq was awarded as one of the Middle East region's top 30 CFOs by the New-Age Finance and Accounting (NAFA) in 2020.

Mr. Majid Mubarak Al Marzooqi[27]

Chief Legal, Regulatory and Corporate Governance (CLRCGO), Company Secretary and Company Legal Advisor

Majid joined Ooredoo Oman in 2006 and during this time he has held the roles of Legal Counsel, Director of Legal Affairs and Chief Corporate Governance and External Affairs Officer, before assuming his current role as Chief Legal, Regulatory and Corporate Governance Officer. Majid also holds the position of Company Secretary and Company Legal Advisor. 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 20 years' experience in law, governance and public relations in the private and government sectors.

Ms. Amaal Abdulkhaliq Al Lawati

Chief People Officer (CPO)

Amaal graduated from the College of Science at Sultan Qaboos University in 1995. She has 22 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 Oman 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. Kumail Baker Al Musawi

Chief New Businesses Officer (CNBO)

Kumail Al Musawi joined Ooredoo in November 2004 and brings 21 years of 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 is responsible for nurturing the development and growth of Ooredoo Oman's emerging portfolio of new businesses. 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.

Mr. Sultan Ahmed Al Wahaibi

Chief Business and Wholesale Officer (CBWO)

Sultan has more than 19 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

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27 Appointed as Chief Legal, Regulatory and Corporate Governance Officer on 26 October 2020

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 (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.

Engineer Ahmed Abdullah Issa Al Abri
Chief Technology and Information Officer (CTIO)
Ahmed has over 20 years of experience in telecommunication sector with wide knowledge in telecomm & IT networks, business strategies, spectrum, technology planning & evolution, digitalization and innovation.

Ahmed holds a Bachelor of Engineering in Telecomm and Master in Business Administration from the United Kingdom.

Mr. Shady Elmohandes
Chief Consumer Officer (CCO)
Shady joined Ooredoo Oman in January 2020. He is an experienced telecommunications executive, with more than 20 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.

Mr. Badar Abdullah Al Hashmi[28]
Chief Risk Officer (CRO)
Mr. Badar joined Ooredoo Oman as Chief Audit Executive in January 2017, bringing over 19 years' 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. He has recently been appointed as Chief Risk Officer in February 2021.

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 and Finance from the University of Salford, UK. Mr. Badar is a Certified

2 Appointed as Chief Risk Officer[8] on 11 February 2021

Internal Auditor and holds a Certification in Risk and Information Control as well as a Certification in Risk Management Assurance. Mr. Badar volunteers professionally in Institute of Internal Audit (IIA) Oman where he was the past President and is currently a director of the Institute Relations Committee of the IIA Global.

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 Financial Report contains detailed management discussion and analysis.

Ooredoo Oman share trading details

Ooredoo Oman's shares traded on the Muscat Securities Market during 2020 as shown in **Table 12.**

Ooredoo Oman's share price compared to the MSM30 index throughout 2020 is shown in **Table 13.**

Ooredoo Oman's share distribution in 2020 is shown in **Table 14.**

Table 12: Ooredoo Oman share trading throughout 2020

Date	Open	High	Low	Trades	Volume	Turnover	Last Trade	Previous Close	Close	Net Change	%
Jan	0.512	0.512	0.510	247.000	3251923.000	1,668,611	0.510	0.512	0.512	0.000	0.00%
Feb	0.520	0.522	0.514	303.000	2959265.000	1,543,122	0.522	0.51	0.52	0.010	1.96%
Mar	0.380	0.400	0.380	473.000	4123369.000	1,829,352	0.394	0.38	0.394	0.014	3.68%
Apr	0.416	0.420	0.416	904.000	4141906.000	1,727,616	0.418	0.414	0.418	0.004	0.97%
May	0.412	0.412	0.406	407.000	1741688.000	703,170	0.408	0.41	0.408	-0.002	-0.49%
Jun	0.406	0.408	0.406	252.000	1271544.000	518,095	0.408	0.404	0.408	0.004	0.99%
Jul	0.400	0.404	0.400	321.000	3208951.000	1,290,456	0.400	0.402	0.404	0.002	0.50%
Aug	0.404	0.406	0.398	291.000	2408449.000	971,618	0.398	0.398	0.398	0.000	0.00%
Sep	0.386	0.388	0.386	692.000	3869423.000	1,517,072	0.388	0.388	0.388	0.000	0.00%
Oct	0.392	0.392	0.392	563.000	4973227.000	1,889,712	0.392	0.384	0.392	0.008	2.08%
Nov	0.390	0.400	0.390	979.000	8555476.000	3,266,421	0.392	0.384	0.394	0.010	2.60%
Dec	0.392	0.394	0.392	975.000	5071735.000	1,963,607	0.394	0.392	0.392	0.000	0.00%

Table 13: Ooredoo Oman share price compared to MSM30 index throughout 2020

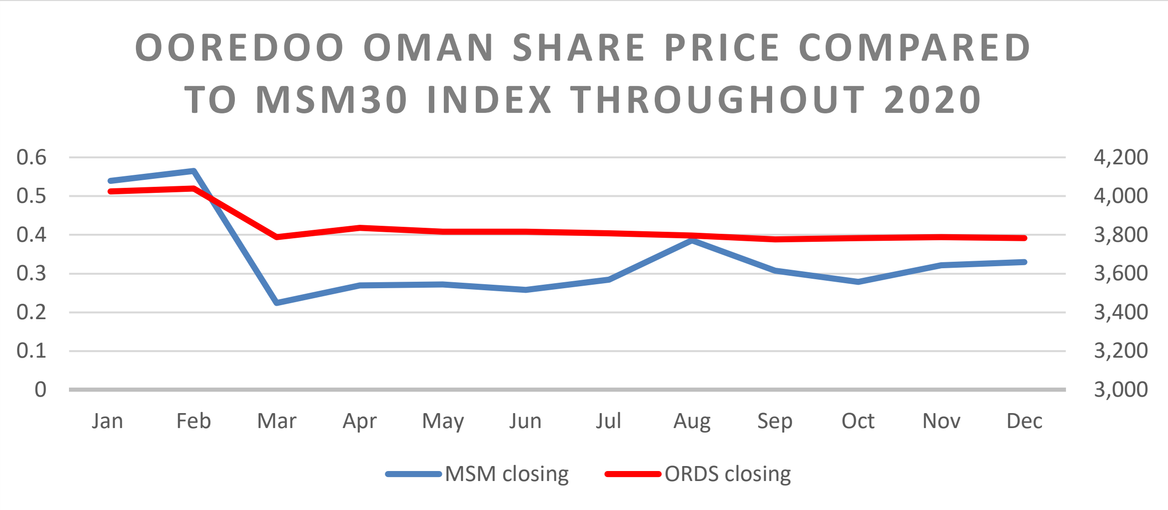

Table 14: Ooredoo Oman Share Distribution (in terms of ownership)

Month	Omani	Non Omani	GCC	Arab	Foreign
Jan	33.06%	66.94%	62.98%	0.06%	3.90%
Feb	33.08%	66.93%	62.99%	0.07%	3.87%
Mar	33.43%	66.58%	62.92%	0.10%	3.56%
Apr	33.51%	66.49%	62.91%	0.14%	3.44%
May	33.55%	66.44%	62.90%	0.14%	3.40%
Jun	33.70%	66.30%	62.74%	0.14%	3.42%
Jul	34.58%	65.42%	62.71%	0.13%	2.58%
Aug	34.58%	65.42%	62.71%	0.13%	2.58%
Sep	34.58%	65.42%	62.71%	0.13%	2.58%
Oct	34.75%	65.26%	62.64%	0.10%	2.52%
Nov	35.42%	64.57%	62.52%	0.10%	1.95%
Dec	35.59%	64.40%	62.47%	0.10%	1.83%

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 2020.

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 and Risk Committee and Board of Directors on a quarterly basis.

External Auditor

The Company's external auditor in respect of 2020 were PwC. The total fees for audit and non-audit related services paid to the auditor in respect of 2020 were OMR 176,000.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) has been a key focus and main pillars of Ooredoo Oman's strategy since its launch in the Sultanate, where its initiatives come under the umbrella of Ooredoo Goodwill. The initiatives aim to provide sustainable support and community development, supporting the digital, educational and health sectors, as well as focusing on the empowerment of women.

In accordance with the decisions of the Supreme Committee entrusted with undertaking measures to tackle developments resulting from Coronavirus (COVID-19) pandemic, we have supported a number of hospitals in the Sultanate, by providing them with the latest medical equipment and devices. The hospitals include The Royal Hospital, Sultan Qaboos University Hospital, Sultan Qaboos Hospital in Salalah and Sohar Hospital. We have also provided assistance to more than 500 families, in cooperation with Dar Al Atta'a Association, under the initiative "together through thick and thin". In addition, free SIM cards were also provided, in cooperation with the Ministry of Social Development, to students returning abroad and in quarantine.

Furthermore, free calls and data were provided to medical staff in a number of hospitals as well as free local calls to all customers across the Sultanate. We have also activated a number of awareness campaigns through our social media platforms and have provided an automated response system for customer service and local radio stations. In terms of strengthening the network, we have increased internet speed and our network has been strengthened to accommodate the increase in volume. Our SMS donation service was activated to support the Ministry of Health, by providing a channel for customers and Ooredoo family members to donate. Separately, donations were also collected by employees to support the efforts of the Ministry of Health to combat the COVID-19 virus. First line of defense champions were honored and a number of free workshops were offered to them.

During this year, we have successfully set up several digital videoconference events for Ooredoo's women's incubators and these sessions were conducted in various governorates across the Sultanate of Oman. Our efforts continued during the pandemic and we set up a number of other digital events online to help identify ways for participants to use their skills effectively in developing their own businesses. This reflected Ooredoo Oman's continued commitment to support small business leaders digitally and thus bolster the growth of their businesses. The 17th woman's incubator was launched in Wilayat Khasab and provided with equipment and a mini market, which was built to offer and sell the incubator's products.

In addition, a Spring Board program was launched for Sultan Qaboos University's students that aimed at supporting digital entrepreneurship, taking it to new heights. Continuing our support for the development of the Sultanate's Small and Medium Enterprises (SMEs), we have recently launched an online training program called Fursa, in cooperation with Oman Academy of Small and Medium Enterprises and the Business Skills Simulation. The program aims at developing and supporting emerging digital businesses, which will enrich the communications sector in the Sultanate.

To fulfill our promise to support the education sector, we have collaborated and signed an agreement with the Ministry of Education to support the launch of their digital educational portal for students and teachers, with a view to meeting the challenges posed by the spread of the Coronavirus pandemic. This platform provides interaction between teachers and students, allowing them to learn remotely and also includes a feature for monitoring the level of education and students' daily reports. We have also continued to support the Oman Digital Tutorial App by enhancing online classes to help the future generation in the new academic year by adding new digital specialist courses to the application. With 32.7 million views and downloads from the beginning of this year and 1.4 million impressions, 97.7% of the Sultanate have viewed the app, with other users being spread across the GCC and other countries, followed by the US with 1.5%. In further support of education, we've donated laptops for social security students for distance learning in coordination with the Ministry of Social Development.

This year's Ooredoo Goodwill journey celebrated the year digitally for the 16th anniversary. Over the years, the journey has continued to support members of society, charitable associations and sustainable initiatives in various fields, focusing on promoting education and self-sufficiency, in addition to fostering the sustainable community growth in the Sultanate. We have set up 'sensory rooms' in both Al Wafa Rehabilitation Center for disabled children in Wilayat Nizwa and the Association for the Welfare of Disabled Children in Wilayat Musanah, Wilayat Barka and in Wilayat Saham. Equipment was also provided to the Association for the Welfare of Disabled Children for the care of disabled children. A project was launched, in collaboration with the Omani Women's Association, in Wilayat Manah to provide digital screens in the Wilayat schools.

In pursuit of our active role in serving the community, we have recently released two new numbers to donate via SMS to the Omani Association for the Hearing Impaired and Al Rahma Association for Motherhood and Childhood. Our Cooperation was also carried out with Oman Charitable Organization and Dar Al Atta'a with a donation campaign for Beirut and Sudan floods. We also cooperated with Oman Diabetes Association to participate in the celebration of the International Diabetes Day with the slogan of "Nurses Make a Difference." Moreover, cooperation has also been established with the Ministry of Social Development to implement the digital awareness campaign to protect women from violence.

When it comes to the environment, our efforts to preserve and protect have continued through a number of initiatives that began with a variety of internal activities for our staff, kicking off with several beach clean-ups in the Sultanate.

Finally, we are very pleased to have received the Gold Award for Corporate Social Responsibility (CSR) in the prestigious Stevie International Business Awards, which reflected all of our efforts in this area and demonstrated our presence in the Omani society and the wonderful culture we have. This award will provide an incentive for us to do more in the coming years.

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 formalized, 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.
- All Board Members are aware of the Code of Corporate Governance and its requirements.

OMANI QATARI TELECOMMUNICATIONS COMPANY SAOG

PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Registered office and principal place of business

Tilal Building
PO Box 874
PC 111, Central Post office
Sultanate of Oman

OMANI QATARI TELECOMMUNICATIONS COMPANY SAOG

PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

Contents

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 2020, 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 2020;
- statement of comprehensive income for the year then ended;
- statement of financial position as at 31 December 2020;
- statement of changes in equity for the year then ended;
- statement of cash flows for the year then ended; and
- notes to these financial statements, which include significant accounting policies and other explanatory information.

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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for 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.

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

Our audit approach

Overview

Key Audit Matter(s)

- 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")

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
Revenue recognition and related IT systems – appropriateness of revenue recognition due to complexity of system ("the Parent Company" and "the Group") 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.	Our audit approach included combination of controls and substantive testing as described below: • 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 to the shareholders of Omani Qatari Telecommunications Company SAOG (continued)

Our audit approach (continued)

Key audit matters	How our audit addressed the Key audit matter
Revenue recognition and related IT systems – appropriateness of revenue recognition due to complexity of system ("the Parent Company" and "the Group") (continued) Refer to notes 3, 4c and 5 to these financial statements for accounting policies, critical accounting estimates and judgments and related disclosures.	• 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. We also assessed the adequacy of related disclosures and accounting policies reflected in notes 3, 4c and 5 to these financial statements.
Capitalisation practices and assets' useful lives for property and equipment ("the Parent Company" and "the Group") The carrying value of property and equipment amounted to RO 262 million, which represents 55% of the Group's total assets as at 31 December 2020. 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. 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. Refer to notes 3, 4g and 11 to these financial statements for accounting policies, critical accounting estimates and judgments and related disclosures.	Our audit approach included combination of controls and substantive testing as described below: • We evaluated the design and tested the operating effectiveness of relevant manual 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 including changes to previously determined estimates are appropriate by considering our knowledge of the business and practice in the wider telecoms industry. We also assessed the adequacy of related disclosures and accounting policies reflected in notes 3, 4g and 11 to these financial statements.

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, the Board of Directors' Report, the 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 Financial 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 Financial 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, actions taken to eliminate threats or safeguards applied.

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.

PricewaterhouseCoopers

Omar Al Sharif

Muscat, Sultanate of Oman

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س ت ١٢٣٠٨٦٥
C.R. No 1230865
PricewaterhouseCoopers LLC

11 February 2021

OMANI QATARI TELECOMMUNICATIONS COMPANY SAOG

PARENT COMPANY AND CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2020

		Parent Company		Consolidated	
		2020	2019	**2020**	2019
	Notes	**RO'000**	RO'000	**RO'000**	RO'000
Revenue	5	**264,522**	285,218	**264,989**	285,513
Operating expenses	6	**(81,139)**	(80,930)	**(81,529)**	(81,087)
General and administrative expenses	7	**(49,942)**	(56,218)	**(50,285)**	(56,826)
Depreciation and amortisation	11, 12, 13 & 13A	**(75,095)**	(71,496)	**(75,272)**	(71,571)
Royalty	13	**(24,864)**	(29,219)	**(24,864)**	(29,219)
Financing costs (including interest expense on lease liabilities) - net	8	**(3,956)**	(3,200)	**(3,972)**	(3,203)
Impairment loss on financial assets		**(3,423)**	(3,122)	**(3,423)**	(3,122)
Other income/(expense) – net		**194**	292	**(160)**	193
Profit before tax		**26,297**	41,325	**25,484**	40,678
Taxation	9	**(4,225)**	(6,728)	**(4,225)**	(6,728)
Profit for the year		**22,072**	34,597	**21,259**	33,950
Profit attributable to:					
Equity holders of the Parent Company		**22,072**	34,597	**21,495**	34,116
Non-controlling interests		**-**	-	**(236)**	(166)
		22,072	34,597	**21,259**	33,950
Basic and diluted earnings per share (RO)	10	**0.034**	0.053	**0.033**	0.052

The notes and other explanatory information on pages 13 to 56 form an integral part of these Parent Company and consolidated financial statements.

The report of the Independent Auditor's is set forth on pages 1 to 5.

OMANI QATARI TELECOMMUNICATIONS COMPANY SAOG

PARENT COMPANY AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

		Parent Company		Consolidated	
	Notes	**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
Profit for the year		**22,072**	34,597	**21,259**	33,950
Other comprehensive income					
Items that may be reclassified to profit or loss					
Net unrealised losses on cash flow hedges		**-**	(28)	**-**	(28)
Income tax effect	9	**-**	4	**-**	4
Other comprehensive loss for the year		**-**	(24)	**-**	(24)
Total comprehensive income for the year		**22,072**	34,573	**21,259**	33,926
Total comprehensive income attributable to:					
Equity holders of the Parent Company		**22,072**	34,573	**21,495**	34,092
Non-controlling interests		**-**	-	**(236)**	(166)
		22,072	34,573	**21,259**	33,926

The notes and other explanatory information on pages 13 to 56 form an integral part of these Parent Company and consolidated financial statements.

The report of the Independent Auditor's is set forth on pages 1 to 5.

OMANI QATARI TELECOMMUNICATIONS COMPANY SAOG

PARENT COMPANY AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	Parent Company 2020 RO'000	Parent Company 2019 RO'000	Consolidated 2020 RO'000	Consolidated 2019 RO'000
ASSETS					
Non-current assets					
Property and equipment	11	**261,382**	263,884	**261,961**	264,819
Right-of-use assets	12	**41,472**	44,107	**41,579**	44,107
Licences	13	**89,489**	21,922	**89,489**	21,922
Other intangible assets	13A	**14,136**	11,898	**14,136**	11,898
Investment in a subsidiary	14	**1,405**	1,405	**-**	-
Deferred tax asset	9	**5,250**	4,003	**5,250**	4,003
Contract assets, unbilled receivables (contract assets) and other assets	15	**657**	2,581	**657**	2,581
Total non-current assets		**413,791**	349,800	**413,072**	349,330
Current assets					
Inventories		**4,906**	5,102	**4,906**	5,102
Trade receivables, prepayments, contract assets and other assets	15	**46,599**	44,760	**46,597**	44,674
Cash and cash equivalents	16	**12,440**	42,667	**12,329**	42,969
Total current assets		**63,945**	92,529	**63,832**	92,745
TOTAL ASSETS		**477,736**	442,329	**476,904**	442,075
EQUITY AND LIABILITIES					
EQUITY					
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
Retained earnings		**172,020**	175,986	**170,653**	175,196
Equity attributable to the equity holders of the Parent Company		**258,812**	262,778	**257,445**	261,988
Non-controlling interests		**-**	-	**89**	325
Total equity and non-controlling interests		**258,812**	262,778	**257,534**	262,313
LIABILITIES					
Non-current liabilities					
Lease liabilities	23	**35,475**	37,499	**35,602**	37,499
Site restoration provision	22	**8,756**	7,015	**8,756**	7,015
Employee benefits	24	**1,749**	1,537	**1,751**	1,537
Other payable	13.2	**25,000**	-	**25,000**	-
Total non-current liabilities		**70,980**	46,051	**71,109**	46,051
Current liabilities					
Payables and accruals	25	**111,925**	105,514	**112,242**	105,725
Employee benefits	24	**597**	1,220	**597**	1,220
Interest bearing borrowings	21	**13,000**	-	**13,000**	-
Lease liabilities	23	**6,750**	6,098	**6,750**	6,098
Contract liabilities	20	**9,781**	12,096	**9,781**	12,096
Income tax payable	9	**5,891**	8,572	**5,891**	8,572
Total current liabilities		**147,944**	133,500	**148,261**	133,711
Total liabilities		**218,924**	179,551	**219,370**	179,762
TOTAL EQUITY AND LIABILITIES		**477,736**	442,329	**476,904**	442,075

These Parent Company and consolidated financial statements were approved and authorised for issue by the Board of Directors on 11 February 2021 and were signed on its behalf by:

Chairman | Director | Chief Executive Officer

The notes and other explanatory information on pages 13 to 56 form an integral part of these Parent Company and consolidated financial statements.

The report of the Independent Auditor's is set forth on pages 1 to 5.

OMANI QATARI TELECOMMUNICATIONS COMPANY SAOG

PARENT COMPANY AND CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

Parent Company

	Share capital RO'000	Statutory reserve RO'000	Hedging reserve RO'000	Retained earnings RO'000	Total RO'000
At 1 January 2019	65,094	21,698	24	170,681	257,497
Profit for the year	-	-	-	34,597	34,597
Other comprehensive loss for the year	-	-	(24)	-	(24)
Total comprehensive income for the year	-	-	(24)	34,597	34,573
Dividends	-	-	-	(29,292)	(29,292)
Balance at 31 December 2019	65,094	21,698	-	175,986	262,778
At 1 January 2020	**65,094**	**21,698**	**-**	**175,986**	**262,778**
Profit and total comprehensive income for the year	**-**	**-**	**-**	**22,072**	**22,072**
Dividends (note 18)	**-**	**-**	**-**	**(26,038)**	**(26,038)**
Balance at 31 December 2020	**65,094**	**21,698**	**-**	**172,020**	**258,812**

The notes and other explanatory information on pages 13 to 56 form an integral part of these Parent Company and consolidated financial statements. The report of the Independent Auditor's is set forth on pages 1 to 5.

OMANI QATARI TELECOMMUNICATIONS COMPANY SAOG

PARENT COMPANY AND CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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
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 loss 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	-	-	-	(29,292)	(29,292)	-	(29,292)
Balance at 31 December 2019	65,094	21,698	-	175,196	261,988	325	262,313
At 1 January 2020	**65,094**	**21,698**	**-**	**175,196**	**261,988**	**325**	**262,313**
Profit and total comprehensive income for the year	**-**	**-**	**-**	**21,495**	**21,495**	**(236)**	**21,259**
Dividends (note 18)	**-**	**-**	**-**	**(26,038)**	**(26,038)**	**-**	**(26,038)**
Balance at 31 December 2020	**65,094**	**21,698**	**-**	**170,653**	**257,445**	**89**	**257,534**

The notes and other explanatory information on pages 13 to 56 form an integral part of these Parent Company and consolidated financial statements. The report of the Independent Auditor's is set forth on pages 1 to 5.

OMANI QATARI TELECOMMUNICATIONS COMPANY SAOG

PARENT COMPANY AND CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

		Parent Company		Consolidated	
	Notes	**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
OPERATING ACTIVITIES					
Profit before tax		**26,297**	41,325	**25,484**	40,678
Adjustments for:					
Depreciation	11	**57,377**	56,628	**57,503**	56,703
Amortisation	12,13,13 A	**17,718**	14,868	**17,769**	14,868
Impairment loss on financial assets		**3,423**	3,122	**3,423**	3,122
Financing costs - lease	8	**2,417**	2,404	**2,429**	2,404
Finance costs	8	**1,048**	863	**1,052**	866
Unwinding of discount of site restoration provision	22	**614**	560	**614**	560
Employee retention - long term incentive		**353**	1,158	**353**	1,158
Employees' end of service benefits	24	**340**	428	**342**	428
(Reversal)/allowance for inventory obsolescence – net		**(258)**	315	**(258)**	315
Interest income	8	**(123)**	(627)	**(123)**	(627)
Gain on sale of property and equipment – net		**(50)**	(99)	**(50)**	-
Loss on write-off of property and equipment	11	**-**	-	**357**	-
Operating cash flows before working capital changes		**109,156**	120,945	**108,895**	120,475
Working capital changes:					
Inventories		**454**	(1,425)	**454**	(1,425)
Trade receivables, prepayments, contract assets and other assets		**(6,264)**	3,242	**(6,348)**	3,479
Prepayment of lease liabilities		**-**	(1,606)	**-**	(1,606)
Contract assets, unbilled receivables (contract assets) and other assets		**2,926**	(2,399)	**2,926**	(2,399)
Payables and accruals		**(5,153)**	(1,623)	**(5,047)**	(1,521)
Contract liabilities		**(2,315)**	(4,897)	**(2,315)**	(4,897)
Cash generated from operations		**98,804**	112,237	**98,565**	112,106
Income tax paid		**(8,153)**	(8,373)	**(8,153)**	(8,373)
Interest paid - lease	23	**(2,195)**	(2,455)	**(2,207)**	(2,455)
Interest paid		**(1,048)**	(863)	**(1,052)**	(866)
Long term incentive paid		**(976)**	(1,111)	**(976)**	(1,111)
Employees' end of service benefits paid	24	**(128)**	(316)	**(128)**	(316)
Net cash generated from operating activities		**86,304**	99,119	**86,049**	98,985
INVESTING ACTIVITIES					
Purchase of property and equipment	11	**(54,687)**	(54,968)	**(54,814)**	(55,050)
Purchase of licence	13	**(37,500)**	(400)	**(37,500)**	(400)
Purchase of intangibles	13A	**(5,680)**	(1,018)	**(5,680)**	(1,018)
Interest income	8	**123**	627	**123**	627
Proceeds from sale of property and equipment		**53**	210	**53**	-
Investment in a subsidiary	14	**-**	(300)	**-**	-
Net cash used in investing activities		**(97,691)**	(55,849)	**(97,818)**	(55,841)

The notes on pages 13 to 56 are an integral part of these Parent Company and consolidated financial statements.

The report of the Independent Auditor's is set forth on pages 1 to 5.

OMANI QATARI TELECOMMUNICATIONS COMPANY SAOG

PARENT COMPANY AND CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

		Parent Company		Consolidated	
	Notes	2020 RO'000	2019 RO'000	2020 RO'000	2019 RO'000
FINANCING ACTIVITIES					
Proceeds from interest bearing borrowings	21	**64,000**	25,000	**64,000**	25,000
Repayment of interest bearing borrowings	21	**(51,000)**	(37,811)	**(51,000)**	(38,271)
Dividends paid	18	**(26,038)**	(29,292)	**(26,038)**	(29,292)
Repayment of lease principal	23	**(5,802)**	(5,273)	**(5,833)**	(5,273)
Acquisition of minority interest	14	**-**	(85)	**-**	(85)
Net cash used in financing activities		**(18,840)**	(47,461)	**(18,871)**	(47,921)
Net decrease in cash and cash equivalents		**(30,227)**	(4,191)	**(30,640)**	(4,777)
Cash and cash equivalents at the beginning of the year		**42,667**	46,858	**42,969**	47,746
Cash and cash equivalents at the end of the year	16	**12,440**	42,667	**12,329**	42,969

Non-cash investing and financing activities

		Parent Company		Consolidated	
	Notes	2020 RO'000	2019 RO'000	2020 RO'000	2019 RO'000
Acquisition of right-of-use leased assets	12	**4,208**	50,527	**4,366**	50,527
Purchase of licence	13.2	**37,500**	7,200	**37,500**	7,200
		41,708	57,727	**41,866**	57,727

The notes on pages 13 to 56 are an integral part of these Parent Company and consolidated financial statements.

The report of the Independent Auditor's is set forth on pages 1 to 5.

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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. The Company's mobile license has been renewed for another period of 15 years starting from 19 February 2020 by the issuance of Royal Decree No. 3/2020 in February 2020.

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.

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.

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 and 2019, the Company subscribed to additional shares in the Subsidiary. Because of this, the shareholding of the Company in the Subsidiary was increased to 71% as at 31 December 2019. The Subsidiary has started its commercial operations during 2019.

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 the cash-settled share-based payment arrangements. 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 FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

2. Basis of preparation (continued)

2.1 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

Title	Key requirements	Effective date
Definition of Material – Amendments to IAS 1 and IAS 8	The International Accounting Standards Board (IASB) has made amendments to International Accounting Standards (IAS) 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify: • 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	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. The amendments will likely result in more acquisitions being accounted for as asset acquisitions.	1 January 2020
Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 9 and IAS 39	The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement provide certain reliefs in relation to interest rate benchmark reforms. The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.	1 January 2020

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

2. Basis of preparation (continued)

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

Title	Key requirements	Effective date
Revised Conceptual Framework for Financial Reporting	The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include: • 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. 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.	1 January 2020

The 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 2020 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 *Insurance Contracts*	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: • 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. 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. 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.	Originally 1 January 2021, but extended to 1 January 2023 by the IASB in March 2020

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

2. Basis of preparation (continued)

2.2 New standards and interpretations not yet adopted (continued)

Title	Key requirements	Effective date
IFRS 17 *Insurance Contracts (continued)*	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. 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.	Originally 1 January 2021, but extended to 1 January 2023 by the IASB in March 2020
COVID-19-related Rent Concessions – Amendments to IFRS 16	As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.	1 June 2020
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.	1 January 2022 [possibly deferred to 1 January 2023]

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

2. Basis of preparation (continued)

2.2 New standards and interpretations not yet adopted (continued)

Title	Key requirements	Effective date
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	The amendment to IAS 16 Property, Plant and Equipment (PPE) prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.	1 January 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.	1 January 2022
Annual Improvements to IFRS Standards 2018–2020	The following improvements were finalised in May 2020: • IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities. • IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives. • IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption. • IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.	1 January 2022
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	The IASB has made limited scope amendments to IFRS 10 *Consolidated financial statements* and IAS 28 *Investments in associates and joint ventures.* 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 Business Combinations).	Not Applicable

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

2. Basis of preparation (continued)

2.2 New standards and interpretations not yet adopted (continued)

Title	Key requirements	Effective date
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28 *(continued)*	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. 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.	Not Applicable

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.

3 Significant accounting policies (continued)

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.

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:

3 Significant accounting policies (continued)

Revenue, contract assets and contract liabilities (continued)

Multiple-element arrangements (continued)

- 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.

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.

3 Significant accounting policies (continued)

Revenue, contract assets and contract liabilities (continued)

Satisfaction of performance obligations (continued)

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.

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.

3 Significant accounting policies (continued)

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.

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	3 – 25 years
Subscriber apparatus and other equipment	2 – 15 years
Building	3 – 20 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.

3 Significant accounting policies (continued)

Property and equipment (continued)

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.

Leases

The Group enters 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

This policy is applied to contracts which are or contain lease as explained below:

The Group uses the following practical expedients when applying IFRS 16 to new leases:

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

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.

3 Significant accounting policies (continued)

Leases (continued)

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

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.

3 Significant accounting policies (continued)

Leases (continued)

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.

The estimates and judgements used in the preparation of these financial statements are consistent with those used in the prior year and are disclosed below (for critical accounting estimates and judgements relating to leases, refer to note 4):

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.

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 (continued)

Intangible assets

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

Intangible assets with finite lives are amortised over 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.

3 Significant accounting policies (continued)

Cash settled share-based payment transactions (continued)

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.

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 (“the TRA”) 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.

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

3 Significant accounting policies (continued)

Financial assets (continued)

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.

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.

3 Significant accounting policies (continued)

Financial assets (continued)

Impairment (continued)

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.

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.

3 Significant accounting policies (continued)

Derecognition of financial assets and financial liabilities (continued)

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 revenues are reported to the Group's Chief Operating Decision Maker ("CODM"), which is the Board of Directors. 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 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 40,799,000 (2019: RO 40,748,000) and the total provision for doubtful debts is RO 7,028,000 (2019: RO 6,672,000). 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 notes 15 and 29.

(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.

4 Critical accounting estimates and judgements (continued)

(c) Revenue from contracts with customers (continued)

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 2020 is RO 8,755,552 (2019: RO 7,014,824). 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 2020 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 5,465,347 (2019 RO 5,919,082) and the allowance for obsolete inventory amounted to RO 558,864 (2019: RO 817,322). 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.

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**	
	2020 RO'000	2019 RO'000	**2020 RO'000**	2019 RO'000
Revenue from rendering of services	**255,138**	278,060	**255,590**	278,346
Sale of telecommunication equipment	**11,438**	11,069	**11,438**	11,069
Rental income from site sharing	**1,972**	1,598	**1,987**	1,607
	268,548	290,727	**269,015**	291,022
Less: distributor discounts	**(4,026)**	(5,509)	**(4,026)**	(5,509)
	264,522	285,218	**264,989**	285,513

	Parent Company		**Consolidated**	
	2020 RO'000	2019 RO'000	**2020 RO'000**	2019 RO'000
Over time	**253,084**	274,149	**253,551**	274,444
At a point in time	**11,438**	11,069	**11,438**	11,069
	264,522	285,218	**264,989**	285,513

6 Operating expenses

	Parent Company		**Consolidated**	
	2020 RO'000	2019 RO'000	**2020 RO'000**	2019 RO'000
Cost of equipment sold and other services	**25,881**	25,165	**26,271**	25,322
Repairs and maintenance	**24,533**	25,016	**24,533**	25,016
Interconnection charges	**16,181**	16,173	**16,181**	16,173
Lease lines and frequency fee	**9,935**	9,419	**9,935**	9,419
Rental and utilities	**4,867**	4,842	**4,867**	4,842
(Reversal)/allowance for inventory obsolescence – net	**(258)**	315	**(258)**	315
	81,139	80,930	**81,529**	81,087

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 FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

7 General and administrative expenses

	Parent Company		Consolidated	
	2020 RO'000	2019 RO'000	**2020 RO'000**	2019 RO'000
Employees' salaries and associated costs	**30,020**	33,460	**30,448**	33,861
Service fees (note 26)	**7,936**	8,557	**7,936**	8,557
Brand licence fees (note 26)	**3,961**	4,262	**3,961**	4,262
Commission on sales	**2,188**	2,031	**2,188**	2,031
Sales and marketing expenses	**2,126**	3,794	**2,151**	3,862
Legal and professional charges	**886**	1,046	**894**	1,055
Rental and utilities	**311**	589	**159**	642
Others	**2,514**	2,479	**2,548**	2,556
	49,942	56,218	**50,285**	56,826

8 Financing costs - net

	Parent Company		Consolidated	
	2020 RO'000	2019 RO'000	**2020 RO'000**	2019 RO'000
Interest on leases (note 23)	**2,417**	2,404	**2,429**	2,404
Interest on bank borrowings	**1,048**	863	**1,052**	866
Site restoration – unwinding of discount (note 22)	**614**	560	**614**	560
Interest income on deposits	**(123)**	(627)	**(123)**	(627)
	3,956	3,200	**3,972**	3,203

9 Taxation

	Parent Company		Consolidated	
	2020 RO'000	2019 RO'000	**2020 RO'000**	2019 RO'000
Statement of profit or loss				
Current tax				
Current year	**5,472**	8,097	**5,472**	8,097
Deferred tax	**(1,247)**	(1,369)	**(1,247)**	(1,369)
	4,225	6,728	**4,225**	6,728
Current liability				
Current year	**5,472**	8,097	**5,472**	8,097
Prior year	**419**	475	**419**	475
	5,891	8,572	**5,891**	8,572
Deferred tax asset				
Beginning of the year	**4,003**	2,630	**4,003**	2,630
Movement for the year through profit or loss	**1,247**	1,369	**1,247**	1,369
Movement for the year through statement of other comprehensive income	**-**	4	**-**	4
At the end of the year	**5,250**	4,003	**5,250**	4,003

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

	Parent Company		Consolidated	
	2020 RO'000	2019 RO'000	**2020 RO'000**	2019 RO'000
Property and equipment, licences and other intangible assets	**3,436**	2,221	**3,436**	2,221
Provisions	**1,814**	1,782	**1,814**	1,782
	5,250	4,003	**5,250**	4,003

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

9 Taxation (continued)

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

	Parent Company		Consolidated	
	2020	2019	**2020**	2019
	RO'000	RO'000	**RO'000**	RO'000
Profit before tax	**26,297**	41,325	**25,484**	40,678
Tax at applicable rate	**3,945**	6,199	**3,823**	6,102
Non-deductible expense	**238**	257	**238**	257
Others	**42**	272	**164**	369
Tax expense for the year	**4,225**	6,728	**4,225**	6,728

The tax rate applicable to the Group is 15% (2019: 15%). Deferred tax asset/liability is recorded at 15% (2019: 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 to 2019 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 2020.

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	
	2020	2019	**2020**	2019
	RO'000	RO'000	**RO'000**	RO'000
Profit for the year (RO'000) attributable to equity holders of the Parent Company	**22,072**	34,597	**21,495**	34,116
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)	**0.034**	0.053	**0.033**	0.052

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 FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

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
Cost					
At 1 January 2020	**586,856**	**70,834**	**9,953**	**22,395**	**690,038**
Transfers	**34,334**	**15,376**	**51**	**(49,761)**	**-**
Addition	**-**	**-**	**-**	**54,878**	**54,878**
Disposal	**(9)**	**(98)**	**-**	**-**	**(107)**
At 31 December 2020	**621,181**	**86,112**	**10,004**	**27,512**	**744,809**
Accumulated depreciation					
At 1 January 2020	**359,686**	**59,465**	**7,003**	**-**	**426,154**
Charge for the year	**45,543**	**10,919**	**915**	**-**	**57,377**
Disposal	**(6)**	**(98)**	**-**	**-**	**(104)**
At 31 December 2020	**405,223**	**70,286**	**7,918**	**-**	**483,427**
Net book value					
At 31 December 2020	**215,958**	**15,826**	**2,086**	**27,512**	**261,382**
Cost					
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
Accumulated depreciation					
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
Net book value					
At 31 December 2019	227,170	11,369	2,950	22,395	263,884

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
Cost					
At 1 January 2020	**586,856**	**71,586**	**9,953**	**22,752**	**691,147**
Transfers	**34,334**	**15,503**	**51**	**(49,888)**	**-**
Additions	**-**	**-**	**-**	**55,005**	**55,005**
Disposal	**(9)**	**(98)**	**-**	**-**	**(107)**
Write off	**-**	**-**	**-**	**(357)**	**(357)**
At 31 December 2020	**621,181**	**86,991**	**10,004**	**27,512**	**745,688**
Accumulated depreciation					
At 1 January 2020	**359,686**	**59,639**	**7,003**	**-**	**426,328**
Charge for the year	**45,543**	**11,045**	**915**	**-**	**57,503**
Disposal	**(6)**	**(98)**	**-**	**-**	**(104)**
At 31 December 2020	**405,223**	**70,586**	**7,918**	**-**	**483,727**
Net book value					
At 31 December 2020	**215,958**	**16,405**	**2,086**	**27,512**	**261,961**

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

11 Property and equipment (continued)

Consolidated (continued)

	Mobile/fixed exchange and network equipment RO'000	Subscriber apparatus and other equipment RO'000	Buildings RO'000	Capital work in progress RO'000	Total RO'000
Cost					
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
Accumulated depreciation					
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
Net book value					
At 31 December 2019	227,170	11,947	2,950	22,752	264,819

Parent Company and Consolidated

Capital work in progress includes advances given to suppliers towards purchase of property and equipment amounting to RO 5,922,047 (2019: RO 1,786,624).

For the purposes of statement of cash flows additions to purchase of property and equipment has been adjusted by RO 191,000 (2019: RO 6,739,000) for the net movement in trade accounts payable and accrued expenses towards capital expenditure of RO 936,000 (2019: RO 6,989,000) and site restoration provision of RO 1,127,000 (2019: RO 250,000) (note 22).

In 2019, 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.

During the year, the Group conducted another reassessment of the useful life of its property and equipment, which resulted in a change in their expected usage. The net effect of the changes in the current financial year was a decrease in depreciation expense of RO 2,182,994. Assuming the assets are held until the end of their estimated useful lives, depreciation in 2021 in relation to these assets will be decreased by RO 3,776,795.

The effect in future periods beyond 2021 is not disclosed in these financial statements because estimating it is impracticable due to the underlying complexities of the computations and ongoing review of categorisation of the property and equipment to reflect changes in technology and information technology architecture.

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

12 Right-of-use assets

Parent Company

	Mobile network sites RO'000	**Transmission RO'000**	**Retail outlets RO'000**	**Vehicles RO'000**	**Buildings and warehouses RO'000**	**Total RO'000**
Balance as at 1 January 2020	**35,921**	**1,405**	**2,117**	**654**	**4,010**	**44,107**
Additions during the year	**4,208**	**-**	**-**	**-**	**-**	**4,208**
Amortisation for the year	**(5,163)**	**(166)**	**(516)**	**(198)**	**(800)**	**(6,843)**
Expired contract for the year - cost	**(32)**	**-**	**-**	**-**	**-**	**(32)**
Expired contract for the year - amortisation	**32**	**-**	**-**	**-**	**-**	**32**
Balance as at 31 December 2020	**34,966**	**1,239**	**1,601**	**456**	**3,210**	**41,472**

	Mobile network sites RO'000	Transmission RO'000	Retail outlets RO'000	Vehicles RO'000	Buildings and warehouses RO'000	Total RO'000
Balance as at 1 January 2019	37,976	1,571	2,660	377	4,783	47,367
Additions during the year	2,692	-	-	478	27	3,197
Amortisation for the year	(4,736)	(166)	(517)	(201)	(800)	(6,420)
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

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

12 Right-of-use assets (continued)

Consolidated

	Mobile network sites RO'000	**Transmission RO'000**	**Retail outlets RO'000**	**Vehicles RO'000**	**Buildings and warehouses RO'000**	**Total RO'000**
Balance as at 1 January 2020	**35,921**	**1,405**	**2,117**	**654**	**4,010**	**44,107**
Additions during the year	**4,208**	**-**	**-**	**-**	**158**	**4,366**
Amortisation for the year	**(5,163)**	**(166)**	**(516)**	**(198)**	**(851)**	**(6,894)**
Expired contract for the year - cost	**(32)**	**-**	**-**	**-**	**-**	**(32)**
Expired contract for the year - amortisation	**32**	**-**	**-**	**-**	**-**	**32**
Balance as at 31 December 2020	**34,966**	**1,239**	**1,601**	**456**	**3,317**	**41,579**

	Mobile network sites RO'000	Transmission RO'000	Retail outlets RO'000	Vehicles RO'000	Buildings and warehouses RO'000	Total RO'000
Balance as at 1 January 2019	37,976	1,571	2,660	377	4,783	47,367
Additions during the year	2,692	-	-	478	27	3,197
Amortisation for the year	(4,736)	(166)	(517)	(201)	(800)	(6,420)
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

Parent Company and Consolidated

Following the election of the Group not to recognise right-of-use assets and lease liabilities for short-term and low-value leases, RO 868,411 and RO 99,401 (2019: 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 2020 amounted to RO 233,664 (2019: RO 289,186).

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

13 Licences

Parent Company and Consolidated

	Mobile licence RO'000	**Fixed line licence RO'000**	**Total RO'000**
Cost			
At 1 January 2020	**60,137**	**21,847**	**81,984**
Additions during the year	**75,000**	**-**	**75,000**
At 31 December 2020	**135,137**	**21,847**	**156,984**
Amortisation			
At 1 January 2020	**50,576**	**9,486**	**60,062**
Amortisation during the year	**6,580**	**853**	**7,433**
At 31 December 2020	**57,156**	**10,339**	**67,495**
Net book value			
At 31 December 2020	**77,981**	**11,508**	**89,489**

	Mobile licence RO'000	Fixed line licence RO'000	Total RO'000
Cost			
At 1 January 2019	52,537	21,847	74,384
Additions during the year	7,600	-	7,600
At 31 December 2019	60,137	21,847	81,984
Amortisation			
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
Net book value			
At 31 December 2019	9,561	12,361	21,922

13.1 Licences represent the amount paid to the TRA 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, by the issuance of Royal Decree No. 3/2020 in February 2020, the Company's mobile license has been renewed for another period of 15 years starting from 19 February 2020. The renewal fees are RO 75,000,000 and the first instalment of RO 37,500,000 was paid in January 2020.

13.2 In a letter received from the TRA dated 7 December 2020, it was agreed that the remaining balance of RO 37,500,000 shall be paid in three equal installments of RO 12,500,000 to be paid every January of each year from 2021 to 2023, and accordingly, RO 25,000,000 has been classified as non-current and RO 12,500,000 has been classified as short term payable (note 25). The management determines that the carrying value of this licence approximate its fair value.

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 based on 12% (2019: 12%) for mobile licence and 7% (2019: 7%) for fixed licence. These rates are to be applied on the net of predefined sources of revenue and expenses as per the TRA guidelines and the latest guidelines was issued on 29 December 2020.

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

13A Other intangible assets

Parent Company and Consolidated

	Cable capacity RO'000	Software RO'000	Total RO'000
Cost			
At 1 January 2020	**10,404**	**10,791**	**21,195**
Additions	**396**	**5,284**	**5,680**
At 31 December 2020	**10,800**	**16,075**	**26,875**
Amortisation			
At 1 January 2020	**1,155**	**8,142**	**9,297**
Amortisation during the year	**478**	**2,964**	**3,442**
At 31 December 2020	**1,633**	**11,106**	**12,739**
Net book value			
At 31 December 2020	**9,167**	**4,969**	**14,136**

	Cable capacity RO'000	Software RO'000	Total RO'000
Cost			
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
Amortisation			
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
Net book value			
At 31 December 2019	9,249	2,649	11,898

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

The Company holds 71% of its Subsidiary Duqm Data Center. The Subsidiary is registered in the Sultanate of Oman and its principal activities are data collection, management and operation of data preparation of other agencies on permanent basis.

The Subsidiary has started its commercial operations in 2019. For the year ended 31 December 2020, the Subsidiary contributed loss of RO 577,000 to the Group's results (2019: RO 301,000).

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 FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

15 Trade receivables, prepayments, contract assets and other assets

	Parent Company		Consolidated	
	2020	2019	**2020**	2019
	RO'000	RO'000	**RO'000**	RO'000
Trade receivables	**31,592**	29,874	**31,592**	29,874
Trade receivables – related parties (note 26)	**2,898**	979	**2,898**	979
Unbilled receivables	**2,531**	3,387	**2,531**	3,387
Unbilled receivables - contract assets	**2,042**	3,786	**2,042**	3,786
Contract assets	**1,736**	2,722	**1,736**	2,722
	40,799	40,748	**40,799**	40,748
Less: allowances for impairment of:				
- Trade receivables (note 29)	**(6,507)**	(6,137)	**(6,507)**	(6,137)
- Unbilled receivables and unbilled receivables - contract assets (note 29)	**(238)**	(302)	**(238)**	(302)
- Contract assets (see below)	**(283)**	(233)	**(283)**	(233)
	33,771	34,076	**33,771**	34,076
Prepaid expenses and other receivables	**10,690**	10,378	**10,980**	10,584
Other assets recognised for cost incurred to obtain and fulfil a contract	**2,037**	2,044	**2,037**	2,044
Deferred cost	**466**	551	**466**	551
Due from related parties (note 26)	**292**	292	**-**	-
	47,256	47,341	**47,254**	47,255
Less: non-current portion of:				
- Contract assets	**(37)**	(1,137)	**(37)**	(1,137)
- Other assets recognised for cost incurred to obtain and fulfil a contract	**(328)**	(519)	**(328)**	(519)
- Unbilled receivables - contract assets	**(292)**	(925)	**(292)**	(925)
	(657)	(2,581)	**(657)**	(2,581)
Current portion of trade receivables, prepayments, contract assets and other assets	**46,599**	44,760	**46,597**	44,674

The Group's trade receivables consist of postpaid receivables, due from distributors and receivables from other telecommunication operators.

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 2,384,599 (2019: RO 2,200,098).

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

	2020	2019
	RO'000	RO'000
Opening loss allowance at 1 January	**233**	-
Provision for impairment during the year	**50**	233
Closing loss allowance at 31 December	**283**	233

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

16 Cash and cash equivalents

	Parent Company		Consolidated	
	2020	2019	**2020**	2019
	RO'000	RO'000	**RO'000**	RO'000
Cash and bank balances	**5,225**	4,408	**5,114**	4,710
Call deposits	**7,215**	38,259	**7,215**	38,259
Total	**12,440**	42,667	**12,329**	42,969

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	
	2020	2019	**2020**	2019
	RO'000	RO'000	**RO'000**	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:

	2020		2019	
	Number of shares	**%**	Number of shares	**%**
Seyoula International Investment W.L.L.	358,019,310	55	358,019,310	55

18 Dividends

The Company's Board of Directors proposed a dividend of baisa 40 per share amounting to RO 26,037,769 for year ended 31 December 2019 and was paid in March 2020 based on the Capital Market Authorities (CMA) guidelines. This was approved by the Company's shareholders at the Annual General Meeting (AGM) held on 1st June 2020.

The Directors have proposed a dividend of baisa 25 per share for year ended 31 December 2020 amounting to RO 16,273,606. This is subject to approval of the Company's shareholders at the Annual General Meeting to be held on 18 March 2021.

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 FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

20 Contract liabilities

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

	Parent Company		Consolidated	
	2020	2019	**2020**	2019
	RO'000	RO'000	**RO'000**	RO'000
Deferred revenue:				
- prepaid	**8,526**	10,408	**8,526**	10,408
- loyalty points	**863**	680	**863**	680
Others	**392**	1,008	**392**	1,008
	9,781	12,096	**9,781**	12,096

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 and Consolidated

	Parent Company		Consolidated	
	2020	2019	**2020**	2019
	RO'000	RO'000	**RO'000**	RO'000
Short term loan	**13,000**	-	**13,000**	-

As of 31 December 2020, the Company has available funds for drawdown of RO 77 million (2019: RO 90 million) with the facility maturing 2026. These facilities are unsecured with effective interest rates of FD rate+1.75%.

The Group has complied with all the financial covenants of its borrowing facilities which relate to 'Debt to EBITDA' and 'Interest coverage' ratios during and as at 31 December 2020.

21A Movement in financing activities

Parent Company

1 January 2020 to 31 December 2020	**Currency of loan**	**Nominal interest rate**	**Year of maturity**	**Face value RO '000**	**Carrying amount RO '000**
New loans					
Revolving credit facility	OMR	FD rate+1.75%	2021	64,000	**64,000**
Repayment of loans					
Revolving credit facility	OMR	FD rate+1.75%	2021	(51,000)	**(51,000)**
Principal element of lease payments (note 23)					**(5,802)**
Dividend paid					**(26,038)**
Net movement during 1 January 2020 to 31 December 2020					**(18,840)**

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

21 Interest bearing borrowings (continued)

21A Movement in financing activities (continued)

Parent Company (continued)

1 January 2019 to 31 December 2019	Currency of loan	Nominal interest rate	Year of maturity	Face value RO '000	Carrying amount RO '000
New loans					
Revolving credit facility	OMR	FD rate+1.75%	2019	25,000	25,000
Repayment of loans					
Unsecured term 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)
Principal element of lease payments (note 23)					(5,273)
Dividend paid					(29,292)
Net movement during 1 January 2019 to 31 December 2019					(47,461)

Consolidated

1 January 2020 to 31 December 2020	**Currency of loan**	**Nominal interest rate**	**Year of maturity**	**Face value RO '000**	**Carrying amount RO '000**
New loans					
Revolving credit facility	OMR	FD rate+1.75%	2021	64,000	**64,000**
Repayment of loans					
Revolving credit facility	OMR	FD rate+1.75%	2021	(51,000)	**(51,000)**
Principal element of lease payments (note 23)					**(5,833)**
Dividend paid					**(26,038)**
Net movement during 1 January 2020 to 31 December 2020					**(18,871)**

1 January 2019 to 31 December 2019	Currency of loan	Nominal interest rate	Year of maturity	Face value RO '000	Carrying amount RO '000
New loans					
Revolving credit facility	OMR	FD rate+1.75%	2019	25,000	25,000
Repayment of loans					
Unsecured term loan	USD	Libor+1.25%	2019	(12,997)	(12,997)
Revolving credit facility	OMR	FD rate+1.75%	2019	(25,000)	(25,000)
Unsecured term loan	OMR	2.25%	2019	(460)	(460)
Other movements – deferred finance cost					186
Acquisition of minority interest					(85)
Principal element of lease payments (note 23)					(5,273)
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 FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

22 Site restoration provision

Parent Company and Consolidated

Site restoration provision as of the reporting date amounted to RO 8,755,552 (2019: RO 7,014,824). The Group is committed to restore each site as it is vacated. A movement schedule is set out below:

	2020 RO'000	2019 RO'000
Balance at 1 January	**7,015**	6,205
Provision during the year (note 11)	**1,127**	250
Unwinding of discount (note 8)	**614**	560
Balance at 31 December	**8,756**	7,015

The provision is recognised based on the following significant assumptions:

	2020 RO'000	2019 RO'000
Average period to restoration (years)	**15**	15
Inflation rate	**0.5%**	0.5%
Discount rate	**8.8%**	9.0%

23 Lease liabilities

Parent Company

	2020 RO'000	2019 RO'000
Maturity analysis - contractual undiscounted cash flow		
Less than one year	**8,828**	8,240
One to five years	**29,480**	29,266
More than five years	**12,608**	15,062
Total undiscounted lease liabilities at 31 December	**50,916**	52,568

Movement in lease liabilities during the year is as follows:

	2020 RO'000	2019 RO'000
At beginning of year/initial recognition	**43,597**	45,761
Principal element of lease payments	**(5,802)**	(5,273)
Additions during the year (note 12)	**4,208**	3,197
Interest expense on lease liabilities (note 8)	**2,417**	2,404
Payment of interest portion of lease liabilities	**(2,195)**	(2,455)
Adjustment for modification/expiration for the year (note 12)	**-**	(37)
	42,225	43,597
Lease liabilities included in the statement of financial position at 31 December		
Current	**6,750**	6,098
Non-current	**35,475**	37,499

Consolidated

	2020 RO'000	2019 RO'000
Maturity analysis - contractual undiscounted cash flow		
Less than one year	**8,828**	8,240
One to five years	**29,604**	29,266
More than five years	**12,608**	15,062
Total undiscounted lease liabilities at 31 December	**51,040**	52,568

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

23 Lease liabilities (continued)

Consolidated (continued)

Movement in lease liabilities during the year is as follows:

	2020 RO'000	2019 RO'000
At beginning of year/initial recognition	**43,597**	45,761
Principal element of lease payments	**(5,833)**	(5,273)
Additions during the year (note 12)	**4,366**	3,197
Interest expense on lease liabilities (note 8)	**2,429**	2,404
Payment of interest portion of lease liabilities	**(2,207)**	(2,455)
Adjustment for modification/expiration for the year (note 12)	**-**	(37)
	42,352	43,597
Lease liabilities included in the statement of financial position at 31 December		
Current	**6,750**	6,098
Non-current	**35,602**	37,499

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

24 Employee benefits

	Parent Company		Consolidated	
	2020 RO'000	2019 RO'000	2020 RO'000	2019 RO'000
Employees' end of service benefits (note a)	**1,749**	1,537	**1,751**	1,537
Cash settled share-based payments (note b)	**597**	1,220	**597**	1,220
Total employee benefits	**2,346**	2,757	**2,348**	2,757
Less: current liability for cash settled share-based payments (note b)	**(597)**	(1,220)	**(597)**	(1,220)
Non-current liability as at the end of the year	**1,749**	1,537	**1,751**	1,537

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

	Parent Company		Consolidated	
	2020 RO'000	2019 RO'000	2020 RO'000	2019 RO'000
Balance at 1 January	**1,537**	1,425	**1,537**	1,425
Provided during the year	**340**	428	**342**	428
Paid during the year	**(128)**	(316)	**(128)**	(316)
Balance at 31 December	**1,749**	1,537	**1,751**	1,537

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.

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

25 Payables and accruals

	Parent Company		Consolidated	
	2020	2019	**2020**	2019
	RO'000	RO'000	**RO'000**	RO'000
Trade payables	**7,071**	8,699	**7,337**	8,883
Accrued expenses – operating expenses	**45,804**	54,053	**45,855**	54,080
Accrued expenses – capital expenses	**39,543**	38,706	**39,543**	38,706
Amounts due to related parties (note 26)	**6,438**	3,347	**6,438**	3,347
Deposits from customers	**569**	709	**569**	709
Other payable (note 13.2)	**12,500**	-	**12,500**	-
	111,925	105,514	**112,242**	105,725

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	
	2020	2019	**2020**	2019
	RO'000	RO'000	**RO'000**	RO'000
Ultimate parent:				
Service fees (note 7)	**7,936**	8,557	**7,936**	8,557
Brand licence fees (note 7)	**3,961**	4,262	**3,961**	4,262
Other expenses	**596**	568	**596**	568
	12,493	13,387	**12,493**	13,387

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	
	2020	2019	**2020**	2019
	RO'000	RO'000	**RO'000**	RO'000
Payables				
Other related parties (note 25)	**6,438**	3,347	**6,438**	3,347
Receivables (note 15)				
Other related parties – trade	**2,898**	979	**2,898**	979
Other related parties – non-trade	**292**	292	**-**	-

Compensation of key management personnel

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

	Parent Company		Consolidated	
	2020	2019	**2020**	2019
	RO'000	RO'000	**RO'000**	RO'000
Salaries / remuneration and benefits	**1,901**	2,445	**1,985**	2,525
Directors' remuneration	**200**	200	**212**	215
Employees' end of service benefits	**41**	22	**45**	26
	2,142	2,667	**2,242**	2,766

26 Related party transactions (continued)

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

	Parent Company		Consolidated	
	2020	2019	**2020**	2019
	RO'000	RO'000	**RO'000**	RO'000
Telecom revenues	**481**	1,083	**481**	1,083
Telecom costs	**151**	428	**151**	428
Purchase of asset from the ultimate parent	**-**	366	**-**	366
Sale of asset to the Subsidiary	**-**	292	**-**	-

27 Capital commitments

	Parent Company		Consolidated	
	2020	2019	**2020**	2019
	RO'000	RO'000	**RO'000**	RO'000
Capital commitments				
Estimated capital expenditure contracted for at the reporting date but not provided for:				
Property and equipment	**25,390**	16,408	**25,390**	16,461
Licences (notes 1 and 13)	**-**	75,000	**-**	75,000

28 Contingent liabilities

Parent Company and Consolidated

Guarantees
At 31 December 2020, the Group had contingent liabilities in respect of guarantees of RO 3,024,111 (2019: RO 2,824,111). It is anticipated that no material liabilities are expected to arise from these.

At 31 December 2020, the Group had other contingent liabilities in respect of performance bonds of RO 8,452 (2019: RO 20,612).

29 Risk management

The Group's principal financial liabilities comprise interest bearing borrowings, lease liabilities, trade and other payables and due to related parties. The main purpose of these financial instruments is to support 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 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:

(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 27% (2019: 39%) 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.

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

29 Risk management (continued)

(a) Market risk (continued)

(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 short-term debt obligations with floating interest rates as at 31 December 2020. The Group also had 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. Management believes that any change in interest rates would not materially affect the Group's performance.

(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 22% of outstanding unimpaired trade receivables at 31 December 2020 (2019: 23%).

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**	
	2020 RO'000	2019 RO'000	**2020 RO'000**	2019 RO'000
Trade receivables	**31,592**	29,874	**31,592**	29,874
Trade receivables - related parties	**2,898**	979	**2,898**	979
Unbilled receivables	**2,531**	3,387	**2,531**	3,387
Unbilled receivables - contract assets	**2,042**	3,786	**2,042**	3,786
Contract assets	**1,736**	2,722	**1,736**	2,722
Due from related parties	**292**	292	**-**	-
Other receivables	**1,698**	2,848	**1,705**	3,053
Cash and cash equivalents	**12,440**	42,667	**12,329**	42,969
Total	**55,229**	86,555	**54,833**	86,770

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.

In response to the COVID-19 pandemic, management has also been performing more frequent reviews of credit limits for customers.

29 Risk management (continued)

(b) Credit risk (continued)

The carrying amounts of the Group's trade receivables are significantly denominated in Omani rial and 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.

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 P1 in 2020 (2019: Not Rated to P2). 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)]. Refer to note 32 for other details on impairment of financial assets related to COVID-19.

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. The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. With this, the trade receivables were grouped into postpaid receivables, due from distributors and receivables from other telecommunication operators for purposes of computation of ECL on a collective basis.

Parent Company and Consolidated

31 December 2020	**Current**	**31-60 days**	**61-90 days**	**Over 90 days**	**Total**
Expected credit loss rate					
Trade receivables	**3%**	**11%**	**22%**	**39%**	**-**
Trade receivables - related parties	**0%**	**0%**	**0%**	**0%**	**-**
Unbilled receivables and unbilled receivables – contract assets	**7%**	**0%**	**0%**	**0%**	**-**
Gross carrying amount					
Trade receivables	**13,693**	**2,530**	**1,006**	**14,363**	**31,592**
Trade receivables - related parties	**27**	**5**	**2**	**2,864**	**2,898**
Unbilled receivables and unbilled receivables – contract assets	**4,281**	**-**	**-**	**292**	**4,573**
Total	**18,001**	**2,535**	**1,008**	**17,519**	**39,063**
Loss allowance					
Trade receivables	**357**	**278**	**223**	**5,649**	**6507**
Unbilled receivables and unbilled receivables – contract assets	**238**	**-**	**-**	**-**	**238**
Total	**595**	**278**	**223**	**5,649**	**6,745**

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

29 Risk management (continued)

(b) Credit risk (continued)

Impairment of financial assets (continued)

Parent Company and Consolidated (continued)

31 December 2019	Current	31-60 days	61-90 days	Over 90 days	Total
Expected credit loss rate					
Trade receivables	2%	11%	25%	38%	-
Trade receivables - related parties	0%	0%	0%	14%	-
Unbilled receivables and unbilled receivables – contract assets	4%	0%	0%	0%	-
Gross carrying amount					
Trade receivables	12,714	1,970	863	14,327	29,874
Trade receivables - 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					
Trade receivables	201	216	218	5,392	6,027
Trade receivables - related parties	-	-	-	110	110
Unbilled receivables and unbilled receivables – contract assets	302	-	-	-	302
Total	503	216	218	5,502	6,439

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

Parent Company and Consolidated

31 December 2020	**Post-paid receivables**	**Other telecommunication operators**	**Due from related parties**	**Unbilled receivables and unbilled receivables – contract assets**	**Total**
Opening loss allowance at 1 January	**5,728**	**299**	**110**	**302**	**6,439**
Charge/(reversal) for the year	**2,671**	**831**	**(110)**	**(64)**	**3,328**
Written off during the year	**(3,022)**	**-**	**-**	**-**	**(3,022)**
Closing loss allowance at 31 December	**5,377**	**1,130**	**-**	**238**	**6,745**

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

29 Risk management (continued)

(b) Credit risk (continued)

Impairment of financial assets (continued)

Parent Company and Consolidated (continued)

31 December 2019	Post-paid receivables	Other telecommunication operators	Due from related parties	Unbilled receivables and unbilled receivables – contract assets	Total
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

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 2020 and 2019.

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 2020 and 2019.

(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

		Contractual cash flows			
As at 31 December 2020	**Carrying amount RO'000**	**Less than 3 months RO'000**	**3 to 12 months RO'000**	**2 to 5 years RO'000**	**Total RO'000**
Lease liabilities	**42,225**	**2,536**	**4,214**	**35,475**	**42,225**
Trade and other payables	**105,487**	**104,918**	**569**	**-**	**105,487**
Due to related parties	**6,438**	**6,438**	**-**	**-**	**6,438**
Interest bearing borrowings	**13,000**	**6,000**	**7,000**	**-**	**13,000**
Total	**167,150**	**119,892**	**11,783**	**35,475**	**167,150**

		Contractual cash flows			
As at 31 December 2019	Carrying amount RO'000	Less than 3 months RO'000	3 to 12 months RO'000	2 to 5 years RO'000	Total RO'000
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

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

29 Risk management (continued)

(c) Liquidity risk (continued)

Consolidated

As at 31 December 2020	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	Total RO'000
Lease liabilities	**42,352**	**2,536**	**4,214**	**35,602**	**42,352**
Trade and other payables	**105,804**	**105,235**	**569**	**-**	**105,804**
Due to related parties	**6,438**	**6,438**	**-**	**-**	**6,438**
Interest bearing borrowings	**13,000**	**6,000**	**7,000**	**-**	**13,000**
Total	**167,594**	**120,209**	**11,783**	**35,602**	**167,594**

As at 31 December 2019	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	Total RO'000
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

(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.

In terms of COVID-19, the impact on the Group's business and results has not been significant as it operates in telecommunication industry which is not severely affected by this pandemic. The Group continues to follow the government policies and advice and, in parallel, the Group does its utmost effort to continue its operations in the best and safest way possible without jeopardising its overall business.

(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 2020 and 2019. Capital comprises share capital, reserves and retained earnings, and is measured at RO 257,445,000 as at 31 December 2020 (2019: RO 261,988,000). 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 managed to maintain its cash and cash equivalents balance relatively the same as its total borrowings in 2020, while there was no outstanding borrowings in 2019, hence, gearing ratio is irrelevant as at 31 December 2020 and 2019.

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

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 revenue 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.

Segment revenue

Segment information represents only revenue by each segment, as revenue is the only specific segmental information regularly provided to the chief operating decision maker.

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

Segmental consolidated revenue for the year ended 31 December 2020 are as follows:

	Mobile RO'000	**Fixed line RO'000**	**Adjustments RO'000**	**Total RO'000**
Revenue				
External sales	**194,870**	**70,119**	**-**	**264,989**
Inter-segment sales	**245**	**5,483**	**(5,728)**	**-**
Total revenue	**195,115**	**75,602**	**(5,728)**	**264,989**

Segmental consolidated revenue 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

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

31 Fair values of financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents, trade receivables, unbilled receivables, contract assets, due from related parties – non-trade and other receivables. Financial liabilities consist of interest bearing borrowings, lease liabilities, trade and other payables and due to related parties.

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 2020				
Financial liabilities measured at fair value				
Cash settled share-based payments	**-**	**597**	**-**	**597**

	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

Due to the short-term nature of the trade receivables, unbilled receivables, contract assets, due from related parties – non-trade and other receivables, trade and other payables and due to related parties, their carrying amount is considered to be the same as their fair value by the Company's Board of Directors.

The fair values of interest bearing borrowings and lease liabilities are not materially different from their carrying amounts, since the related interests on these liabilities are 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 value of the cash settled share-based payments is worked out using the level 2 valuation technique.

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

32 Impact of COVID-19

The COVID-19 was confirmed in early 2020 and has spread across mainland China and beyond, causing disruptions to businesses and economic activity. World Health Organisation characterised COVID-19 as a pandemic on 11 March 2020, thus negatively impacting global markets, disrupting supply chains, and changing social behaviours. Below are the key assumptions about the future and other key sources of estimation that may have a significant risk of causing material adjustments to these financial statements:

Impairment of non-financial assets
The Group has performed a qualitative assessment for any impairment indicators and any significant uncertainties impacting its non-financial assets such as inventories, property and equipment and right-of-use assets especially arising from any change in lease terms, considering the minimal impact of COVID-19 in the telecommunication sector, and concluded that there is no material impact of COVID-19.

Expected Credit Losses ("ECL") and impairment of financial assets
The uncertainties caused by COVID-19 have required the Group to reassess the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at 31 December 2020. The Group has updated the relevant forward-looking information of its operations with respect to the relevant macroeconomic scenarios of the respective market in which it operates. As a result, the Group has appropriately recorded a provision on impacted assets for the year ended 31 December 2020.

Going concern
The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance. The impact of COVID-19 may continue to evolve, but at the present time the projections show that the Group has sufficient resources to continue in operational existence and its going concern position remains unaffected and unchanged from 31 December 2019. As a result, these financial statements have been appropriately prepared on a going concern basis.

The Group will continue to closely monitor the impact of COVID-19 as the situation progresses to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance in the future periods.