STC Bahrain B.S.C. (c)
[Formerly VIVA Bahrain B.S.C. (c)]

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

STC Bahrain B.S.C. (c)
[Formerly VIVA Bahrain B.S.C. (c)]

Contents of the Consolidated Financial Statements for the year ended 31 December 2019

Administration and contact details as at 31 December 2019

Commercial registration no.	71117 obtained on 1 March 2009
Directors	Mohammed Al Hakbani - Chairman Dr. Abdullah Al Abdulqader Dr. Yahya Al Jaber Moaeed H. Al Yami Abdulaziz Al Ghamdi Abdullah Al Owini
Chief Executive Officer	Nezar Banabeela
Head office and registered office	STC Tower 15 Road 68, PO Box 21529 Seef District Manama Kingdom of Bahrain
Bankers	Standard Chartered Bank HSBC Bank Middle East Ahli United Bank Bank of Bahrain and Kuwait National Bank of Bahrain National Bank of Kuwait Kuwait Finance House Bahrain Islamic Bank Al Salam Bank Al Baraka Bank Gulf Finance House Khaleeji Commercial Bank
Auditors	Ernst & Young 10th Floor Bahrain World Trade Centre - East Tower P.O.Box 140 Manama Kingdom of Bahrain

STC Bahrain B.S.C. (c)
[Formerly VIVA Bahrain B.S.C. (c)]
Report of the Chief Executive Officer
For the year ended 31 December 2019

STC Bahrain B.S.C (c) has been operating in the Kingdom of Bahrain as an integrated communications service provider since March 2009. 2019 marked STC Bahrain's 10th year of operations in which the company achieved many milestones and enjoyed strong financial and commercial performance.

Overall, STC Bahrain achieved yet another year of strong financial performance with BD 156.2 million in revenues and net income of BD 11.4 million.

In 2019, STC Bahrain became the first operator in the Kingdom to commercially launch 5G services, once again remaining true to its commitment to brining the latest in technology and innovation to the country. Furthermore, we completed multiple other technology enhancements initiatives focused on digitization and cloudification. STC Bahrain also rolled out Massive MIMO on its TDD LTE network allowing home broadband customers to benefit from unparalleled speed and quality of service.

Following the acquisition and integration of Menatelecom in 2018 (a broadband player with a very strong presence in the home and SME segments), STC Bahrain remained committed in 2019 towards enhancing its Home value proposition with launch of multiple new offerings including 5G based Home broadband plans and Jawwy TV bundles. Through its strong focus on value enhancement, STC Bahrain has been able to capture a significant share of the Home Broadband market.

In line with its strategic aspiration of diversifying into adjacent business, stc Bahrain launched its first FinTech proposition in 2018 – stc Pay, a mobile wallet that offers retail payments, international remittance and domestic peer-to-peer transfer services. In 2019, stc Bahrain continued to enhance its Fintech offering and launched multiple new services including card-less ATM cash out, payroll services and bill payment services for EWA, Talabat. OSN etc.

On the core telecom front, stc Bahrain continued focus on further consolidating its leadership position. In 2019, stc Bahrain made significant strides in growing its market share in Postpaid Voice with a growth of 5% in Postpaid voice subscriber base. On the Prepaid front, stc Bahrain launched various value enhancement initiatives and maintained its leadership position despite challenging economic conditions.

In 2019, STC Bahrain continued to expand its Datacom service portfolio through various connectivity deals and further strengthened its advanced ICT portfolio by launching managed security as a service and cloud ERP solution. These initiatives resulted in a strong revenue growth of 22% in overall Business segment. On the Wholesale front, stc Bahrain continued to consolidate its wholesale managed services business, further enriched its roaming experience by launching LTE roaming and expanded its International presence by deploying points of presence across multiple global locations.

In 2020, STC Bahrain's focus will be to maintain its leadership in the Consumer and Wholesale segments and continue to expand the Business segment with focus on both connectivity and ICT. In addition to growing the top line, stc Bahrain will also strive to further improve margins by focusing on profitable revenue streams and ensuring lean and efficient operations across all areas of the business. Further, stc Bahrain will continue efforts towards introducing more capable technology and enhancing its customer care capabilities to ensure the best experience for our valued customers.

Nezar Banabeela
Chief Executive Officer

STC Bahrain B.S.C. (c)
[Formerly VIVA Bahrain B.S.C. (c)]
Report of the director
For the year ended 31 December 2019

The Board of Directors have pleasure in submitting the audited consolidated financial statements of STC Bahrain B.S.C. (c) (“the Company”) and its subsidiaries (collectively referred to as “the Group”) for the year ended 31 December 2019.

Principal activities and review of business developments:

The principal activity of the Group is to provide telecommunications services throughout the Kingdom of Bahrain.

Dividend

The Board of Directors did not propose to pay dividend to the shareholders for the year ended 31 December 2019 (2018: BD0). The proposed dividend only becomes payable once it has been approved by the shareholders in the Annual General Meeting.

Directors

The following are the serving directors of the Group as on 31 December 2019:

1) Mohammed Al Hakbani - Chairman
2) Dr. Abdullah Al Abdulqader
3) Dr. Yahya Al Jaber
4) Moaeed H. Al Yami
5) Abdulaziz Al Ghamdi
6) Abdullah Al Owini

Representation and audit

The Group’s activities for the year ended 31 December 2019 have been conducted in accordance with the Bahrain Commercial Companies Law, Decree Number 21 of 2001, and other relevant statutes of the Kingdom of Bahrain.

The Group has maintained proper, complete accounting records and these, together with all other information and explanations, have been made freely available to the auditors, Ernst & Young.

Chairman | Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF STC BAHRAIN B.S.C. (c) [FORMERLY VIVA BAHRAIN B.S.C. (c)]

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of STC Bahrain B.S.C. (c) ("the Company") '[formerly VIVA Bahrain B.S.C. (c)] and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2019 and the consolidated statements of comprehensive income, cash flows and changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The comparative amounts included in the accompanying consolidated financial statements have been audited by another auditor whose audit report dated 27 March 2019 expressed an unmodified audit opinion.

Other information included in the Company's Report of the Board of Directors

Other information consists of the information included in the Chief Executive's report and Directors' report, set out on page 3 and page 4. The Board of Directors is responsible for the other information. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Responsibilities of the Board of Directors for the consolidated financial statements

The Company's Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF STC BAHRAIN B.S.C. (c) [FORMERLY VIVA BAHRAIN B.S.C. (c)] (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Responsibilities of the Board of Directors for the consolidated financial statements (continued)
In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
STC BAHRAIN B.S.C. (c) [FORMERLY VIVA BAHRAIN B.S.C. (c)] (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of 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.

Report on Other Legal and Regulatory Requirements

As required by the Bahrain Commercial Companies Law, we report that:

a) the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;

b) the financial information contained in the Report of the Board of Directors is consistent with the consolidated financial statements;

c) we are not aware of any violations of the Bahrain Commercial Companies Law or the terms of the Company's articles of association during the year ended 31 December 2019 that might have had a material adverse effect on the business of the Group or on its financial position; and

d) satisfactory explanations and information have been provided to us by the Company's management in response to all our requests.

Auditor's Registration No ……….
………… 2020
Manama, Kingdom of Bahrain

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	***2019*** **BD**	*2018* *BD*
ASSETS			
Non-current assets			
Property, plant and equipment	4	**74,694,844**	73,430,734
Capital work-in-progress	5	**4,442,936**	4,595,734
Intangible assets	6	**87,505,258**	77,204,093
Non current portion of trade and other receivables	9	**5,382,368**	4,379,057
Right-of-use assets	7	**20,690,821**	10,647,995
		192,716,227	170,257,613
Current assets			
Inventories	8	**7,482,186**	5,470,135
Trade and other receivables	9	**42,317,342**	37,678,961
Murabaha deposits		**8,000,000**	2,500,000
Amounts due from related parties	22	**4,606,121**	491,424
Cash and cash equivalents	10	**20,470,121**	10,697,146
		82,875,770	56,837,666
TOTAL ASSETS		**275,591,997**	227,095,279
EQUITY AND LIABILITIES			
Equity			
Share capital	11	**75,000,000**	75,000,000
Statutory reserve	12	**8,204,406**	7,068,180
Cash flow hedge reserve	13	**(182,911)**	-
Retained earnings		**28,435,655**	18,209,617
Total equity		**111,457,150**	100,277,797
Non-current liabilities			
Derivatives at fair value	13	**185,928**	169,288
Non-current portion of Murabaha and mudarabah facilities	14	**55,287,203**	59,868,707
Non-current portion of lease liabilities	15	**15,547,759**	5,055,972
Non current portion of trade and other payables	17	**8,891,100**	-
Employees' end of service benefits	16	**1,203,825**	1,077,759
		81,115,815	66,171,726
Current liabilities			
Derivatives at fair value	13	**124,958**	18,810
Current portion of Murabaha and mudarabah facilities	14	**28,243,076**	8,802,093
Current portion of lease liabilities	15	**11,261,902**	7,934,997
Amounts due to related parties	22	**1,057,563**	4,172,745
Trade and other payables	17	**42,331,533**	39,717,111
		83,019,032	60,645,756
Total liabilities		**164,134,847**	126,817,482
TOTAL EQUITY AND LIABILITIES		**275,591,997**	227,095,279

Chairman

Director

The attached notes 1 to 29 form part of these consolidated financial statements.

STC Bahrain B.S.C. (c)
[Formerly VIVA Bahrain B.S.C. (c)]

CONSOLIDATED STATEMENT OF INCOME

Year ended 31 December 2019

	Notes	**2019 BD**	*2018 BD*
Revenue	18	**156,218,326**	149,688,771
Cost of sales	19	**(68,126,353)**	(64,232,516)
GROSS PROFIT		**88,091,973**	85,456,255
General and administrative expenses	20	**(40,236,594)**	(39,915,853)
Selling and distribution expenses	21	**(4,208,512)**	(4,170,621)
Amortisation of intangible assets	6	**(4,758,742)**	(4,275,405)
Amortisation of cost to obtain a contract		**(2,335,070)**	(1,863,301)
Amortisation of right-of-use assets	7	**(6,019,314)**	(6,771,589)
Depreciation	4	**(15,571,343)**	(15,422,819)
PROFIT FROM OPERATIONS		**14,962,398**	13,036,667
Gain on bargain purchase		**-**	1,634,891
Finance cost		**(4,430,351)**	(3,010,908)
Net movement in fair value of derivatives	13	**60,123**	127,961
Profit on Murabaha deposits and saving accounts		**796,453**	123,733
Foreign exchange and other losses		**(26,359)**	(7,779)
PROFIT FOR THE YEAR		**11,362,264**	11,904,565
Earnings before interest, tax depreciation and amortisation		**43,646,867**	41,369,781
Earnings per share	23	**15.150 fils**	15.873 fils

Chairman

Director

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended 31 December 2019

	2019	*2018*
	BD	*BD*
PROFIT FOR THE YEAR	**11,362,264**	11,904,565
OTHER COMPREHENSIVE LOSS		
Items that will be reclassified to the consolidated statement of income in subsequent periods:		
Net movement in cash flow hedges	**(182,911)**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**11,179,353**	11,904,565

Chairman

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	Share capital BD	*Statutory reserve BD*	*Cash flow hedge reserve BD*	*Retained earnings BD*	*Total equity BD*
At 31 December 2017	75,000,000	5,877,723	-	12,495,509	93,373,232
Dividend paid (note 26)	-	-	-	(5,000,000)	(5,000,000)
Total comprehensive income for the year	-	-	-	11,904,565	11,904,565
Transferred to statutory reserve	-	1,190,457	-	(1,190,457)	-
At 31 December 2018	75,000,000	7,068,180	-	18,209,617	100,277,797
Total comprehensive income for the year	-	-	(182,911)	11,362,264	11,179,353
Transferred to statutory reserve	-	1,136,226	-	(1,136,226)	-
At 31 December 2019	**75,000,000**	**8,204,406**	**(182,911)**	**28,435,655**	**111,457,150**

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2019

	Notes	***2019 BD***	*2018 BD*
OPERATING ACTIVITIES			
Profit for the year		**11,362,264**	11,904,565
Adjustments for:			
Depreciation	4	**15,571,343**	15,422,819
Amortisation of intangible assets	6	**4,758,742**	4,275,405
Amortisation of cost to right-of-use assets	7	**6,019,314**	6,771,589
Amortisation of cost to obtain a contract		**2,335,070**	1,863,301
Amortisation of transaction cost on murabaha and mudarabah facilities		**93,715**	36,370
Provision for employees' end of service benefits	16	**313,223**	304,517
Gain on disposal of property, plant and equipment		**(10,918)**	(543)
Finance costs		**4,430,351**	3,010,908
Fair value gain on derivatives	13	**(60,123)**	(127,961)
Provision for slow-moving inventories	8	**71,699**	10,656
Provision for expected credit losses	9	**1,246,852**	2,127,560
Operating profit before changes in working capital		**46,131,532**	45,599,186
Working capital changes:			
Inventories		**(2,083,750)**	103,009
Trade and other receivables		**(9,223,614)**	(21,354,321)
Trade and other payables		**11,786,337**	8,993,953
Employees' end of service benefits paid	16	**(187,157)**	(96,402)
Amounts due from related parties		**(4,114,697)**	-
Amounts due to related parties		**(3,115,182)**	(7,141,952)
Net cash flows from operating activities		**39,193,469**	26,103,473
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	**(2,989,370)**	(11,531,550)
Murabaha deposits		**(5,500,000)**	(2,500,000)
Additions to capital work-in-progress	5	**(13,704,427)**	(10,577,985)
Additions/ termination / amendments in right-of-use assets	7	**(16,062,140)**	(17,419,584)
Proceeds from disposal of property, plant and equipment		**22,060**	7,800
Additions in intangible assets	6	**(15,059,907)**	(10,915,302)
Long-term advance paid for investment in subsidiary		**-**	14,606,695
Net cash flows used in investing activities		**(53,293,784)**	(38,329,926)
FINANCING ACTIVITIES			
Net movement in lease liabilities		**13,818,692**	12,990,969
Net funds withdrawn from Murabaha and mudarabah facilities		**14,765,764**	7,126,486
Dividend paid		**-**	(5,000,000)
Finance costs paid		**(4,711,166)**	(3,010,908)
Net cash flows from financing activities		**23,873,290**	12,106,547
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**9,772,975**	(119,906)
Cash and cash equivalents at 1 January		**10,697,146**	10,817,052
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	10	**20,470,121**	10,697,146

The attached notes 1 to 29 form part of these consolidated financial statements.

1 CORPORATE INFORMATION

STC Bahrain B.S.C (c) [previously VIVA Bahrain B.S.C. (c)] ("the Company") and its subsidiaries (collectively referred as "the Group"), is a closed shareholding company registered with the Ministry of Industry, Commerce and Tourism in the Kingdom of Bahrain and operates under commercial registration number 71117 obtained on 1 March 2009. The registered office of the Company is in the Kingdom of Bahrain.

The principal activities of the Group are to provide telecommunications services, sale and trade of information and communication equipment, repair of communication equipment, data processing, hosting and related activities throughout the Kingdom of Bahrain. The operations of the Company are regulated in the Kingdom of Bahrain through the Telecommunication Regulatory Authority under legislative Decree No. 48 of 2002.

The Company is a 100% subsidiary of Saudi Telecom Company ("the Parent company") which is also the ultimate controlling entity incorporated in the Kingdom of Saudi Arabia.

On 19 December 2019, the Company's name was changed from VIVA Bahrain B.S.C. (c) to STC Bahrain B.S.C. (c). The regulatory formalities with the Ministry of Industry, Commerce and Tourism in connection with the change in name were completed as of the reporting date.

The consolidated financial statements were authorised for issue by the Board of Directors on …………… 2020.

The Group comprises of the Company and its following subsidiaries:

		Ownership interest		
Relationship / name	***Country of incorporation***	***31 December 2019***	***31 December 2018***	***Principal activities***
Subsidiaries				
Mena Telecom W.L.L. (CR - 51486)	Kingdom of Bahrain	100%	100%	Provision of wireless telephony services, value added and other telecommunication services to local and international customers.
Viva Tech S.P.C. (CR -117921-1)	Kingdom of Bahrain	100%	100%	Selling and buying shares and securities for company's account only.

VIVA Tech S.P.C. owns 0.1% shares of Mena Telecom as a nominee, on behalf of and for the beneficial interest of STC.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been presented in Bahrain Dinars which is the functional currency of the Group.

The consolidated financial statements have been prepared using the going concern assumption under the historical cost convention, except for derivatives which are carried at their fair values.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

2.3 Summary of significant accounting policies

New standards, interpretations and amendments adopted by the Group

The accounting and reporting policies adopted in the preparation of these consolidated financial statements are consistent with those used in the previous year, except for certain new standards and interpretations and amendments to standards and interpretations adopted by the Group during the year. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- *IFRS 9 - Financial Instruments : Prepayment Features with Negative Compensation (Amendments);*
- *IAS 19 - Employee Benefits: Plan Amendment, Curtailment or Settlement (Amendments);*
- *IAS 28 - Long term investments in associates and joint ventures (Amendments).*

Annual Improvements 2015-2017 Cycle

- *IFRS 3 Business Combinations*
- *IFRS 11 Joint Arrangements*
- *IAS 23 Borrowing Costs*

The adoption of the above standards and interpretations did not have any material impact on the Group's consolidated financial statements.

Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group’s consolidated financial statements are disclosed below. The Group intends to adopt these standards if applicable, when they become effective:

- *IFRS 17: Insurance Contracts*
- *IFRS 3 (Amendments): Definition of a Business;*
- *IAS 1 and IAS 8 (Amendments): Definition of Material*

The Group does not expect any material impact arising from the adoption of the above standards.

Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation. Cost includes all costs directly attributable to bringing the asset to working condition for its intended use, including site dismantling and site restoration costs. Software that is integral to the functionality of the related equipment is capitalised as part of cost of that asset.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Depreciation commences when assets are available to use and is calculated using the straight-line method to write-off the cost of property, plant and equipment to their estimated residual values over their expected economic useful life as follows:

Building	25 years
Furniture & Fixtures	Up to 5 years
Information technology equipment	Up to 5 years
Network equipment	Up to 15 years

Freehold land is not depreciated as it is deemed to have an infinite life.

Gains and losses resulting from the disposal/sale of property, plant and equipment are determined by comparing the proceeds with the book values of disposed-off/sold assets, and the gains or losses are included in the consolidated statement of income.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end. The effect of any adjustment to residual values, useful lives and methods is recognised prospectively as a change of accounting estimate.

Repairs and maintenance costs are expensed as incurred, except to the extent that they increase productivity or extend the useful life of an asset, in which case they are capitalised.

Capital work-in-progress

Capital work-in-progress represents expenditures incurred in setting up the infrastructure and other network development costs, which are capitalised when they are available to be put into commercial use. Depreciation on capital work-in-progress is not charged until such time as these assets are completed, transferred to the respective category of property, plant and equipment and put into commercial use.

Right-of-use assets

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right-of-use of 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 costs 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 incentive received.

The right-of-use asset is subsequently amortised using the straight line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as relevant assets categories in the property, plany and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

Right-of-use assets (continued)

Amortisation is calculated on a straight line basis over following useful lives:

GSM sites	Up to 15 years
Shop rentals	Up to 3 years
IP transit	Up to 2 years
Others	Up to 5 years

Lease liability

Leases are 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 that rate cannot be readily determined, the Group‟s incremental borrowing rate. 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 payments, including in-substance fixed payments; and
- 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 measured at amortised cost using the Effective Interest Method ("EIR"). It is remeasured when the Group changes its assessment of whether it will exercise a purchase, extension or termination option. 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.

Intangible assets

Intangible assets are recorded if it is probable that the future economic benefits that are attributable to the asset will flow to the Group and that the cost of such an asset can also be measured reliably.

Intangible assets acquired or developed by the Group are recognised at cost and are amortised starting from the date of service provisioning on a straight line basis over their remaining useful lives or statutory durations, whichever is shorter. Subsequent expenditure to the extent that it increases productivity or extends the useful life of an asset is capitalised.

In accordance with the Group‟s policy, the license fee is amortised using the straight line basis over the period of license, as the directors of the Group regard this period as the effective length of the license.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end. The effect of any adjustment to residual values, useful lives and methods is recognised prospectively as a change of accounting estimate.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

Impairment of non-financial assets

The Group reviews periodically non-financial assets to determine whether they are impaired, whenever events or changes in circumstances indicate an impairment. When such indications are present the recoverable amount of the asset is estimated. If the recoverable amount of the asset cannot be determined individually, then the cash generating unit to which the asset relates is used instead. The excess of the carrying amount of the asset over its recoverable amount is treated as impairment in its value to be recognised in the consolidated statement of income of the period in which it occurs. When it becomes evident that the circumstances which resulted in the impairment no longer exist, the impairment amount will be reversed and recorded as income in the consolidated statement of income of the period in which such reversal is determined. Reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous financial periods.

Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and are measured using the EIR method less provision for impairment.

The Group’s financial assets at amortised cost includes trade and other receivables, murabaha deposits and cash and cash equivalents. Trade receivables arise through provision of goods and services to customers. Murabaha deposits consists of fixed deposits held with Group's bankers with maturities of more than 90 days but less than 365 days. Cash and cash equivalents consist of cash on hand, balances with banks and murabaha deposits with maturities of 90 days or less from the acquisition date.

Impairment

The Group is required to record an allowance for expected credit losses ("ECL") for all financial assets carried at amortised cost. The allowance is based on the ECL associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset.

The Group has established a policy to perform an assessment by considering the change in the risk of default occurring over the remaining life of the financial instrument. To calculate ECL, the Group has estimated the risk of a default occurring on the financial instrument during its expected life. ECLs are estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset, i.e., the difference between the contractual cash flows that are due to the Group under the contract, and the cash flows that the Group expects to receive, discounted at the EIR.

Financial liabilities

Financial liabilities are recognised initially at fair value and, in the case of Murabaha and Mudarabah facilities, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables, Murabaha and Mudarabah facilities and derivative financial instruments. After initial recognition, Murabaha and Mudarabah facilities are subsequently measured at amortised cost using the EIR method. Derivative financial instruments are subsequently measured at fair value.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which is determined on the weighted average basis, comprises expenditure incurred in the normal course of business in bringing inventories to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less selling expenses. Where necessary, provision is made for obsolete and slow-moving inventories.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- there is a currently enforceable legal right to offset the recognized amounts; and
- there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Foreign currency transactions and balances

Balances of monetary assets and liabilities denominated in foreign currencies of specific amounts are translated using rates of exchange prevailing at the date of the consolidated statement of financial position. Gains and losses arising on the settlement of foreign currency transactions, and unrealised gains and losses resulting from the translation of foreign currency denominated monetary balances to Bahraini Dinar are recorded in the consolidated statement of income.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation in future and the amount of the obligations can be reliably estimated.

Provisions for site dismantling

Provision for site dismantling and restoration exists where the Group has a legal and constructive obligation to remove an infrastructure asset and restore the site. Site dismantling and restorations costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the particular asset. The cash flows are discounted at a rate that reflects the risk specific to the site dismantling and restoration obligation.

Subsequent to initial recognition, an unwinding expense relating to the provision is recognised as a finance cost.

While the provision is based on the best estimate of future costs and the useful lives of infrastructure assets, there is uncertainty regarding both the amount and timing of incurrence of these costs. Any subsequent change in the present value of the estimated expenditure due to changes in the gross removal costs or discount rates is dealt with prospectively and reflected as an adjustment to the provision and a corresponding adjustment to infrastructure assets.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

Contingent liabilities

A contingent liability is a possible obligation which may arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability. In this case the Group does not recognize the contingent liabilities but discloses them in the consolidated financial statements.

Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Telecommunication services

Telecommunication services include voice, data and text services. The Group recognises revenue as and when these services are provided (i.e. actual usage by the customer). The revenue for these services is reflected as mobile services revenue, enterprise & wholesale revenue, data subscription and transit revenues in note 18.

Handsets and other devices

The Group recognises revenue when the control of the device is transferred to the customer. This usually occurs at the contract inception when the customer takes the possession of the device. Further, any upfront revenue more than the billing, is recognised as unbilled instalments under trade and other receivables.

Bundled packages

Arrangements involving multiple products and services are separated into individual items and revenue is recognised on the basis of fair value (standalone selling prices) of the individual items by allocating the total arrangament consideration to the individual items on the basis of the relative value of the selling prices of the individual items. Items are separable if they are of separate value to the customer.

Activation fees

Activation fees are amortised over the average customer life or contract period, as the case may be.

Termination penalty

Termination penalty is recognised as income when the consideration in cash is collected from the customer.

Principal vs agent

The Group has determined that for most of goods and servics provided to the customer, it acts as a principal as it controls the goods and services before they are transferred to customers. However, the Group provides certain value added services in which it acts as an agent. In cases where Group acts as an agent, it only recognises its share of revenue.

Costs to obtain the contracts

The Group incurs incremental costs in acquiring contracts with customers which are deferred and amortized over average customer life or contract period, as the case may be.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

Expenses

Expenses comprise of cost of sales, general and administrative expenses and selling and distribution expenses. Cost of sales is expensed in the period in which the related revenue is recognised. General and administrative expenses and selling and distribution expenses are recognised in the period in which they are incurred.

Employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Employee benefits and entitlements to annual leave, holiday, air passage and other short-term benefits are recognised as they accrue to the employees. The Group contributes to the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain. This is a defined contribution pension plan and the Group‟s contributions are charged to the consolidated statement of income in the year to which they relate. In respect of this plan, the Group has a legal obligation to pay the contributions as they fall due and no obligation exists to pay the future benefits.

The expatriate employees of the Group are paid leaving indemnity in accordance with the provisions of the Bahrain Labour Law. The Group accrues for its liability in this respect during the period of their service.

Transactions and balances with related parties

Related parties consist of the shareholders, the parent Group, the directors and businesses under their control. The Group's transactions with related parties are authorised by the management.

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

Fair value measurement

The Group measures financial instruments at fair value at each reporting date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

Fair value measurement (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Derivative financial instruments and hedge accounting

The Group uses profit rate swaps to hedge its profit rate risks. These derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

A hedging relationship qualifies for hedge accounting if it meets the effectiveness requirements. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item. The amount accumulated in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income must be accounted for depending on the nature of the underlying transaction as described above.

3 SIGNIFICANT JUDGEMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements in accordance with IFRS requires the Group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. The determination of estimates requires judgments which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates.

The most significant areas requiring the use of management estimates and assumptions in these consolidated financial statements relate to:
- economic useful lives of intangible assets and property, plant and equipment;
- economic useful lives of right of use assets;
- going concern; and
- impairment allowance for trade receivables and slow-moving inventories.

Economic useful life of intangible assets and property, plant and equipment
Intangible assets and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated statement of income in specific periods.

The Group's property, plant and equipment are depreciated on a straight-line basis over their economic useful lives. Economic useful lives of property, plant and equipment are reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Group.

Economic useful life of right of use assets
Right of use assets are amortised over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated statement of income in specific periods.

The Group's right of use assets are amortised on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. Economic useful lives of right of use assets are reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Group.

Going concern
The management of the Group reviews the financial position on a periodical basis and assesses the requirement of any additional funding to meet the working capital requirements and estimated funds required to meet the liabilities as and when they become due.

3 SIGNIFICANT JUDGEMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

Allowance for impaired trade receivables and slow-moving inventories
The Group creates an allowance for impairment of trade receivables to account for estimated losses resulting from the inability of customers to make the required payments. At 31 December 2019, in the opinion of the management a provision of BD 10,839,151 (2018: BD 9,638,953) was required towards impaired trade receivables. The Group is required to record an allowance for expected losses for all financial assets not held at FVTPL. The allowance is based on the ECL associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset. The details of the allowance for trade receivables are disclosed in note 9.

The Group also makes provision against the slow-moving inventories. At 31 December 2019, in the opinion of the management a provision of BD 189,035 (2018: BD 119,100) was required towards slow-moving inventories. When evaluating the provisioning norms for inventory, the management bases its estimate on overall conditions, ageing of the inventories, historical write-off experience and inventory requirements.

4 PROPERTY, PLANT AND EQUIPMENT

	Freehold Land BD	*Building BD*	*Furntiure & Fixtures BD*	*Information Technology Equipment BD*	*Network Equipment BD*	*Total BD*
Cost						
At 31 December 2017	6,127,280	9,719,977	5,080,125	32,532,891	100,864,100	154,324,373
On acquisition of a subsidiary	-	-	253,735	555,328	8,551,932	9,360,995
Additions during the year	-	-	76,552	900,206	1,193,797	2,170,555
Transferred from capital work-in-progress (Note 5)	-	-	448,744	1,992,503	7,999,934	10,441,181
Cost adjustment*	-	-	(8,682)	(73,090)	(218,235)	(300,007)
Disposals	-	-	(7,247)	(14,869)	(226,997)	(249,113)
At 31 December 2018	6,127,280	9,719,977	5,843,227	35,892,969	118,164,531	175,747,984
Reclassification	-	-	31,016	(31,637)	621	-
Additions during the year	-	-	151,500	858,240	2,181,031	3,190,771
Transferred from capital work-in-progress (Note 5)	-	-	278,647	2,414,404	11,164,174	13,857,225
Cost adjustment**	-	-	(7,386)	(4,429)	(189,586)	(201,401)
Disposals	-	-	-	(10,700)	(24,541)	(35,241)
At 31 December 2019	**6,127,280**	**9,719,977**	**6,297,004**	**39,118,847**	**131,296,230**	**192,559,338**

4 PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold Land	*Building*	*Furntiure & Fixtures*	*Information Technology Equipment*	*Network Equipment*	*Total*
	BD	*BD*	*BD*	*BD*	*BD*	*BD*
Accumulated depreciation						
At 31 December 2017	-	2,247,048	3,846,708	25,055,740	55,986,791	87,136,287
Charge for the year	-	388,799	612,220	3,436,290	11,142,844	15,580,153
On cost adjustment*	-	-	(5,596)	(61,495)	(90,243)	(157,334)
On disposals	-	-	(6,659)	(14,869)	(220,328)	(241,856)
At 31 December 2018	-	2,635,847	4,446,673	28,415,666	66,819,064	102,317,250
Charge for the period	-	388,799	562,775	3,392,015	11,393,451	15,737,040
Reclassification	-	-	26,783	(33,782)	6,999	-
On cost adjustment**	-	-	(2,876)	(4,244)	(158,577)	(165,697)
On disposals	-	-	-	(10,456)	(13,643)	(24,099)
At 31 December 2019	-	3,024,646	5,033,355	31,759,199	78,047,294	117,864,494
Net book value						
At 31 December 2019	**6,127,280**	**6,695,331**	**1,263,649**	**7,359,648**	**53,248,936**	**74,694,844**
At 31 December 2018	6,127,280	7,084,130	1,396,554	7,477,303	51,345,467	73,430,734

*During 2018, the Group had made settlements with counterparties, resulting in adjustments amounting to BD 300,007 in cost and BD 157,334 in depreciation expense and accumulated depreciation.

**During 2019, the Group has made settlements with counterparties, resulting in adjustments amounting to BD 201,401 in cost and BD 165,697 in depreciation expense and accumulated depreciation.

The Group's freehold land and building are pledged as security against the Murabaha facility from its bankers (Note 14).

5 CAPITAL WORK-IN-PROGRESS

	2019	*2018*
	BD	*BD*
Opening balance	**4,595,734**	4,458,930
On acquisition of a subsidiary	**-**	148,351
Additions during the year	**13,707,991**	10,429,634
Transferred to property, plant and equipment (Note 4)	**(13,857,225)**	(10,441,181)
Cost adjustment*	**(3,564)**	-
Closing balance	**4,442,936**	4,595,734

Capital work-in-progress represents amounts incurred towards infrastructural and other network development costs.

*During 2019, the Group made settlements with counterparties resulting in a cost adjustment of BD 3,564 in capital work-in-progress.

6 INTANGIBLE ASSETS

	Mobile license & spectrum fees	*Other intangible assets*	*Total*
	BD	*BD*	*BD*
Cost			
At 31 December 2017	96,388,405	2,184,359	98,572,764
On acquisition of a subsidiary	7,834,579	976,223	8,810,802
Additions during the year	-	2,104,500	2,104,500
At 31 December 2018	104,222,984	5,265,082	109,488,066
Additions during the year	4,434,000	10,626,460	15,060,460
Cost adjustment*	-	(553)	(553)
At 31 December 2019	**108,656,984**	**15,890,989**	**124,547,973**
Accumulated amortisation			
At 31 December 2017	27,091,398	917,170	28,008,568
Amortisation for the year	3,899,228	376,177	4,275,405
At 31 December 2018	30,990,626	1,293,347	32,283,973
Amortisation for the year	4,022,394	736,348	4,758,742
At 31 December 2019	**35,013,020**	**2,029,695**	**37,042,715**
Net carrying value			
At 31 December 2019	**73,643,964**	**13,861,294**	**87,505,258**
At 31 December 2018	73,232,358	3,971,735	77,204,093

*During 2019, the Group made settlements with counterparties resulting in a cost adjustment of BD 553 in intangible assets.

6 INTANGIBLE ASSETS (continued)

The license fees represent the amount paid to the Telecommunication Regulatory Authority ("the TRA") to obtain a mobile operating license in the Kingdom of Bahrain. The license which was issued on 1 March 2009 is valid for twenty five years up to 2034, renewable after fifteen years at the option of the Group subject to compliance with regulatory requirements. During 2013, the Group was awarded additional spectrum and extension of the original mobile license by the TRA to be valid till the year 2038. Furthermore, the Group entered into an agreement with TRA for an additional spectrum which was awarded during 2019 and is valid till the year 2034.

The remaining amortisation period for intangible assets rounded to the nearest year is:

	2019	*2018*
License fees	**14-18 years**	15-19 years
Other intangible assets	**7-12 years**	8-13 years

7 RIGHT-OF-USE ASSETS

	GSM Sites *BD*	*Shop Rentals* *BD*	*IP Transit* *BD*	*Others* *BD*	*Total* *BD*
Cost					
As at 1 January 2018	7,962,629	803,146	2,156,210	1,008,128	11,930,113
On acquisition of a subsidiary	2,775,656	-	-	-	2,775,656
Additions	2,812,913	78,656	-	77,027	2,968,596
Termination	(538,055)	-	-	-	(538,055)
Amendments / Adjustments	284,946	3,885	(5,557)	-	283,274
As at 31 December 2018	13,298,089	885,687	2,150,653	1,085,155	17,419,584
Additions	14,070,086	524,533	1,282,080	57,153	15,933,852
Termination	(72,297)	-	-	-	(72,297)
Amendments / Adjustments	(4,750)	11,402	193,933	-	200,585
Balance at 31 December 2019	**27,291,128**	**1,421,622**	**3,626,666**	**1,142,308**	**33,481,724**
Accumulated amortisation					
Charge for the year 2018	4,387,124	458,790	1,358,307	567,368	6,771,589
Balance at 31 December 2018	4,387,124	458,790	1,358,307	567,368	6,771,589
Charge for the year 2019	4,073,979	417,408	1,329,492	198,435	6,019,314
Balance at 31 December 2019	**8,461,103**	**876,198**	**2,687,799**	**765,803**	**12,790,903**
Net carrying value at 31 December 2019	**18,830,025**	**545,424**	**938,867**	**376,505**	**20,690,821**
At 31 December 2018	8,910,965	426,897	792,346	517,787	10,647,995

8 INVENTORIES

	2019	*2018*
	BD	*BD*
Inventories	**7,671,221**	5,589,235
Allowance for slow-moving and obsolete inventories	**(189,035)**	(119,100)
	7,482,186	5,470,135

The inventories represent handsets, accessories, routers and SIM cards used in sales and promotions.

The movement in provision for slow-moving inventories is as follows:

	2019	*2018*
	BD	*BD*
Opening balance	**119,100**	108,444
Provision made for the year	**71,699**	10,656
Written off	**(1,764)**	-
Closing balance	**189,035**	119,100

9 TRADE AND OTHER RECEIVABLES

	2019	*2018*
	BD	*BD*
Trade receivables	**31,769,377**	25,708,971
Unbilled instalments (note 18)	**21,485,891**	16,800,026
Allowance for expected credit losses	**(10,839,151)**	(9,638,953)
	42,416,117	32,870,044
Prepayments and other receivables	**2,730,592**	2,738,313
Advances to suppliers	**1,064,795**	4,993,451
Cost to obtain a contract	**5,686,577**	3,319,511
Amortisation of cost to obtain a contract	**(4,198,371)**	(1,863,301)
	47,699,710	42,058,018
Less: Non current portion	**(5,382,368)**	(4,379,057)
	42,317,342	37,678,961

9 TRADE AND OTHER RECEIVABLES (continued)

Trade receivables are generally on 30 days credit terms.

Unbilled instalments consist of the amount to be billed to customers in accordance with the terms of contracts.

For trade receivables, the Group has applied IFRS 9 simplified approach to measure the expected credit loss (“ECL”) based on the lifetime expected loss excluding wholesale receivables. To calculate ECL, the Group measures the expected credit loss (“ECL”) based on the Probability of Default (“PD”) over the next 12 months and on historical Loss Given Default (“LGD”) arrived at after deducting Recovery Rate excluding wholesale receivables. The PD is based on the payment profiles of sales over a period of twenty four months before 31 December 2018. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has applied an economic adjustment by using GDP growth as the relevant factor. The allowance for expect credit losses as at 31 December 2019 for trade receivables, excluding wholesale receivables, amounted to BD 8,948,103 (2018: BD 8,315,511).

For wholesale receivables, the Group has calculated credit risk at a counterparty level. For wholesale receivables, the balances are settled on a net basis and can vary from month to month depending on the inbound and outbound traffic. The Company has performed an assessment of the counterparties of wholesale receivables and determined the impairment loss amounting to BD 1,891,048 (2018: BD 1,323,442).

The Group also has receivables with the Government and the likelihood of sovereign default is remote unless there is a bill dispute raised by them hence the identified impairment loss was immaterial.

The movement in the allowance for expected credit losses is as follows:

	2019	*2018*
	BD	*BD*
Opening balance	**9,638,953**	10,667,814
On acquisition of a subsidiary	**-**	1,731,535
Provision made for the year	**1,246,852**	2,127,560
Bad debts written off / recovered	**(46,654)**	(4,887,956)
Closing balance	**10,839,151**	9,638,953

9 TRADE AND OTHER RECEIVABLES (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables and Unbilled instalments:

31 December 2019

i) Customer receivables

Category	*Current*	*Past due but not impaired*	*Impaired*	*Gross*	*Provision*	*Net*
Individuals	**24,668,875**	**2,611,573**	**7,110,329**	**34,390,777**	**(6,605,826)**	**27,784,951**
SME's	**812,158**	**106,273**	**1,159,402**	**2,077,833**	**(1,123,972)**	**953,861**
Enterprise	**1,375,057**	**1,443,952**	**1,442,965**	**4,261,974**	**(1,148,172)**	**3,113,802**
VIP's	**431,239**	**59,938**	**31,182**	**522,359**	**(70,133)**	**452,226**
Total	**27,287,328**	**4,221,736**	**9,743,878**	**41,252,943**	**(8,948,103)**	**32,304,840**
ii) Wholesale and other receivables				**12,002,325**	**(1,891,048)**	**10,111,277**
Total - trade receivables				**53,255,268**	**(10,839,151)**	**42,416,117**

31 December 2018

i) Customer receivables

Category	*Current*	*Past due but not impaired*	*Impaired*	*Gross*	*Provision*	*Net*
Individuals	19,266,170	1,705,090	6,034,565	27,005,825	(4,793,223)	22,212,602
SME's	368,971	28,369	679,253	1,076,593	(702,125)	374,468
Enterprise	2,385,204	2,808,780	3,919,055	9,113,039	(2,743,087)	6,369,952
VIP's	489,140	47,489	62,392	599,021	(77,076)	521,945
Total	22,509,485	4,589,728	10,695,265	37,794,478	(8,315,511)	29,478,967
ii) Wholesale and other receivables				4,714,519	(1,323,442)	3,391,077
Total - trade receivables				42,508,997	(9,638,953)	32,870,044

10 CASH AND CASH EQUIVALENTS

	2019 ***BD***	*2018* *BD*
Savings and call account balances with banks	**15,353,032**	6,877,277
Current account balances with banks	**2,215,128**	1,764,671
Cash on hand and in transit	**2,901,961**	2,055,198
	20,470,121	10,697,146

The saving accounts bears profit rates up to 3.5% (31 December 2018: up to 3%) and the current account balances with banks are non-profit bearing.

11 SHARE CAPITAL

	2019 ***BD***	*2018* *BD*
Authorised		
2,000,000,000 Ordinary shares with a nominal value of 100 fils each	**200,000,000**	200,000,000
Issued and fully paid-up		
750,000,000 Ordinary shares with a nominal value of 100 fils each	**75,000,000**	75,000,000

	Number of shares	*Share Capital*	*Percentage of ownership interest*
Saudi Telecom Company	742,500,000	74,250,000	99%
STC Investment Holding (wholly owned subsidiary of Saudi Telecom Company)	7,500,000	750,000	1%
	750,000,000	**75,000,000**	100%

12 STATUTORY RESERVE

Under the provision of the Bahrain Commercial Companies Law, an amount equivalent to 10% of the Group's net profit before appropriations is required to be transferred to a non-distributable reserve account until such time a minimum of 50% of the issued share capital is set aside. During the year, amount of BD 1,136,226 has been transferred to the statutory reserve (2018: BD 1,190,457).

13 DERIVATIVES AT FAIR VALUE

The Group has Profit Rate Swaps (PRS) with HSBC. During the current period, the Group has also entered into a zero-cost collar with Standard Chartered Bank. As part of this hedging strategy, and given that this hedge meets the critical terms match test and is hence considered to be effective, cash flow hedge accounting has been followed. The fair values of these open positions have been based on the mark-to-market valuations performed at the statement of financial position date. The fair value of these derivatives are classified in the consolidated statement of financial position as follows:

	2019	*2018*
	BD	*BD*
Non-current portion	**185,928**	169,288
Current portion	**124,958**	18,810
Total	**310,886**	188,098

The movement in the fair value of the derivatives is given below:

	2019	*2018*
	BD	*BD*
Opening balance	**188,098**	316,059
Fair value gain on derivatives taken to statement of income	**(60,123)**	(127,961)
Fair value loss on cash flow hedge taken to other comprehensive income	**182,911**	-
Closing balance	**310,886**	188,098

14 MURABAHA AND MUDARABAH FACILITIES

	Last instalment	*Note*	***2019*** ***BD***	*2018* *BD*
Murabaha facilities				
Building Murabaha facility	*December 2021*	*(a)*	**5,392,500**	8,088,750
Syndicated Murabaha facility	*May 2022*	*(b)*	**75,953,425**	58,110,583
Mudarabah facilities				
Al Salam Bank	*November 2025*	*(c)*	**2,184,354**	2,471,467
			83,530,279	68,670,800
Current portion of Murabaha and Mudarabah facilities			**(28,243,076)**	(8,802,093)
Non-current portion of Murabaha and Mudarabah facilities			**55,287,203**	59,868,707

a) This Murabaha facility is repayable by December 2021 and is fully secured against the land and building of the Group's headquarters. A substantial portion of the facility is hedged for profit rate risk.

14 MURABAHA AND MUDARABAH FACILITIES (continued)

b) The Group entered into a financing arrangement, for an unsecured Murabaha facility of BD 84.8 million (USD 225 million), with its bankers during June 2017. The facility ranks pari-passu with the claims of other unsecured and unsubordinated creditors of the Group. The facility is repayable in 13 instalments starting from June 2019 and ending in May 2022. As at 31 December 2019, the Group has fully utilised the facility. During the year, the Group entered into a cash flow hedge arrangement to hedge a portion of the Murabaha facility for profit rate risk.

c) During 2018, the Group entered a financing arrangement for a Mudarabah facility of BD 2.5 million with Al Salam Bank over a tenure of 7 years ending in 2025. The facility ranks pari passu with the claims of other unsecured and unsubordinated creditors of the Group. This arrangement has been facilitated by Tamkeen which bears a portion of the profit rate.

All of the above facilities bear market rates of profit. The main covenants under these facilities relate to certain specific financial ratios and satisfaction of financial condition tests.

The portion of the Murabaha and Mudarabah facilities which is repayable within one year from the year end date is disclosed as current portion of Murabaha and Mudarabah facilities under current liabilities.

15 LEASE LIABILITIES

	2019 BD	*2018 BD*
Lease liabilities	**26,809,661**	12,990,969
Less: Current lease liabilities*	**(11,261,902)**	(7,934,997)
Non-current lease liabilities	**15,547,759**	5,055,972

*The current lease liabilities include amounts due but not paid to the parent company in respect of the IP transit rentals amounting to BD 4,768,351 (31 December 2018: 2,340,900) (Note 22).

	2019 BD	*2018 BD*
Maturity analysis - contractual undiscounted cash flows		
Less than one year	**11,540,269**	8,110,308
One to five years	**10,297,499**	4,288,842
More than five years	**8,308,733**	1,326,141
Total undiscounted lease liabilities	**30,146,501**	13,725,291

16 EMPLOYEES' END OF SERVICE BENEFITS

Local employees
The contributions made by the Group towards the pension scheme for Bahraini nationals administered by the Social Insurance Organization in the Kingdom of Bahrain for the year ended 31 December 2019 amounted to BD 420,954 (2018: BD 439,653).

16 EMPLOYEES' END OF SERVICE BENEFITS (continued)

Expatriate employees
Movements in the provision for end of service benefits during the year are as follows:

	2019	*2018*
	BD	*BD*
Balance at the beginning of the year	**1,077,759**	869,644
Provided during the year	**313,223**	304,517
End of service benefits paid	**(187,157)**	(96,402)
Balance at the end of the year	**1,203,825**	1,077,759

17 TRADE AND OTHER PAYABLES

	2019	*2018*
	BD	*BD*
Trade payables	**9,717,372**	13,444,747
Accrued operating expenses	**16,148,262**	10,502,295
Unearned revenue	**2,954,316**	4,235,264
Capital expenditures payable to contractors	**13,173,550**	5,196,968
Post-paid subscription received in advance	**5,623,578**	2,500,188
Consultancy accruals	**2,140,070**	1,847,214
Staff accruals	**1,465,485**	1,097,135
Managed services and support accruals	**-**	893,300
	51,222,633	39,717,111
Less: Non current portion	**(8,891,100)**	-
	42,331,533	39,717,111

18 REVENUE

	2019	*2018*
	BD	*BD*
Mobile services revenue	**59,350,525**	62,641,743
Enterprise & wholesale revenue	**31,285,897**	28,359,330
Data subscription	**18,906,195**	17,549,704
Handsets and other devices	**24,888,938**	22,260,872
Transit revenues	**19,594,205**	15,675,352
ICT revenue	**2,192,566**	3,201,770
	156,218,326	149,688,771

18 REVENUE (continued)

	2019	*2018*
	BD	*BD*
Timing of revenue recognition		
Products and services transferred at a point in time	**24,888,938**	22,260,872
Products and services transferred over time	**131,329,388**	127,427,899
	156,218,326	149,688,771

Contract assets and contract liabilities

Contract assets primarily relate to work completed but not billed at the reporting date in relation to mobile services, data subscription and handsets and other devices. Contract assets are transferred to receivables when the rights become unconditional. Contract liabilities primarily relate to advances received from customers for which revenue is recognised on completion of the contract obligation.

The movement in the contract assets and the contract liabilities balances during the period are as follows:

	2019		*2018*	
	Contract Assets BD	***Contract Liabilities BD***	*Contract Assets BD*	*Contract Liabilities BD*
At beginning of the year	**16,800,026**	**4,235,264**	9,842,259	5,423,608
Increase due to cash received, excluding amount recognised as revenue during the period	**-**	**2,939,169**	-	4,211,541
Revenue recognised that was included in the contract liabilities at the beginning of the period	**-**	**(4,220,117)**	-	(5,399,885)
Addition in contract assets due to additional contracts during the year	**30,583,094**	**-**	29,247,332	-
Transfers from contract assets that were recognised at the beginning of the period	**(25,897,229)**	**-**	(22,289,565)	-
At end of the year	**21,485,891**	**2,954,316**	16,800,026	4,235,264

Transaction price allocated to the remaining performace obligations:

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date.

	2019	*2018*
	BD	*BD*
Pre paid revenue	**2,789,301**	4,005,938
Post paid revenue	**165,015**	229,326
	2,954,316	4,235,264

18 REVENUE (continued)

Contract cost

Management expects that the incremental costs incurred to obtain customer contracts are recoverable. The Group has therefore capitalised them as contract costs in the amount BD 5,686,577 (2018: BD 3,319,511).

The contract costs are amortised when the related revenues are recognised. In 2019, the amount of amortisation was BD 2,335,070 (2018: BD 1,863,301) and there was no impairment loss in relation to the costs capitalised.

19 COST OF SALES

	2019	*2018*
	BD	*BD*
Interconnection and roaming costs	**31,395,123**	31,245,888
Handsets and SIM card starter packs	**22,294,771**	21,198,163
Leased lines	**11,158,830**	7,677,712
ICT costs	**893,129**	2,557,766
Content and Value Added Services (VAS)	**2,384,500**	1,552,987
	68,126,353	64,232,516

20 GENERAL AND ADMINISTRATIVE EXPENSES

	2019	*2018*
	BD	*BD*
Staff expenses	**13,870,684**	13,803,591
Managed services and outsourcing expenses	**8,767,938**	8,749,767
Utilities, rent of equipment, properties and motor vehicles	**1,053,921**	1,369,920
Maintanence costs	**2,965,006**	2,405,151
TRA fees	**5,000,650**	5,314,395
Consultancy and professional charges	**2,644,981**	1,745,414
Allowance for impaired trade receivables (note 9)	**1,246,852**	2,127,560
Advertising expenses	**1,486,134**	1,599,164
Billing and collection activities	**1,474,473**	1,349,923
Corporate social responsibility	**1,032,450**	1,049,456
Training, travel and hospitality expenses	**422,567**	279,991
Office management expenses	**182,819**	110,865
Allowance for slow-moving and obsolete inventories (note 8)	**71,699**	10,656
Tax expense	**16,420**	-
	40,236,594	39,915,853

21 SELLING AND DISTRIBUTION EXPENSES

	2019 BD	*2018 BD*
Sales activation and commission expenses	**1,203,597**	1,230,655
Re-charge distribution discount	**2,084,579**	2,301,983
Promotional expenses	**920,336**	637,983
	4,208,512	4,170,621

22 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Group exercises significant influence, parent company, shareholders, directors and executive management of the Group and businesses under their control. The Group's transactions with related parties are approved by the management.

A summary of related party transactions is as follows:

Transaction type	*Name of the related party*	*Nature of relationship*	***2019 BD***	*2018 BD*
Trade revenue	STC Kingdom of Saudi Arabia	Parent company	**15,175,156**	19,086,038
Trade expenses	STC Kingdom of Saudi Arabia	Parent company	**14,127,717**	15,714,515
Trade expenses	Bahrain Channels	Entity under common control	**3,203,510**	3,394,510
Trade revenue	STC Kuwait	Entity under common control	**775,959**	734,186
Trade expenses	STC Kuwait	Entity under common control	**269,520**	283,299
Staff and administration costs	STC Kingdom of Saudi Arabia	Parent company	**590,848**	390,463
Staff and administration costs	Bahrain Channels	Entity under common control	**429,274**	383,500

	2019 BD	*2018 BD*
Key management personnel*		
Short-term benefits and remunerations	**2,115,680**	2,123,623
Provision for leaves and end of service benefits	**53,032**	26,842
	2,168,712	2,150,465

* Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

22 TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Balances of the related parties included in the consolidated statement of financial position as at 31 December 2019 and as at 31 December 2018 are as follows:

	2019	*2018*
	BD	*BD*
Amounts due from related parties		
Amounts due from Parent Company, net	**3,448,039**	-
Amounts due from STC Kuwait, net	**1,158,082**	491,424
	4,606,121	491,424

The amounts due from related parties are non-profit bearing and arise from transactions in the normal course of business.

Amounts due to related parties		
Amounts due to Parent Company, net*	**-**	1,987,122
Amounts due to Bahrain Channels, net	**1,057,563**	2,185,623
	1,057,563	4,172,745

The amounts due to related parties are non-profit bearing and arise from transactions in the normal course of business.

*Amounts due but not paid to the parent company in respect of the IP transit rentals amounts to BD 4,768,351 (31 December 2018: BD 2,340,900) are included in the current lease liabilities (note 15) and do not form part of the above balance due to the parent company.

23 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to the shareholders by the weighted average number of ordinary shares in issue during the period.

	2019	*2018*
Net profit attributable to the shareholders (BD)	**11,362,264**	11,904,565
Number of ordinary shares issued	**750,000,000**	750,000,000
Basic earnings per share	**15.150 fils**	15.873 fils

There are no potentially dilutive ordinary shares at 31 December 2019 and 31 December 2018.

24 COMMITMENTS

a) Capital commitments

The Group enters into commitments during the ordinary course of business for major capital expenditures, primarily in connection with its network expansion programs. Outstanding capital expenditure commitments amounted to BD 10,680,432 as at 31 December 2019 (31 December 2018: BD 11,295,409).

b) Letter of credit commitments

Letters of credit other than for capital expenditure at the end of the year amounted to BD 3,397,500 (31 December 2018: BD 7,000,000).

25 CONTINGENT LIABILITIES

Bank guarantees

Guarantees have been issued by banks on behalf of the Group in the normal course of business aggregating to BD 296,208 (31 December 2018: BD 305,700).

26 DIVIDENDS

The Board of Directors did not propose to pay dividend to the shareholders for the year ended 31 December 2019 (2018: BD Nil). The proposed dividend only becomes payable once it has been approved by the shareholders in the Annual General Meeting and, accordingly, proposed dividend for the year 2017 amounting to BD 5,000,000 (6.6 fills per share) was only accounted for in 2018.

27 RISK MANAGEMENT

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

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 is exposed to credit risk on its cash and cash equivalents, Murabaha deposits and outstanding receivable balances. There is no significant concentration of trade receivables due to the Company's diversified customer base. With respect to bank balances, the Group seeks to limit its credit risk by dealing with reputable financial institutions. For balances due from related parties, the Group has not experienced any default or settlement issues arising due to credit risks of the counterparties and the likelihood of the related parties default is remote unless there is a bill dispute raised by them. The risk managament policy relating to trade receivables is provided in Note 9.

27 RISK MANAGEMENT (continued)

Profit rate risk

Profit rate risk is the risk that the value of financial assets and liabilities will fluctuate due to changes in market profit rates. The Group's Murabaha facilities bear profit rates which are linked to BIBOR and LIBOR which fluctuates frequently. The Group's management has hedged a portion of the profit rate risk by entering into a profit rate swap with the Group's bankers. In the opinion of the management the Group's remaining assets and liabilites are not sensitive to profit rate risk except for cash held in saving accounts.

		Impact on equity/profit	
Description	*Change*	***2019 BD***	*2018 BD*
Saving account balance with banks	+/-0.50%	+/- 48,122	+/- 19,386
Murabaha and Mudaraba facilities	+/-0.50%	+/- 417,651	+/- 343,354
Derivatives at fair value	+/-0.50%	+/- 1,554	+/- 940

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Group limits its liquidity risk by monitoring the liquidity requirements on a regular basis to help ensure that sufficient funds are available to meet all liabiliies as and when they fall due. The table below summarises the maturities of the Group’s undiscounted financial liabilities at 31 December, based on contractual payment dates and current market profit rates.

2019	***Less than 3 months BD***	***3 to 12 months BD***	***1 to 2 years BD***	***2 to 5 years BD***	***Total BD***
Derivatives at fair value	**15,242**	**109,716**	**124,958**	**60,970**	**310,886**
Murabaha and Mudaraba facilities	**6,494,174**	**22,607,870**	**29,965,631**	**28,843,902**	**87,911,577**
Amount due to related parties	**-**	**1,057,563**	**-**	**-**	**1,057,563**
Trade payables	**9,717,372**	**-**	**-**	**-**	**9,717,372**
	16,226,788	**23,775,149**	**30,090,589**	**28,904,872**	**98,997,398**

2018	*Less than 3 months BD*	*3 to 12 months BD*	*1 to 2 years BD*	*2 to 5 years BD*	*Total BD*
Derivatives at fair value	-	18,810	56,429	112,859	188,098
Murabaha and Mudaraba facilities	70,713	9,023,136	21,889,943	43,420,794	74,404,586
Amount due to related parties	-	4,172,745	-	-	4,172,745
Trade payables	13,444,747	-	-	-	13,444,747
	13,515,460	13,214,691	21,946,372	43,533,653	92,210,176

27 RISK MANAGEMENT (continued)

Currency risk

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 major transactions are carried out in Bahraini Dinars and United States Dollar. The Bahraini Dinar is effectively pegged to the United States Dollar and therefore the management considers the currency rate risk as minimal with respect to the United States Dollar. Further, the Group's finance department constantly monitors the fluctuations in foreign currencies and minimises the exposure to foreign currencies.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital base in order to support its business and maximise shareholder's value. The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. Equity comprises share capital, statutory reserve, cash flow hedge reserve and retained earnings, and is measured at BD 111,457,150 as at 31 December 2019 (2018: BD 100,277,797).

28 FAIR VALUE MEASUREMENT

Fair value is the amount 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. Financial instruments comprise of financial assets, financial liabilities and derivative financial instruments.

The Group's derivative financial instruments are measured at fair value using interest rate curve which falls under level 2 hierarchy. The fair values of other financial instruments are not materially different from their carrying values at the statement of financial position date.

29 COMPARATIVE INFORMATION

The following comparative figures have been reclassified to conform to the presentation in the current year end. Such reclassifications did not affect previously reported results or equity.

	As previously reported BD	*Reclassi-fication BD*	*As reported now BD*
Derivatives at fair value (non current liabilities)	188,098	(18,810)	169,288
Derivatives at fair value (current liabilities)	-	18,810	18,810
Trade and other receivables	54,541,683	(16,862,722)	37,678,961
Non current portion of trade and other receivables	-	4,379,057	4,379,057
Trade and other payables	51,475,080	(11,757,969)	39,717,111
Amounts due from related parties	-	491,424	491,424
Amounts due to related parties	4,407,017	(234,272)	4,172,745