OMAN ELECTRICITY TRANSMISSION COMPANY SAOC

Report and interim financial statements
For the six months period ended 30 June 2019

OMAN ELECTRICITY TRANSMISSION COMPANY SAOC

Report and interim financial statements
For the six months period ended 30 June 2019

	Pages
Independent auditor's review report	**1**
Interim statement of financial position	**2**
Interim statement of profit or loss and other comprehensive income	**3**
Interim statement of changes in equity	**4**
Interim statement of cash flows	**5**
Notes to the interim financial statements	**6 - 47**

KPMG Lower Gulf Limited (Oman Branch)
4th Floor, Children's Public Library Building
Shatti Al Qurum
P. O. Box: 641, P.C.: 112
Sultanate of Oman
Tel. +968 24749600
www.kpmg.com/om

Independent Auditors' Report on Review of Interim Financial Statements to the Shareholders of Oman Electricity Transmission Company SAOC

Introduction

We have reviewed the accompanying interim statement of financial position of Oman Electricity Transmission Company SAOC (the Company) as at 30 June 2019, the interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months period then ended, and notes, comprising significant accounting policies and other explanatory information set out on pages 2 to 47 (the interim financial statements).

Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with International Financial Reporting Standards (IFRS) including the requirements of IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of the Company as at 30 June 2019, and its financial performance and its cash flows for the six months period then ended in accordance with IFRS including the requirements of IAS 34, 'Interim Financial Reporting'.

KPMG

9 September 2019

KPMG Lower Gulf Limited
(Oman Branch)

OMAN ELECTRICITY TRANSMISSION COMPANY SAOC

Interim statement of financial position
as at

	Notes	(Unaudited) 30 June 2019 RO '000	(Audited) 30 December 2018 RO '000
ASSETS			
Non-current assets			
Property, plant and equipment	7	1,259,046	1,244,922
Right of use assets	7a	10,140	-
Contract assets	8	9,351	9,354
Total non-current assets		1,278,537	1,254,276
Current assets			
Contract assets	8	312	146
Inventories	9	5,432	4,952
Other assets	10	-	1,872
Trade and other receivables	11	30,903	12,309
Cash and cash equivalents	12	7,496	813
Total current assets		44,143	20,092
Total assets		1,322,680	1,274,368
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13	225,000	225,000
Legal reserve	14	75,000	75,000
General reserve	15	250	250
Retained earnings		153,810	146,453
Total equity		454,060	446,703
Non-current liabilities			
Long term borrowing	16	575,003	574,770
Provisions	17	1,025	1,005
Deferred tax liability	18	68,310	64,364
Deferred revenue	19	65,580	65,710
Lease liabilities	20	9,286	-
Trade and other payables	22	15,170	12,785
Contract liabilities	8	5,692	5,377
Total non-current liabilities		740,066	724,011
Current liabilities			
Short-term borrowings	23	55,832	10,000
Provisions	17	456	388
Provision for taxation	30	1,344	1,344
Deferred revenue	19	2,252	2,252
Lease liabilities	20	972	-
Trade and other payables	22	67,097	89,504
Other current liabilities	21	270	-
Contract liabilities	8	331	166
Total current liabilities		128,554	103,654
Total liabilities		868,620	827,665
Total equity and liabilities		1,322,680	1,274,368

These financial statements on pages 2 to 47 were approved by the Board of Directors on 26th August 2019 and signed on their behalf by:

Abdulaziz Mohammed Al Balushi	**Amal Humaid Al Jabri**	**Masoud Salam Mohamed Al Reyami**
Chairman	**Director**	**Chief Executive Officer (Acting)**

The accompanying notes on pages 6 to 47 form an integral part of these interim financial statements.
The review report of independent auditor's is set forth on page 1.

OMAN ELECTRICITY TRANSMISSION COMPANY SAOC

Interim statement of profit or loss and other comprehensive income
for the six months period ended

	Notes	**(Unaudited) 30 June 2019 RO '000**	(Unaudited) 30 June 2018 RO '000
Revenue	*24*	**58,929**	45,885
Operating costs	*25*	**(18,748)**	(15,810)
Gross profit		**40,181**	30,075
General and administrative expenses	*26*	**(7,914)**	(8,061)
Provision (for) / reversal of impairment loss on financial assets		**(187)**	95
Other income	*28*	**667**	798
Profit from operations		**32,747**	22,907
Finance income	*29*	**6,515**	7,612
Finance cost	*29*	**(12,209)**	(10,171)
Profit before tax		**27,053**	20,348
Taxation	*30*	**(3,946)**	(3,375)
Total comprehensive income for the period		**23,107**	16,973

The accompanying notes on pages 6 to 47 form an integral part of these interim financial statements.
The review report of independent auditor's is set forth on page 1.

Interim statement of changes in equity
for the six months period ended 30 June 2019

	Share capital RO '000	Legal reserve RO '000	General reserve RO '000	Retained earnings RO '000	Total RO '000
At 1 January 2018 (audited)	225,000	75,000	250	133,649	433,899
Impact of change in accounting policy - IFRS 15	-	-	-	3,668	3,668
Impact of change in accounting policy - IFRS 9	-	-	-	(163)	(163)
Profit for the period of the Company	-	-	-	16,973	16,973
Transactions with owners of the Company:					
Dividend paid (Note 32)	-	-	-	(13,500)	(13,500)
At 30 June 2018 (unaudited)	225,000	75,000	250	140,627	440,877
At 1 January 2019 (audited)	**225,000**	**75,000**	**250**	**146,453**	**446,703**
Profit for the period of the Company				**23,107**	**23,107**
Transactions with owners of the Company:					
Dividend paid (Note 32)	-	-	-	**(15,750)**	**(15,750)**
At 30 June 2019 (unaudited)	**225,000**	**75,000**	**250**	**153,810**	**454,060**

The accompanying notes on pages 6 to 47 form an integral part of these interim financial statements.
The review report of independent auditor's is set forth on page 1.

Interim statement of cash flows
for the six month period ended

	(Unaudited) 30 June 2019 RO '000	(Unaudited) 30 June 2018 RO '000
Cash flows from operating activities		
Profit before tax	**27,053**	20,348
Adjustments for:		
Expected credit loss on financial and contract assets	**187**	(95)
Depreciation	**17,642**	14,405
Finance charges on lease liabilities	**262**	-
Finance cost of borrowings and overdraft	**10,656**	9,887
Interest on short term borrowings and bank overdrafts	**1,058**	41
Amortization of transaction cost	**233**	243
Interest on bank deposit	**(26)**	(960)
Provision for employee benefit	**112**	123
	57,177	43,992
Changes in:		
Deferred revenue	**(130)**	(21)
Inventories	**(480)**	(14)
Contract assets and liabilities	**276**	97
Trade and other receivables	**(18,721)**	(2,033)
Trade and other payables	**(18,056)**	(28,706)
Other current assets and liabilities	**2,142**	(1,121)
Cash generated from operating activities	**22,208**	12,194
Payment of employees' benefits	**(24)**	(26)
Net cash from operating activities	**22,184**	12,168
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	**(31,425)**	(73,380)
Interest income received on bank deposit	**26**	960
Proceed from bank deposits	**-**	88,024
Net cash (used in)/from investing activities	**(31,399)**	15,604
Cash flows from financing activities		
Repayment of working capital facility	**(10,000)**	5,000
Proceeds from short term loan	**55,832**	-
Interest paid on long term borrowings	**(12,622)**	(12,623)
Interest paid on short term borrowings and bank overdraft	**(1,058)**	(41)
Dividends paid	**(15,750)**	(13,500)
Repayment of lease liability	**(485)**	-
Net cash from/(used in) financing activities	**15,917**	(21,164)
Net increase in cash and cash equivalents	**6,702**	6,626
Cash and cash equivalents at the beginning of the period	**814**	1,259
Cash and cash equivalents at the end of the period (Note 12)	**7,516**	7,885

The accompanying notes on pages 6 to 47 form an integral part of these interim financial statements.
The report of independent auditor's is set forth on page 1.

Notes to the interim financial statements
for the six month period ended 30 June 2019

1. General

Oman Electricity Transmission Company SAOC (the "Company") is a closed Omani joint stock company registered under the Commercial Companies Law of Oman.

The establishment and operations of the Company are governed by the provisions of the Law for the Regulation and Privatisation of the Electricity and Related Water Sector (the "Sector Law" as amended) promulgated by Royal Decree 78/2004.

The principal activities of the Company are electricity transmission and dispatch in the north of Oman ("Main Interconnected System") under a Licence issued by the Authority for Electricity Regulation, Oman (AER). The Licence is amended effective 1 January 2014 to include the area of Dhofar in the south of Oman, following a reorganisation of the operations of Dhofar Power Company SAOC.

The Company commenced its commercial operations on 1 May 2005 (the "Transfer Date") following the implementation of a decision of the Ministry of National Economy (the "Transfer Scheme") issued pursuant to Royal Decree 78/2004.

Oman Electricity Transmission Company SAOC is a 99.99% subsidiary of Electricity Holding Company SAOC (the "Holding Company"), a company registered in the Sultanate of Oman, and 0.005% is held by Nama Shared Services LLC (NSS) and the remaining 0.005% is held by Nuino Institute for Competency Development LLC (NICD). The Ultimate Parent is the Ministry of Finance, of the Government of Sultanate of Oman, as it holds 100% shareholding in the Holding Company.

2. Statement of compliance

The interim financial statements have been prepared in accordance with International Financial Reporting Standards including the requirements of IAS 34, 'Interim Financial Reporting' and the Commercial Companies Law of 1974, as amended.

Basis of preparation

These interim financial statements are prepared on the historical cost basis.

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

The preparation of interim 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 company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the interim financial statements are disclosed in note 5.

Notes to the interim financial statements
for the six month period ended 30 June 2019

3. Changes in significant accounting policies

IFRS 16 *Leases*

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Company's financial statements as at and for the year ended 31 December 2018.

The changes in accounting policies are also expected to be reflected in the Company's financial statements as at and for the year ending 31 December 2019.

The Company has initially adopted IFRS 16 *Leases* from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material impact on the Company's financial statements.

The effect of initially applying these standards is mainly attributed to the following:

- earlier recognition of usufruct charges as a lease liability and finance charge on lease liability; and
- recognition of right-of-use asset to use the land leased from Ministry of Housing, depreciation on right-of-use assets.

IFRS 16 specifies how the management will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 has superseded the previously issued IAS 17 Leases and the related interpretations (i.e. IFRIC 4, SIC 15 and SIC 27) for accounting periods beginning on or after 1 January 2019. The date of initial application of IFRS 16 for the Company will be 1 January 2019.

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continued to be presented under previous applicable standards. chosen the "Cumulative catch-up approach" for application of IFRS 16 on transition. Consequently, the Company will recognise lease liability for outstanding lease payments for existing operating leases using incremental borrowing rate at date of transition and carry forward existing finance lease liabilities and measure right-of-use asset at an amount equal to liability adjusted for any accruals or prepayments with no effect on the opening retained earnings on transition.

Accounting policy applicable from 1 January 2019

At inception of a contract the Company 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 Company assesses whether:

Notes to the interim financial statements
for the six month period ended 30 June 2019

3. Changes in significant accounting policies *(continued)*

IFRS 16 *Leases (continued)*

Accounting policy applicable from 1 January 2019 *(continued)*

- 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 Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

A. As a lessee

The Company 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 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 incentives received.

The right-of-use asset is subsequently depreciated 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 those of property 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 tease liability.

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 that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

3. Changes in significant accounting policies *(continued)*

IFRS 16 *Leases (continued)*

Accounting policy applicable from 1 January 2019 *(continued)*

A. As a lessee *(continued)*

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a 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 a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company 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.

The Company presents right-of-use assets and lease liabilities in 'separately in the statement of financial position.

Short-term leases and leases of low value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term assets of IT equipment that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

B. As a lessor

The Company has not entered into any arrangement in which it is acting as a Lessor.

Impact on financial statements

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019. Right-Of-use assets are measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments. The Company has applied this approach to all other leases.

Notes to the interim financial statements
for the six month period ended 30 June 2019

3. Changes in significant accounting policies *(continued)*

IFRS 16 *Leases (continued)*

Accounting policy applicable from 1 January 2019 *(continued)*

Impact on financial statements *(continued)*

On transition to IFRS 16, the Company recognised a lease liability amounting to RO 10.5 million with a corresponding right-of-use asset in the same amount, with no effect on opening retained earnings.

Practical expedients used

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Accounting policies applicable before 1 January 2019

In the comparative period, as a lessee the Company classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequently the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense over the term of the lease.

Notes to the interim financial statements
for the six month period ended 30 June 2019

4. Significant accounting policies

IFRS 9 *Financial Instruments*

i. Classification and measurement of financial assets and financial liabilities

Contractual cash flows comprise of solely payment of principal and interest
Where the Company has a business model to collect contractual cash flows, the Company assesses whether the financial instrument cash flows represents solely payments of principal and interest (SPPI). 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. Interest is defined as consideration for time value of money and for the credit risk associated with the principal and for other basic lending risks and costs as well as a profit margin.

In making this assessment, the Company considers whether the contractual cash flows are consistent with the basic lending agreement which means the interest paid only includes the consideration for time value of money and credit risk. Financial instruments whose cash flows characteristics include elements other than time value of money and credit risk do not pass the test and are classified and measured at fair value through profit or loss.

The Company's financial assets include trade and other receivable and cash at bank. These financial assets qualify for and are classified as debt instruments measured at amortised cost.

Reclassification of financial assets
The Company reclassifies a financial asset when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Subsequent measurement of financial liabilities
The Company categorises its financial liabilities into two measurement categories: FVTPL and amortised cost. The Company's financial liabilities include trade and other payables, amounts due to related parties and senior facility loan. All financial liabilities of the Company are measured at amortised cost.

The Company does not have any FVTPL financial liability.

Derecognition of financial assets
The Company determines if the asset under consideration for derecognition is:

- an asset in its entirety, or
- specifically identified cash flows from an asset (or a Company of similar financial assets), or
- a fully proportionate (pro rata) share of the cash flows from an asset (or a Company of similar financial assets), or
- a fully proportionate (pro rata) share of specifically identified cash flows from a financial asset (or a Company of similar financial assets)

Notes to the interim financial statements
for the six month period ended 30 June 2019

4. Significant accounting policies *(continued)*

IFRS 9 Financial Instruments *(continued)*

i. Classification and measurement of financial assets and financial liabilities *(continued)*

Derecognition of financial assets (continued)

Once the asset under consideration for derecognition has been determined, the Company performs an assessment as to whether the asset has been transferred, and if so, whether the transfer of that asset is subsequently eligible for derecognition. An asset is transferred if either the Company has transferred the contractual rights to receive the cash flows, or the Company has retained the contractual rights to receive the cash flows from the asset, but has assumed a contractual obligation to pass those cash flows on under an arrangement that meets the following three conditions:

a. the Company has no obligation to pay amounts to the eventual recipient unless it collects equivalent amounts on the original asset;
b. the Company is prohibited from selling or pledging the original asset; and
c. the Company has an obligation to remit those cash flows without material delay.

Once the Company has determined that the asset has been transferred, it then determines whether or not it has transferred substantially all of the risks and rewards of ownership of the asset. If substantially all the risks and rewards have been transferred, the asset is derecognised. If substantially all the risks and rewards have been retained, derecognition of the asset is precluded.

Offsetting of 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 recognised amounts; and
• there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Trade and other receivables

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade and other payables

Trade and other payables are initially measured at their fair value and subsequently measured at amortised cost, using the effective interest method.

4. Significant accounting policies *(continued)*

IFRS 9 *Financial Instruments (continued)*

ii. Impairment of financial assets

Under IFRS 9, loss allowance are measured on either of the following bases:

- *12 month ECL*: these are ECLs that result from possible default events within 12 months after the reporting date; and
- *Lifetime ECL:* these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss allowance at an amount equal to lifetime ECLs, except for the following, which are measured as 12- month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Finance assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

General approach

The Company applies three-stage approach to measuring ECL. Assets migrate through the three stages based on the change in credit quality since initial recognition. Financial assets with significant increase in credit risk since initial recognition, but not credit impaired, are transitioned to stage 2 from stage 1 and ECL is recognized based on the probability of default (PD) of the counter party occurring over the life of the asset. All other financial assets are considered to be in stage 1 unless it is credit impaired and an ECL is recognized based on the PD of the customer within next 12 months. Financial assets are assessed as credit impaired when there is a detrimental impact on the estimated future cash flows of the financial asset. The Company applies general approach to all financial assets except trade receivable without significant financing component.

Simplified approach

The Company applies simplified approach to measuring credit losses, which mandates recognition of lifetime expected loss allowance for trade receivables without significant financing component. Under simplified approach, there is no need to monitor for significant increases in credit risk and the Company will be required to measure lifetime expected credit losses at all times

Significant increase in credit risk
When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

Notes to the interim financial statements
for the six month period ended 30 June 2019

4. Significant accounting policies *(continued)*

IFRS 9 ***Financial Instruments*** *(continued)*

ii. Impairment of financial assets *(continued)*

Significant increase in credit risk (continued)

The Company assumes that the credit risk on a financial asset has increased significantly based on the certain delinquency period (days past due) or if exposure has moved from investment grade to non-investment grade on credit rating scale of independent credit rating agency in case of low credit risk instrument.

To determine whether a financial instrument has low credit risk, the Company uses internal credit ratings which are mapped to the external credit rating agencies such as Moody's etc. The Company considers that the rating within the investment grade, (the Company considers this to be Baa3 or higher per Moody's), are considered a low risk and have less likelihood of default. Where the external rating of a financial instrument is not available, the Company reviews the ability of the counterparty by reviewing their financial statements and other publicly available information.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held) or based on the certain delinquency period (days past due).

Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Credit- impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses related to financial assets are presented separately in the statement of profit or loss.

Notes to the interim financial statements
for the six month period ended 30 June 2019

4. Significant accounting policies *(continued)*

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. The cost of property, plant and equipment is their purchase price together with any incidental expenses necessary to bring the assets to its intended condition and location and borrowing costs capitalised in accordance with the company's accounting policies. Subsequent costs are included in the asset's carrying amount are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the component will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement profit or loss in the period in which they are incurred.

The cost of property, plant and equipment is written down to residual value in equal installments over the estimated useful lives of the assets. The estimated useful lives are:

Assets	Years
Buildings	30
Line, cables and substation assets	30 - 60
Other plant and machinery	12 - 40
Furniture, vehicles and equipment	2 - 7
Plant spares	20

When an asset has to be replaced as per instruction from Ministry, then the asset is depreciated over remaining period under which the asset is to be replaced.

Capital work-in-progress is not depreciated until it is transferred to one of the above categories at the time when it is available for use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

The assets residual values and useful lives are unaudited, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount it is written down immediately to its recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profits for the period.

4. Significant accounting policies *(continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise purchase costs and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated principally using the weighted average method. Allowance is made for slow moving and obsolete inventory items where necessary, based on management's assessment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash, which are subject to an insignificant risk of changes in value and have maturity of three months or less at the date of placement.

Financial liabilities

Financial liabilities (including borrowings and trade and other payables) are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially 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.

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

Employees' benefits

Provision for employees' benefits is accrued having regard to the requirements of the Oman Labour Law 2003, as amended, or in accordance with the terms and conditions of the employment contract with the employees. Employee entitlements to annual leave and leave encashment are recognised when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the reporting date. These accruals are included in current liabilities, while that relating to end of service benefits is disclosed as a non-current liability.

Notes to the interim financial statements
for the six month period ended 30 June 2019

4. Significant accounting policies *(continued)*

Employees' benefits *(continued)*

Gratuity for Omani employees who transferred from Ministry of Housing, Electricity and Water on the transfer date is contributed in accordance with the terms of the Social Securities Law 1991 and Civil Service Employees Pension Fund Law.

Contributions to a defined contribution retirement plan for Omani employees in accordance with the Omani Social Insurance Law 1991 are recognised in the statement of profit or loss.

In accordance with the provision of IAS 19, Employee Benefits, management carries out an exercise to assess the present value of the Company's obligations as of the reporting date, in respect of employees' end of service benefit payable to determine whether it is not materially different from the provision made. Under this method, an assessment is made of an employee's expected service period with the Company and the expected basic salary at the date of leaving the service, discounted over the period of remaining expected period using the country's risk free rate.

Provisions

Provisions are recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that it will result in an outflow of economic benefit that can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where some or all of the economic benefits required to settle a provision are expected to be recovered from third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Dividends

Dividends are recognised as a liability in the period in which they are approved by the Company's shareholders.

Dividends for the period that are approved after the reporting date are dealt with as an event after the reporting date.

Government grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to construction of assets are included in deferred revenue as a funding from government sponsored assets" within non-current liabilities and are credited to the statement of profit or loss on a straight line basis over the expected useful lives of related assets.

Notes to the interim financial statements
for the six month period ended 30 June 2019

4. Significant accounting policies *(continued)*

Revenue

Revenue comprises (a) Transmission Use of System Charges (TUS) charged to the distribution and supply companies (related parties) and (b) Transmission Connection Charges (TCC) charged to the generation, distribution and supply companies.

The Company recognises revenue when the Company satisfies a performance obligation by transferring a promised good or service to a customer.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Company considers the terms of the contracts with customers and the Price Control Maximum Allowed Revenue for the relevant period as approved by the Authority for Electricity Regulation, Oman to determine the transaction price.

Revenue from the transmission use of system charges

Transmission of electricity is considered as a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer. The Company transfers control of electricity transmitted over time and, therefore, satisfies a performance obligation and recognises revenue over time as the customer simultaneously receives and consumes the electricity transmitted by the Company.

The Company recognises the transmission use of system charges when the when it transfers the control of a product or service to a customer i.e. when unit of electricity is transmitted to the customer. The Company the measure progress of transfer of each distinct unit in the series to the customer (output method or number of units transferred).

Revenue from the connection to the grid contracts

The services included in the contract (i.e. connection service and continue access to the electricity grid) represents single performance obligation to full fill over time, as they are not distinguished within the context of the contract. Revenue from the connection contracts is deferred on the basis of the nature of the obligation arising from the contract with the customer.

The Company considers all relevant facts and circumstances in assessing whether a contract contains a financing component and whether that financing component is significant to the contract. In determining the transaction price, the Company adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Company with a significant benefit of financing the transfer of goods or services to the customer.

In this regard, the Company recognises the obligation to transfer the customer said connection services for which it has received consideration as contract liabilities and recognise contract assets for the amount accrued to the Company based on the financing element.

4. Significant accounting policies *(continued)*

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes the strategic decisions.

Foreign currency translation

Items included in the Company's interim financial statements are measured and presented using Rial Omani which is the currency of the Sultanate of Oman, being the economic environment in which the Company operates (the "functional currency"). The interim financial statements are prepared in Rial Omani, rounded to the nearest thousand.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss as they arise.

Finance income

Finance income comprises interest received or receivable on funds invested and the financing portion of transmission connected charges. Interest income is recognised in the profit or loss as it accrues taking into account the effective yield on the asset.

Taxation

Income tax is calculated as per the fiscal regulations of the Sultanate of Oman.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous period.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax is calculated on the basis of the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted or substantially enacted by the reporting date. The tax effects on the temporary differences are disclosed under non-current liabilities as deferred tax liability.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. The carrying amount of deferred tax assets is Unaudited at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset as there is a legally enforceable right to offset these in Oman.

Current and deferred tax is recognised as an expense or benefit in profit or loss except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity.

Notes to the interim financial statements
for the six month period ended 30 June 2019

5. Significant accounting estimates and judgment

The preparation of interim financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and judgments 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. The areas requiring a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the interim financial statements are set out below:

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

Provision for impairment - Measurement of the expected credit loss allowance
Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the independent third party's (i.e. Moody) analysis of counterparty's risk of default at the end of each reporting period. This analysis is based on counter party's historical data, existing market conditions as well as forward looking estimates. Details of the key assumptions and inputs used are disclosed in note 4.

Lease term
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).

Notes to the interim financial statements
for the six month period ended 30 June 2019

6. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including price risk, foreign currency risk and interest rate risk), liquidity risk and credit risk. However, the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Credit risk management is carried out by the company and liquidity risk and market risk by the Holding Company's treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

Financial risk factors

Market risk

Price risk

The prices for the use of Company's transmission facilities are determined by the Authority for Electricity Regulation, Oman and are governed by long term agreements with its customers. Hence, the Company is not subject to significant price risk.

Foreign exchange risk

Foreign exchange risk arises when commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency. The Rial Omani is effectively pegged to the US Dollar. Since most of the foreign currency transactions are in the US dollar and other currencies linked to the US Dollar, management believes that the exchange rate fluctuations would have an insignificant impact on the pre-tax profit.

Interest rate risk

The Company's interest rate risk profile includes only fixed rate instruments. The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the profit or loss and other comprehensive income. At the reporting date the interest rate risk profile of the Company's fixed interest bearing financial instruments was as follows:

	Unaudited 30 June 2019 RO'000	Audited 31 December 2018 RO'000
Lease liabilities	**10,258**	-
Long term borrowings	**575,003**	574,770

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. The management maintains flexibility in funding by maintaining availability under committed credit lines.

Notes to the interim financial statements
for the six month period ended 30 June 2019

6. Financial risk management *(continued)*

Liquidity risk *(continued)*

The table below analyses the Company's financial liabilities that will be settled on a net basis into relevant maturity grouping based on the remaining period at the reporting date to the contractual maturities date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

Unaudited 30 June 2019	**Carrying amount RO '000**	**Contractual amount RO '000**	**1 month to 3 months RO '000**	**3 months to 1 year RO '000**	**1 year and above RO '000**
Non-interest bearing					
Trade payables	**27,111**	**(27,111)**	**(25,862)**	**(1,249)**	**-**
Accruals and other payables	**54,531**	**(54,531)**	**(4,304)**	**(35,057)**	**(15,170)**
Amount due to related parties	**625**	**(625)**	**(625)**	**-**	**-**
	82,267	**(82,267)**	**(30,791)**	**(36,306)**	**(15,170)**
Interest bearing					
Long term borrowings	**575,003**	**(747,768)**	**(5,002)**	**(20,242)**	**(722,524)**
Lease liabilities	**10,258**	**(15,616)**	**-**	**(972)**	**(14,644)**
	585,261	**(763,384)**	**(5,002)**	**(21,214)**	**(737,168)**

Audited 31 December 2018	Carrying amount RO '000	Contractual amount RO '000	1 month to 3 months RO '000	3 months to 1 year RO '000	1 year and above RO '000
Non-interest bearing					
Trade payables	35,867	(35,867)	(27,820)	(8,047)	-
Accruals and other payables	65,866	(65,866)	(3,570)	(49,511)	12,785
Amount due to related parties	556	(556)	(556)	-	-
	102,289	(102,289)	(31,946)	(57,558)	(12,785)
Interest bearing					
Long term borrowings	574,770	(760,390)	(5,002)	(20,242)	(735,146)
	574,770	(760,390)	(5,002)	(20,242)	(735,146)

Notes to the interim financial statements
for the six month period ended 30 June 2019

6. Financial risk management *(continued)*

Credit risk

Credit risk is the risk that a loss will be incurred if counterparty defaults or fails to honour a financial obligation as it falls due. It takes into account the probability of involuntary default, where the counterparty does not possess the financial means to repay as well as strategic default, where counterparty with the ability to repay deliberately defaults. The credit risk of the company is primarily attributable to contract assets, trade and other receivables and bank balances.

Credit quality analysis

The following table sets out information about the credit quality of bank balances, trade and other receivables and contract assets.

	2019				2018
	Weighted average loss rate	**12 month ECL**	**Lifetime ECL Not credit impaired**	**Lifetime ECL Credit impaired**	Loans and Receivables
Cash at bank					
Based on Moody's credit rating					
- Baa3	**0.27%**	**7,512**	-	-	808
Expected credit losses		**(20)**	-	-	(1)
Amortized cost		**7,492**	-	-	807
Trade receivable					
Based on Moody's credit rating					
- Baa3	**0.44%**	-	**23,783**	-	6,669
Based on internal rating					
- Grade 4++	**0.44%**	-	**1,139**	-	1,054
		-	**24,922**	-	7,723
Expected credit losses		-	**(136)**	-	(9)
Amortized cost		-	**24,786**	-	7,714
Contracts assets					
Based on Moody's credit rating					
- Baa3	**0.54%**	-	**9,440**	-	9,221
Based on internal rating					
- Grade 4++	**0.54%**	-	**275**	-	290
		-	**9,715**	-	9,511
Expected credit losses		-	**(52)**	-	(11)
Amortized cost		-	**9,663**	-	9,500

Notes to the interim financial statements
for the six month period ended 30 June 2019

6. Financial risk management *(continued)*

Credit risk *(continued)*

Credit quality analysis *(continued)*

	2018				2017
	Weighted average loss rate	12 month ECL	Lifetime ECL Not credit impaired	Lifetime ECL Credit impaired	Loans and Receivables
Cash at bank					
Based on Moody's credit rating					
- Baa3	0.11%	808	-	-	1,253
Expected credit losses		(1)	-	-	-
Amortized cost		807	-	-	1,253
Trade receivable					
Based on Moody's credit rating					
- Baa3	0.12%	-	6,669	-	15,623
Based on internal rating					
- Grade 4++	0.12%	-	1,054	-	2,282
		-	7,723	-	17,905
Expected credit losses		-	(9)	-	-
Amortized cost		-	7,714	-	17,905
Contracts assets					
Based on Moody's credit rating					
- Baa3	0.12%	-	9,221	-	-
Based on internal rating					
- Grade 4++	0.12%	-	290	-	-
		-	9,511	-	-
Expected credit losses		-	(11)	-	-
Amortized cost		-	9,500	-	-

Notes to the interim financial statements
for the six month period ended 30 June 2019

6. Financial risk management *(continued)*

Credit risk *(continued)*

Trade and other receivables

The Company's exposure to credit risk on trade and other receivables is influenced mainly by the individual characteristics of each customer. The Company has established credit policies and procedures that are considered appropriate and commensurate with the nature and size of receivables. Trade receivables primarily represent amount due from generation and distribution companies and related parties. The Company does not consider this as an undue exposure since obligation of generation and distribution companies is considered fully recoverable.

The exposure to credit risk for trade receivables at the reporting date by type of customer is:

	Unaudited 30 June 2019 RO '000	Audited 31 December 2018 RO '000
Trade receivables from related parties	**23,783**	6,762
Trade receivables others	**1,139**	961
	24,922	7,723

Trade and other receivables have been considered for impairment as per the ECL method under IFRS 9, and a provision of RO 136 thousand has been recorded in this respect.

The carrying amount of financial assets represents maximum credit exposure. The exposure to credit risk at the reporting date is on account of:

	Unaudited 30 June 2019 RO '000	Audited 31 December 2018 RO '000
Contract assets	**9,663**	9,500
Trade and other receivables	**24,786**	7,714
Cash at bank	**7,492**	807
	41,941	18,021

Name of the Bank	**Rating**		
Bank Muscat SAOG	**Baa3**	7,492	807
		7,492	807

The ratings are based on accredited credit rating agencies.

Notes to the interim financial statements
for the six month period ended 30 June 2019

6. Financial risk management *(continued)*

Credit risk *(continued)*

Categories of financial instruments

	Unaudited 30 June 2019 RO '000	Audited 31 December 2018 RO '000
Financial assets		
Amortised cost		
Trade and other receivables	**24,786**	7,714
Contract assets	**9,663**	9,500
	34,449	17,214
Cash and bank balances	**7,496**	813
	41,945	18,027

Financial liabilities

	Unaudited 30 June 2019 RO '000	Audited 31 December 2018 RO '000
Financial liabilities at amortised cost		
Trade payables (non - current)	**15,170**	12,785
Trade payables (current)	**27,111**	35,867
Accruals and other payables	**39,361**	53,081
Amount due to related parties	**625**	556
Lease liabilities	**10,258**	-
Long term borrowings	**575,003**	574,770
Short term borrowings	**55,832**	10,000
	723,360	687,059

Fair value estimation

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate to their fair values.

Capital risk management

The Company manages its capital to ensure that it is able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from 2018.

The capital structure of the Company consists of net debt (short term and long term borrowings as offset by cash and bank balances and deposits) and equity of the company comprising of issued share capital, reserves, retained earnings.

The Company is not subject to any externally imposed capital requirements other than the requirements of the Commercial Companies Law of 1974, as amended, however the Company has a target debt-equity gearing ratio not exceeding 70% for debt. The gearing ratio at 30 June 2019 of 58% (December 2018: 56%) was below the target range.

Notes to the interim financial statements
for the six month period ended 30 June 2019

6. Financial risk management *(continued)*

Capital risk management *(continued)*

Gearing ratio

Gearing ratio at the end of the reporting period was as follows:

	Unaudited 30 June 2019 RO '000	Audited 31 December 2018 RO '000
Debt (including short-term borrowings)	**630,835**	584,770
Cash and cash equivalents	**(7,496)**	(813)
Net debt	**623,339**	583,957
Equity	**454,060**	446,703
Net debt to equity ratio	**58%**	56%

7. Property, plant and equipment

Certain of the company's property, plant and equipment are constructed on lands leased from Ministry of Housing, Government of Sultanate of Oman under Usufruct agreements.

	Buildings RO '000	Lines and cables RO '000	Substation assets RO '000	Other plant and machinery RO '000	Furniture, vehicles and equipment RO '000	Plant spares RO '000	Work-in-progress RO '000	Total RO '000
Cost								
1 January 2018	122,536	504,939	332,499	106,169	10,944	1,855	208,981	1,287,923
Additions	5,761	30,462	9,458	2,695	520	413	92,416	141,725
Transfers	27,523	56,922	64,162	13,653	364	(164)	(162,460)	-
Retirement/disposal	-	-	(146)	(2,084)	(178)	-	-	(2,408)
1 January 2019	**155,820**	**592,323**	**405,973**	**120,433**	**11,650**	**2,104**	**138,937**	**1,427,240**
Additions	**-**	**19**	**10**	**81**	**119**	**-**	**31,196**	**31,425**
Transfers	**14,610**	**15,125**	**15,987**	**4,056**	**18**	**120**	**(49,916)**	**-**
30 June 2019 (unaudited)	**170,430**	**607,467**	**421,970**	**124,570**	**11,787**	**2,224**	**120,217**	**1,458,665**

Notes to the interim financial statements
for the six month period ended 30 June 2019 *(continued)*

7. Property, plant and equipment *(continued)*

	Buildings RO '000	Lines and cables RO '000	Substation assets RO '000	Other plant and machinery RO '000	Furniture, vehicles and equipment RO '000	Plant spares RO '000	Work-in-progress RO '000	Total RO '000
Accumulated depreciation								
1 January 2018	26,218	51,341	44,898	24,937	6,633	264	-	154,291
Charge for the year	4,674	9,331	9,188	5,598	1,517	83	-	30,391
Transfers	-	-	-	18	-	(18)	-	-
Retirement/disposal	-	-	(104)	(2,084)	(176)	-	-	(2,364)
1 January 2019	**30,892**	**60,672**	**53,982**	**28,469**	**7,974**	**329**	-	**182,318**
Charge for the period	**2,874**	**5,364**	**5,174**	**3,117**	**726**	**46**	-	**17,301**
Transfers	-	-	-	-	-	-	-	-
Retirement/disposal	-	-	-	-	-	-	-	-
30 June 2019 (unaudited)	**33,766**	**66,036**	**59,156**	**31,586**	**8,700**	**375**	-	**199,619**
Net book value								
30 June 2019 (unaudited)	**136,664**	**541,431**	**362,814**	**92,984**	**3,087**	**1,849**	**120,217**	**1,259,046**
31 December 2018 (audited)	124,928	531,651	351,991	91,964	3,676	1,775	138,937	1,244,922

Notes to the interim financial statements for the six month period ended 30 June 2019 *(continued)*

7(a). Right of use assets

	Unaudited) 30 June 2019 RO'000	Audited 31 December 2018 RO'000
1 January	-	-
Initial recognition on adoption of IFRS 16 (Note 3)	**10,481**	-
Depreciation of right-of-use assets	**(341)**	-
Carrying amount	**10,140**	-

8. Contract assets and liabilities

	Unaudited 30 June 2019 RO '000	Audited 31 December 2018 RO '000
Contract assets	**9,715**	9,511
Less: provision for impairment	**(52)**	(11)
Net contract assets	**9,663**	9,500
Less: current portion	**(312)**	(146)
Non-current contract assets	**9,351**	9,354
Provision for impairment		
At 1 January	**11**	-
Transition adjustment- IFRS 9	-	10
Charge for the period/year	**41**	1
	52	11
Net movement in contract assets-Gross		
At 1 January	**9,511**	-
Transition adjustment- IFRS 9	-	9,069
Net movement for the period/year	**204**	442
	9,715	9,511
Contract liabilities	**6,023**	5,543
Less: current portion	**(331)**	(166)
Non-current portion	**5,692**	5,377
Net movement in contract liabilities		
At 1 January	**5,543**	-
Transition adjustment- IFRS 9	-	4,903
Net movement for the period/year	**480**	640
	6,023	5,543

Notes to the interim financial statements for the six month period ended 30 June 2019 *(continued)*

9. Inventories

	Unaudited 30 June 2019 RO '000	Audited 31 December 2018 RO '000
General spares	**5,432**	4,952

The inventory is comprised of spares which are used for the maintenance of transmission network of the Company.

10. Other assets

	Unaudited 30 June 2019 RO '000	Audited 31 December 2018 RO '000
Deferred regulated revenue	-	495
K factor deferred revenue	-	1,377
	-	1,872

11. Trade and other receivables

	Unaudited 30 June 2019 RO '000	Audited 31 December 2018 RO '000
Trade and other receivables from related parties (Note 31)	**23,783**	6,762
Trade receivables others	**1,139**	961
Less: provision for impairment	**(136)**	(9)
	24,786	7,714
Advances	**4,547**	4,256
Prepayments	**1,570**	339
	30,903	12,309

Provision for impairment

At 1 January	**9**	-
Transition adjustment- IFRS 9	-	19
Charge/(reversal) for the period/year	**127**	(10)
	136	9

Notes to the interim financial statements for the six month period ended 30 June 2019 *(continued)*

12. Cash and cash equivalents

	Unaudited 30 June 2019 RO '000	Audited 31 December 2018 RO '000
Cash in hand	**4**	6
Cash at bank	**7,512**	808
Less: provision for impairment	**(20)**	(1)
Net cash at bank	**7,492**	807
Cash and cash equivalents	**7,496**	813

For the purpose of cash flow statement

Cash in hand	**4**	6
Cash at bank	**7,512**	808
	7,516	814

Provision for impairment	**Unaudited 30 June 2019 RO '000**	Audited 31 December 2018 RO '000
At 1 Jan	**1**	-
Charge for the period/year	**19**	1
	20	1

13. Share capital

The Company's authorized, issued and paid up capital as on 30 June 2019 and 31 December 2018 consists of 225,000,000 shares of RO 1 each. The details of the shareholders are as follows:

		Unaudited 30 June 2019		Audited 31 December 2018	
	Percentage of shareholding	**Number of shares issued**	**RO**	Number of shares issued	RO
Electricity Holding Company SAOC	**99.99%**	**224,977,500**	**224,977,500**	224,977,500	224,977,500
Nama Shared Services LLC	**0.005%**	**11,250**	**11,250**	11,250	11,250
Numo Institute for Competency Development LLC	**0.005%**	**11,250**	**11,250**	11,250	11,250
	100%	**225,000,000**	**225,000,000**	225,000,000	225,000,000

14. Legal reserve

The legal reserve, which is not available for distribution is accumulated in accordance with Article 154 of the Commercial Companies Law 1974, as amended. The annual appropriation must be 10% of the net profit for each year after taxes, until such time as the reserve amounts to at least one third of the share capital. No further portion from the profit has been made during the period as the company has already achieved this minimum amount required in the legal reserve. This reserve is not available for distribution.

15. General reserve

In previous years an amount of RO 250,000 has been transferred to general reserves from the profits of the Company. No further transfers to the general reserves are proposed to be made.

16. Long term borrowing

In 2015, the Company obtained long-term loan of USD 1 billion (approximately RO 385 million) from M/s Lamar Funding Limited by issue of an unconditional and irrevocable guarantee dated 7 May 2015 (the "Deed of Guarantee"). The loan is repayable on or about 5 May 2025 and interest on the loan is payable on a half yearly basis on or about 5 May and 5 November of each year.

M/s Lamar Funding Limited, an exempted company incorporated in Cayman Islands, issued USD 1 billion 3.958% Guaranteed Notes dues on 7 May 2025, listed on Irish Stock Exchange and provided the proceeds of the issue as a loan to the Company with the benefit of the Deed of Guarantee. The notes are rated Ba1 by Moodys Investor Services Ltd. And BB+ by Standard and Poor's Credit Market Service Europe Limited.

In 2017, the Company obtained a further long-term loan of USD 500 million (approximately RO 192.5 million) from M/s OmGrid Funding Limited by issue of an unconditional and irrevocable guarantee dated 16 May 2017 (the "Deed of Guarantee"). The loan is repayable on or about 16 May 2027 and interest on the loan is payable on a half yearly basis on or about 16 February and 16 August of each year.

M/s OmGrid Funding Limited, an exempted company incorporated in Cayman Islands, issued USD 500 million 5.196% Guaranteed Notes dues on 16 May 2027, listed on Irish Stock Exchange and provided the proceeds of the issue as a loan to the Company with the benefit of the Deed of Guarantee. The notes are rated Ba1 by Moodys Investor Services Ltd. And BB+ by Fitch Ratings Limited.

Notes to the interim financial statements for the six month period ended 30 June 2019 *(continued)*

16. Long term borrowing *(continued)*

	Unaudited 30 June 2019 RO '000	Audited 31 December 2018 RO '000
Long-term loan	**577,575**	577,575
Less: unamortized transaction cost	**(2,572)**	(2,805)
Carrying value of long term loan	**575,003**	574,770
Transaction cost		
As at 1 January	**2,805**	3,290
Less: transaction costs amortized during the period/year	**(233)**	(485)
Unamortized transaction cost at the end of the period/year	**2,572**	2,805

17. Provisions

Non-current		
Employees' end of service benefits	**1,025**	1,005
Current		
Provision for leave encashment	**456**	388
Movement in provision		
At 1 January	**1,393**	1,481
Charge for the period / year (Note 27)	**112**	90
Payments made during the period / year	**(24)**	(178)
	1,481	1,393

Notes to the interim financial statements for the six month period ended 30 June 2019 *(continued)*

18. Deferred tax liability

Deferred income taxes are calculated on all temporary differences under the balance sheet liability method using a principal tax rate of 15% (2018: 15%). The net deferred tax liability in the statement of financial position and the net deferred tax charge to profit or loss are attributable to the following items:

	At 1 January 2019 (audited) RO '000	Charge / (credit) for the period (unaudited) RO '000	At 30 June 2019 (unaudited) RO '000
Accelerated tax depreciation	**64,364**	**3,946**	**68,310**
	64,364	**3,946**	**68,310**

	At 1 January 2018 (audited) RO '000	Charge / (credit) for the year (audited) RO '000	At 31 December 2018 (audited) RO '000
Accelerated tax depreciation	54,759	9,605	64,364
	54,759	9,605	64,364

19. Deferred revenue

Deferred revenue represents government sponsored projects funding and customer contributions towards the cost of the property, plant and equipment (connection assets). Funding from government sponsored projects represents unconditional grant received/receivable from government/government authorities to the construction of the assets.

Customer contributions are deferred over the terms of the contract as these relate to connecting the customer to the company's network as well as providing the customer with ongoing access to the Company's network as per the terms of Electrical Connection Agreements (ECA).

	Unaudited 30 June 2019 RO '000	Audited 31 December 2018 RO '000
Non-current		
Customers' contributions towards cost of connection assets	**8,551**	8,128
Funding for government sponsored projects	**57,029**	57,582
	65,580	65,710
Current portion		
Customers' contributions towards cost of connection assets	**1,139**	1,139
Funding for government sponsored projects	**1,113**	1,113
	2,252	2,252

Notes to the interim financial statements for the six month period ended 30 June 2019 *(continued)*

20. Lease liabilities

	Unaudited 30 June 2019 RO '000	Audited 31 December 2018 RO '000
Maturity analysis-contractual undiscounted cash flow		
Less than one year	972	-
One to five years	4,871	-
More than five years	9,773	-
Total undiscounted lease liabilities at	15,616	-
Lease liabilities included in the statement of financial position		
Current	972	-
Non-current	9,286	-
	10,258	-

	Unaudited 30 June 2019 RO '000	Unaudited 30 June 2018 RO '000
Amount recognized in profit or loss		
Interest on lease liabilities	(262)	-

	Unaudited 30 June 2019 RO '000	Unaudited 30 June 2018 RO '000
Amount recognized in the statement of cash flow		
Total cash flow for leases	(485)	-

21. Other current liabilities

	Unaudited 30 June 2019 RO '000	Audited 31 December 2018 RO '000
Deferred regulated revenue	(121)	-
K factor deferred revenue	391	-
	270	-

Notes to the interim financial statements
for the six month period ended 30 June 2019 *(continued)*

22. Trade and other payables

	Unaudited 30 June 2019 RO '000	Audited 31 December 2018 RO '000
Non-current		
Other payables	**15,170**	12,785
Current		
Trade payables	**27,111**	35,867
Accruals and other payables	**39,361**	53,081
Due to related parties (Note 31)	**625**	556
	67,097	89,504

Other payables represent retention payables for capital work-in-progress contracts.

23. Short-term borrowings

	Unaudited 30 June 2019 RO '000	Audited 31 December 2018 RO '000
Borrowings	**55,832**	10,000

The Company has working capital facilities of RO 10 million available up to 30 June 2020 with Bank Muscat SAOG. The short-term borrowings carried an interest rate of 3.25% per annum (2018: 3% per annum). The Company has entered into a bridge loan facility of USD 169 million with consortium of four banks available up to 23 December 2019, which carries interest rate at LIBOR plus margin 1.8% to 2.0% per annum (2018: Nil).

24. Revenue

	Unaudited 30 June 2019 RO'000	Unaudited 30 June 2018 RO'000
Transmission use of system charges (Note 31)	**53,715**	39,186
Transmission connection charges (TCC) (Note 31)	**13,157**	12,328
	66,872	51,514
Add/(less): revenue shortfall/(excess) compared to maximum allowed revenue as per the price control formula	**(1,080)**	(1,833)
Revenue adjustment for RAB actualization	**(374)**	2,953
Reclassification of financing portion to finance income	**(6,489)**	(6,749)
	58,929	45,885

Notes to the interim financial statements for the six month period ended 30 June 2019 *(continued)*

25. Operating costs

	Unaudited 30 June 2019 RO '000	Unaudited 30 June 2018 RO '000
Depreciation expenses (Note 7)	**16,575**	13,673
Maintenance and repairs expenses	**1,270**	1,267
GCC interconnection expenses	**441**	429
Spares and consumable expenses	**121**	152
Depreciation on right of use assets (Note 7a)	**341**	-
Other direct costs	**-**	289
	18,748	15,810

26. General and administrative expenses

Employee benefit expenses (Note 27)	**4,840**	4,734
Service expenses	**1,929**	2,230
Directors' remuneration and sitting fees (Note 31)	**30**	30
Depreciation expenses (Note 7)	**726**	732
Other expenses	**389**	335
	7,914	8,061

27. Employees' benefit expenses

Salaries and wages	**2,424**	2,401
Allowances and other benefits	**1,903**	1,821
Termination and other benefits	**112**	123
Contribution towards pension benefits	**401**	389
	4,840	4,734

28. Other income

Deferred revenue recognition from government sponsored projects	**552**	552
Sale of scrap, government contract forms and tenders	**115**	243
Penalties, fines and forfeits	**-**	3
	667	798

29. Finance income and cost

	Unaudited 30 June 2019 RO '000	Unaudited 30 June 2018 RO '000
Finance income		
Financing portion of TCC	**6,489**	6,652
Interest on deposits	**26**	960
	6,515	7,612
Finance cost		
Interest on long term borrowing	**10,623**	9,887
Interest on short term borrowing	**1,058**	41
Other finance cost	**33**	-
Finance charge on lease liabilities	**262**	-
Amortization of transaction cost	**233**	243
	12,209	10,171

30. Taxation

Income tax is provided as per the provisions of the "Law of Income Tax on Companies" in the Sultanate of Oman after adjusting for items which are non-taxable or disallowed. The deferred tax on all temporary differences have been calculated and dealt with in the profit or loss.

	Unaudited 30 June 2019 RO'000	Unaudited 30 June 2018 RO'000
Deferred tax (Note 18)	**3,946**	3,375
	3,946	3,375

There has been no movement in tax provision as the Company does not have taxable income for the period.

The Company is liable for income tax in accordance with the income tax law of the Sultanate of Oman at the enacted tax rate of 15% (2018: 15%) on taxable income. The following is a reconciliation of income taxes calculated on accounting profits at the applicable tax rate with the income tax expense for the year:

	Unaudited 30 June 2019 RO '000	Unaudited 30 June 2018 RO '000
Accounting profit before tax	**27,053**	20,348
Tax on accounting profit before tax at 15% (2018: 15%)	**4,058**	3,052
Add / (less) tax effect of:		
Tax impact of non-deductible expense	**20**	3
Tax impact of deductible expense	**(132)**	320
Tax charge as per statement of profit or loss	**3,946**	3,375

30. Taxation *(continued)*

Tax assessments for the years 2013 to 2018 are pending agreement with the Oman taxation authorities. The management considers that the amount of additional taxes, if any, that may become payable on finalisation of assessment of the open tax years would not be significant to the Company's financial position at 30 June 2019.

31. Related parties

Related parties comprise the shareholders, directors, key management personnel and business entities in which these related parties have the ability to control or exercise significant influence in financial and operating decisions.

The Government is a related party of the entity as it is the ultimate controlling party. The entity in the ordinary course of business transacts with other government owned entities. However, in view of the exemption from disclosure requirements set out in IFRS in relation to related party transactions and outstanding balances with the government, that has control or joint control of, or significant influence over the Company and an entity that is a related party of the same government, the Company has applied the exemptions in IAS 24, related to government entities and only disclosed certain information to meet the disclosure requirements of IAS 24.

The Company entered into transactions in the ordinary course of business with related parties, other affiliates and parties in which certain members and senior management have a significant influence (other related parties).

The Company maintains balances with these related parties which arise in the normal course of business from the commercial transactions, and are entered into at terms and conditions which are approved by the management.

The details of transactions with related parties are as follows:

Following is the summary of significant balances and transactions with related parties during the year:

(i) Amounts due from related parties (Note 11)

	Unaudited **30 June 2019** **RO '000**	Audited 31 December 2018 RO '000
Muscat Electricity Distribution Company SAOC	**6,376**	2,655
Mazoon Electricity Company SAOC	**12,093**	2,392
Majan Electricity Company SAOC	**3,858**	824
Dhofar Power Company SAOC	**1,449**	797
Wadi Al Jizzi Power Company SAOC	**-**	33
Al Ghubrah Power and Desalination Company SAOC	**-**	61
Electricity Holding Company SAOC	**7**	-
	23,783	6,762

Notes to the interim financial statements
for the six month period ended 30 June 2019 *(continued)*

31. Related parties *(continued)*

(i) Amounts due from related parties (Note 11) *(continued)*

These balances represents revenue and other reimbursements from other entities of the group arising in the normal course of business and are repayable on demand.

(ii) Amounts due to related parties (Note 22)

	Unaudited 30 June 2019 RO '000	Unaudited 31 December 2018 RO '000
Electricity Holding Company SAOC	**617**	549
Mazoon Electricity Company SAOC	**5**	5
Numo Institute for Competency Development LLC	**1**	-
Rural Areas Electricity Company SAOC	**2**	2
	625	556

These balances represent costs incurred by the Company on behalf of other entities of the group and are repayable on demand.

(iii) Income

	Unaudited 30 June 2019 RO '000	Unaudited 30 June 2018 RO '000
Transmission use of system charges (Note 24)	**53,715**	39,186
Transmission connection charges	**12,069**	11,295
Financing portion of TCC	**6,179**	6,328
	71,963	56,809

Party wise breakup of Transmission use of system charges is below:

Muscat Electricity Distribution Company SAOC	**18,110**	13,498
Mazoon Electricity Company SAOC	**18,002**	13,263
Majan Electricity Company SAOC	**12,943**	9,200
Dhofar Power Company SAOC	**4,660**	3,225
	53,715	39,186

Notes to the interim financial statements for the six month period ended 30 June 2019 *(continued)*

31. Related parties *(continued)*

(iii) Income *(continued)*

Party wise breakup of Transmission connection charges is below:

	Unaudited 30 June 2019 RO '000	Unaudited 30 June 2018 RO '000
Muscat Electricity Distribution Company SAOC	**4,381**	4,145
Mazoon Electricity Company SAOC	**3,854**	3,595
Majan Electricity Company SAOC	**2,595**	2,175
Dhofar Power Company SAOC	**1,239**	1,337
Wadi Al Jizzi Power Company SAOC	-	24
Al Ghubrah Power and Desalination Company SAOC	-	19
	12,069	11,295

Party wise breakup of the financing portion of Transmission connection charges is below:

	Unaudited 30 June 2019 RO '000	Unaudited 30 June 2018 RO '000
Muscat Electricity Distribution Company SAOC	**2,302**	2,348
Mazoon Electricity Company SAOC	**1,980**	2,044
Majan Electricity Company SAOC	**1,227**	1,234
Dhofar Power Company SAOC	**670**	680
Wadi Al Jizi Power Company SAOC	**-**	9
Al Ghubrah Power and Desalination Company SAOC	**-**	13
	6,179	6,328

(iv) Expenses	**Unaudited 30 June 2019 RO '000**	Unaudited 30 June 2018 RO '000
Training service charges to Numo Institute for Competency Development LLC	**31**	1
IT related service charges to Nama Shared Services LLC	**136**	-
Accounting service charges to Electricity Holding Company SAOC	**19**	133

Notes to the interim financial statements
for the six month period ended 30 June 2019 *(continued)*

31. Related parties *(continued)*

(v) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise). The compensation for key management personnel during the period is as follows:

	Unaudited 30 June 2019 RO '000	Unaudited 30 June 2018 RO '000
Post-employment benefits	**47**	34
Short term benefit	**703**	524
Directors remuneration and sitting fees (Note 26)	**30**	30
	780	588

32. Dividend

In the current period the Company has paid RO 15.75 million dividend relating to the financial year ended 31 December 2018 (2017: RO 13.50 million) as approved by the Company's shareholders in Annual General Meeting.

33. Commitments

At 30 June 2019, the Company had capital commitments of RO 60.799 million (December 2018: RO 80.716 million).

34. Contingent liabilities

As on 30 June 2019, there are four civil cases filed against the Company by citizens seeking compensation of approximately RO 388,905 (31 December 2018 - RO 63,125), for electricity lines passing through their lands and for similar claims. The Management believes that, as it has been awarded the Right of Way (RoW) by competent Government authorities, the claims are not tenable and the payment of compensation, if any, is the responsibility of the concerned Government authorities. Previous similar cases were also filed against the Company have been awarded in favor of the Company. Accordingly no provision is required to be made in the financial statements.

Further, as on 30 June 2019, there were two civil cases filed against the Company (by existing and former employees) seeking compensation of approximately RO 24,000 for gratuity / enhanced benefits. The Company is of the opinion that it has paid / settled all its due obligations and there are no further obligations to be fulfilled on its part. Accordingly no provision has therefore been made in the financial statements.

35. Segment information

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer (CEO) and Executive Management team that makes strategic decisions.

Segment information

The Chief Executive Officer (CEO) and Executive Management team is the Company's chief operating decision-maker. Management has determined the operating segments based on the information provided to them for the purposes of allocating resources and assessing performance.

The principal activities of the Company are electricity transmission and dispatch in the Oman. Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on geographical regions. Therefore, management of the Company have chosen to organize the Company based on regions. No operating segments have been aggregated in arriving at the reportable segments of the Company.

Geographically, management considers the performance in Main Interconnected System (the MIS) which includes the northern area of Oman and Dhofar region.

Segment revenues and results

The following is an analysis of the Company's revenue and results from continuing operations by reportable segment.

30 June 2019 (unaudited)	MIS RO '000	Dhofar RO '000	Total RO '000
Revenue	53,615	5,314	58,929
Operating costs	(17,276)	(1,472)	(18,748)
Gross profit	36,339	3,842	40,181
General and administrative expenses	(7,169)	(745)	(7,914)
Impairment loss on financial assets	(187)	-	(187)
Other income	573	94	667
Profit from operations	29,556	3,191	32,747
Finance income	5,865	650	6,515
Finance costs	(11,221)	(988)	(12,209)
Profit before tax	24,200	2,853	27,053
Taxation			(3,946)
Profit for the period and total comprehensive income			23,107

Notes to the interim financial statements for the six month period ended 30 June 2019 *(continued)*

35. Segment information *(continued)*

Segment revenues and results *(continued)*

30 June 2018 (unaudited)	MIS RO '000	Dhofar RO '000	Total RO '000
Revenue	41,538	4,347	45,885
Operating costs	(14,330)	(1,480)	(15,810)
Gross profit	27,208	2,867	30,075
General and administrative expenses	(6,952)	(1,109)	(8,061)
Reversal of impairment on financial assets	95	-	95
Other income	704	94	798
Profit from operations	21,055	1,852	22,907
Finance income	6,932	680	7,612
Finance costs	(9,203)	(968)	(10,171)
Profit before tax	18,784	1,564	20,348
Taxation			(3,375)
Profit for the period and total comprehensive income			16,973

Segment revenues and results

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment revenue in the current period (2018: nil).

The accounting policies of the reportable segments; are the same as the Group's accounting policies described in note 4.

Segment profit represents the profit before tax earned by each segment after allocation of central administration costs and directors' salaries, investment income, other gains and losses, as well as finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

30 June 2019 (unaudited)	**MIS RO '000**	**Dhofar RO '000**	**Total RO '000**
Total assets	**1,239,592**	**83,088**	**1,322,680**
Total liabilities	**785,532**	**83,088**	**868,620**
31 December 2018 (audited)			
Total assets	1,190,462	83,906	1,274,368
Total liabilities	743,759	83,906	827,665

Notes to the interim financial statements
for the six month period ended 30 June 2019 *(continued)*

35. Segment information *(continued)*

Segment assets and liabilities *(continued)*

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments, except assets used jointly by reportable segments (i.e. bank balances and fixed deposits) are disclosed under MIS segment; and;
- all liabilities are allocated to reportable segments other than borrowings, 'other financial liabilities', current and deferred tax liabilities.

Other segment information

30 June 2019 (unaudited)	**MIS**	**Dhofar**	**Total**
	RO '000	**RO '000**	**RO '000**
Depreciation and amortization	**16,394**	**1,248**	**17,642**
Additions to non-current assets	**31,610**	**(185)**	**31,425**
30 June 2018 (unaudited)			
Depreciation and amortization	13,192	1,213	14,405
Additions to non-current assets	72,020	1,360	73,380

Revenue from major products and services

The following is an analysis of the Company's major revenue from its operations.

30 June 2019 (unaudited)	**MIS**	**Dhofar**	**Total**
	RO '000	**RO '000**	**RO '000**
Transmission use of system charges	**49,051**	**4,664**	**53,715**
Connection charges	**11,763**	**1,394**	**13,157**
Less: revenue shortfall / (excess) compared to maximum allowed revenue as per the price control formula	**(986)**	**(94)**	**(1,080)**
Revenue adjustment for RAB actualization	**(374)**	**-**	**(374)**
Impact of IFRS 15 on connection charges	**(5,839)**	**(650)**	**(6,489)**
	53,615	**5,314**	**58,929**
30 June 2018 (unaudited)			
Transmission use of system charges	35,961	3,225	39,186
Connection charges	10,740	1,588	12,328
Less: revenue shortfall / (excess) compared to maximum allowed revenue as per the price control formula	(1,367)	(466)	(1,833)
Revenue adjustment for RAB actualization	2,953	-	2,953
Impact of IFRS 15 on connection charges	(6,069)	(680)	(6,749)
	42,218	3,667	45,885

35. Segment information *(continued)*

Information about major customers

Included in revenues arising from transmission use of system and connection charges of RO 53.7 million (2018: RO 39.2 million) and RO 12.1 million (2018: RO 11.3 million) respectively which arose from the Company's four major customers.

36. Cash flows from financing activities

	As at 1 January 2019 RO'000	Acquisition of loan RO'000	Repayments RO'000	As at 30 June 2019 RO'000
Short-term borrowings	10,000	55,832	(10,000)	55,832
	10,000	55,832	(10,000)	55,832