OMAN TELECOMMUNICATIONS COMPANY SAOG

Condensed Consolidated Interim Financial Information (Unaudited)
30 June 2025

C o n t e n t s

OMAN TELECOMMUNICATIONS COMPANY SAOG

Condensed Consolidated Interim Statement of Financial Position as at 30 June 2025 (Unaudited)

	Note	Unaudited	Audited
		30 June 2025	31 December 2024
ASSETS		RO '000	RO '000
Current assets			
Cash and cash equivalents	3	341,495	299,364
Bank balances held in customers' account	4	23,837	19,846
Trade and other receivables		1,594,696	1,481,417
Contract assets		148,003	139,631
Inventories		80,032	115,662
Investment securities at FVTPL		100,265	70,151
Investment securities at amortised cost		200	-
		2,288,528	2,126,071
Assets classified as held for sale		133,635	119,123
		2,422,163	2,245,194
Non-current assets			
Contract assets		106,824	93,277
Investment securities at FVTPL		22,062	24,704
Investment securities at FVOCI		17,853	17,130
Investment securities at amortised cost		800	1,000
Investments in associates and joint venture	6	273,268	248,511
Other non-current assets		157,126	139,895
Deferred tax asset		32,391	32,005
Right of use of assets		359,963	311,581
Property and equipment	7	1,884,697	1,918,130
Intangible assets and goodwill	8	3,087,307	3,134,409
		5,942,291	5,920,642
Total Assets		8,364,454	8,165,836
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		1,695,237	1,683,946
Contract liabilities		125,725	119,262
Income tax payables		37,078	37,729
Borrowings	9	914,881	894,825
Lease liabilities		54,063	45,327
		2,826,984	2,781,089
Liabilities of directly associated with assets classified as held for sale		44,945	41,048
		2,871,929	2,822,137
Non-current liabilities			
Borrowings	9	1,831,736	1,678,969
Government grant		4,134	4,226
Lease liabilities		383,596	353,189
Other non-current liabilities	10	400,451	376,776
		2,619,917	2,413,160
Total liabilities		5,491,846	5,235,297
Equity			
Attributable to owners of the Company			
Share capital	11	75,000	75,000
Owns shares held by liquidity provider	11	(109)	(191)
Reserve on trading in liquidity shares	11	(648)	(1,815)
Legal reserve	11	25,000	25,000
Voluntary reserve	11	49,875	49,875
Capital contribution	11	7,288	7,288
Capital reserve	11	36,893	36,893
Foreign currency translation reserve	11	(123,860)	(119,797)
Investment fair valuation reserve		(4,831)	(4,911)
Other reserves	11	413	566
Retained earnings		592,170	598,037
		657,191	665,945
Non-controlling interests		2,215,417	2,264,594
Total equity		2,872,608	2,930,539
Total Liabilities and Equity		8,364,454	8,165,836

The accompanying notes are an integral part of this condensed consolidated interim financial information. This condensed consolidated interim financial information was approved and authorized for issue by the Board of Directors on 14 August 2025

Chairman **DIRECTOR** **CHIEF EXECUTIVE OFFICER**

Condensed Consolidated Interim Statement of Profit or Loss – 30 June 2025 (Unaudited)

		Three months ended 30 June		Six months ended 30 June	
		2024	2024	**2025**	2024
	Notes	**RO'000**		**RO'000**	
Revenue		**806,199**	741,546	**1,609,787**	1,469,630
Cost of operations	12	**(277,132)**	(258,801)	**(564,092)**	(515,703)
Operating and administrative expenses		**(238,476)**	(206,782)	**(490,116)**	(440,429)
Depreciation and amortization		**(146,345)**	(151,570)	**(290,784)**	(291,542)
Allowance for expected credit loss on financial assets		**(16,422)**	(15,440)	**(27,567)**	(26,142)
Interest income		**2,847**	3,009	**5,018**	7,111
Investment income	13	**8,534**	(154)	**27,889**	3,986
Share of results of associates and joint venture	6	**23,342**	2,859	**25,538**	3,272
Other (expense)/income		**(2,750)**	6,688	**(17,138)**	5,499
Gain on disposal of subsidiaries		**24**	-	**24**	-
Finance costs	14	**(51,391)**	(51,569)	**(100,617)**	(101,844)
(Loss)/Gain from currency revaluation		**(883)**	7,304	**32**	13,048
Net monetary gain	21	**851**	1,721	**5,258**	1,721
Profit before income taxes		**108,398**	78,811	**183,232**	128,607
Income tax expenses	15	**(12,205)**	(9,150)	**(22,118)**	(18,379)
Profit for the period		**96,193**	69,661	**161,114**	110,228
Attributable to:					
Owners of the Company		**19,259**	14,946	**34,931**	27,818
Non-controlling interests		**76,934**	54,715	**126,183**	82,410
		96,193	69,661	**161,114**	110,228
Earnings per share					
Basic and diluted – RO	16	**0.026**	0.020	**0.047**	0.037

The accompanying notes are an integral part of this condensed consolidated interim financial information.

	Three months ended 30 June		Six months ended 30 June	
	2025	2024	**2025**	2024
	RO'000		**RO'000**	
Profit for the period	**96,193**	69,661	**161,114**	110,228
Other comprehensive income				
Items that will be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	**(25,630)**	(38,014)	**(27,911)**	(44,095)
Other reserves	**(979)**	(1,020)	**(1,793)**	(870)
	(26,609)	(39,034)	**(29,704)**	(44,965)
Items that will not be reclassified subsequently to profit or loss:				
Changes in the fair value of equity investments at FVOCI	**3**	(2,521)	**365**	(2,435)
Other reserves	**-**	876	**-**	876
Total comprehensive income for the period	**3**	(1,645)	**365**	(1,559)
Total comprehensive income for the period	**69,587**	28,982	**131,775**	63,704
Total comprehensive income attributable to:				
Shareholders of the Company	**15,674**	6,633	**30,795**	15,789
Non-controlling interests	**53,913**	22,349	**100,980**	47,915
	69,587	28,982	**131,775**	63,704

The accompanying notes are an integral part of this condensed consolidated interim financial information.

OMAN TELECOMMUNICATIONS COMPANY SAOG

Condensed Consolidated Interim Statement of Changes in Equity – Six months ended 30 June 2025 (Unaudited)

	Attributable to equity holders of the parent													
	Share capital	**Owns shares held by liquidity provider**	**Reserve on trading in liquidity shares**	**Legal reserve**	**Voluntary reserve**	**Capital contribution**	**Capital reserve**	**Foreign currency translation reserve**	**Fair value reserve**	**Other reserves**	**Retained earnings**	**Total**	**Non - controlling interests**	**Total**
	RO ‘000	**RO ‘000**	**RO ‘000**	**RO ‘000**	**RO ‘000**	**RO ‘000**	**RO ‘000**	**RO ‘000**	**RO ‘000**	**RO ‘000**	**RO ‘000**	**RO ‘000**	**RO ‘000**	**RO ‘000**
Balance at 1 January 2025	**75,000**	**(191)**	**(1,815)**	**25,000**	**49,875**	**7,288**	**36,893**	**(119,797)**	**(4,911)**	**566**	**598,037**	**665,945**	**2,264,594**	**2,930,539**
Profit for the period	-	-	-	-	-	-	-	-	-	-	**34,931**	**34,931**	**126,183**	**161,114**
Other comprehensive (loss) income for the period	-	-	-	-	-	-	-	**(4,063)**	**80**	**(153)**	-	**(4,136)**	**(25,203)**	**(29,339)**
Total comprehensive income for the period	-	-	-	-	-	-	-	**(4,063)**	**80**	**(153)**	**34,931**	**30,795**	**100,980**	**131,775**
Transactions with shareholders of the Company, recognized directly in equity:														
Trading in own shares	-	**82**	**1,167**	-	-	-	-	-	-	-	-	**1,249**	-	**1,249**
Dividend	-	-	-	-	-	-	-	-	-	-	**(41,250)**	**(41,250)**	**(152,373)**	**(193,623)**
On acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	**273**	**273**
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	**331**	**331**
Impact of application of IAS 29 (note 21)	-	-	-	-	-	-	-	-	-	-	**452**	**452**	**1,612**	**2,064**
Balance at 30 June 2025	**75,000**	**(109)**	**(648)**	**25,000**	**49,875**	**7,288**	**36,893**	**(123,860)**	**(4,831)**	**413**	**592,170**	**657,191**	**2,215,417**	**2,872,608**
Balance at 1 January 2024	75,000	-	-	25,000	49,875	7,288	36,893	(103,843)	(4,932)	822	560,200	646,303	2,260,845	2,907,148
Profit for the period	-	-	-	-	-	-	-	-	-	-	27,818	27,818	82,410	110,228
Other comprehensive (loss) income for the period	-	-	-	-	-	-	-	(11,498)	(534)	3	-	(12,029)	(34,495)	(46,524)
Total comprehensive income for the period								(11,498)	(534)	3	27,818	15,789	47,915	63,704
Transactions with shareholders of the Company, recognized directly in equity:														
Non-controlling interest arising on the acquisition	-	-	-	-	-	-	-	-	-	-	-	-	387	387
Dividend	-	-	-	-	-	-	-	-	-	-	(41,250)	(41,250)	(135,843)	(177,093)
Balance at 30 June 2024	75,000	-	-	25,000	49,875	7,288	36,893	(115,341)	(5,466)	825	546,768	620,842	2,173,304	2,794,146

The accompanying notes are an integral part of this condensed consolidated interim financial information.

	Six months ended 30 June	
	2025	2024
	RO’000	RO’000
Cash flows from operating activities		
Profit before tax for the period	**183,232**	128,607
Adjustments for:		
Depreciation and amortization	**290,784**	291,542
ECL on financial assets	**27,567**	26,142
Interest income	**(5,018)**	(7,111)
Investment income	**(27,889)**	(3,986)
Share of results of associates and joint venture	**(25,538)**	(3,272)
Finance costs	**100,617**	101,844
Gain on disposal of subsidiary	**(24)**	-
(Gain)/ loss from currency revaluation	**(32)**	(13,048)
Net monetary gain	**(5,258)**	(1,721)
(Gain)/ loss on sale of property and equipment	**(620)**	(12)
Operating profit before working capital changes	**537,821**	518,985
Bank balances held in customers account	**(5,828)**	(3,634)
Trade and other receivables and contract assets	**(204,459)**	(185,743)
Inventories	**34,970**	(5,267)
Trade and other payables	**67,610**	(26,789)
Cash generated from operations	**430,114**	297,552
Income tax paid	**(17,087)**	(16,552)
Net cash from operating activities	**413,027**	281,000
Cash flows from investing activities		
Deposits maturing after three months and cash at bank under lien	**1,273**	(7,197)
Investment in securities (net)	**(1,432)**	(1,661)
Investment in associate	**(14,087)**	(1,093)
Acquisition of subsidiaries (net of cash acquired)	**(385)**	(3,841)
Acquisition of property and equipment (net)	**(185,968)**	(225,332)
Acquisition of intangible assets (net)	**(34,011)**	(34,625)
Dividend received	**3,314**	2,847
Interest received	**3,331**	2,686
Net cash used in investing activities	**(227,965)**	(268,216)
Cash flows from financing activities		
Proceeds from borrowings	**458,954**	543,107
Repayment of borrowings	**(293,017)**	(375,124)
Repayment of lease liabilities and financing for impact of above market terms	**(36,693)**	(40,716)
Acquisition of own shares	**1,068**	-
Dividends paid to Company’s shareholders	**(41,250)**	(41,250)
Dividends paid to minority shareholders of subsidiaries	**(147,651)**	(106,882)
Finance costs paid	**(78,943)**	(86,790)
Net cash used in financing activities	**(137,532)**	(107,655)
Net increase/(decrease) in cash and cash equivalents	**47,530**	(94,871)
Effect of exchange rate change on cash and cash equivalents	**(4,599)**	(36,087)
Derecognition of Subsidiaries	**(25)**	-
Cash and cash equivalents at beginning of period	**296,511**	427,285
Cash and cash equivalents at end of period (note 3)	**339,417**	296,327

The accompanying notes are an integral part of this condensed consolidated interim financial information.

1. Incorporation and activities

Oman Telecommunications Company SAOG (the "Parent Company" or the "Company") is an Omani joint stock company registered under the Commercial Companies Law of the Sultanate of Oman. The Company's principal place of business is located at Madinat al Irfan, Muscat, Sultanate of Oman. The Company's shares are listed on Muscat Stock Exchange.

The principal activities of the Company are establishment, operation, maintenance and development of telecommunication services in the Sultanate of Oman. The Company and its subsidiaries ("the Group") along with its associates provides telecommunications services in Sultanate of Oman and 8 other countries.

The Company is a subsidiary of United International Telecommunications Investment and Projects LLC and Oman investment authority (OIA) is ultimate controlling entity.

2. Basis of preparation

These condensed consolidated interim financial information for three months ended 30 June 2025 have been prepared in with IAS 34: Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2025 ("last annual financial statements"). They do not include all of the information required for a complete set of consolidated financial statements prepared in accordance with IFRS Accounting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The Group has prepared the condensed consolidated interim financial information on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2025, but do not have a significant impact on the condensed consolidated interim financial information of the Group as follows;

Lack of exchangeability - Amendments to IAS 21

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information.

These amendments had no significant impact on the Group's condensed consolidated interim financial information.

Significant judgments and estimates

The preparation of the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2024.

Reporting on Hyperinflationary economies

South Sudan

The economy of Republic of South Sudan became hyperinflationary in 2016. Accordingly, the results, cash flows and financial position of the Group's subsidiary in South Sudan have been expressed in terms of the measuring unit current at the reporting date in accordance with IAS 29: Financial Reporting in Hyperinflationary Economies. The methods used to measure the fair value and adjustments made to the accounts of Group's entities that operate in the hyperinflationary economies are discussed further in the accounting policies and in the respective notes.

Sudan

In 2015, the Group noted that the economy of the Republic of Sudan ("Sudan"), where the Group has subsidiaries, may be hyperinflationary from the beginning of 2015. This was based on the general price index showing the cumulative three-year rate of inflation exceeding 100% at that time. However, International Accounting Standard, IAS 29: Financial Reporting in Hyperinflationary Economies, does not establish an absolute rate at which hyperinflation is deemed to arise and states that it is a matter of judgment when restatement of financial statements in accordance with this Standard becomes necessary. In addition, the Group noted that in the 2014 International Monetary Fund (IMF) Sudan country report, the cumulative projected three-year inflation rate outlook for Sudan in 2016 to be around 57% and thus, applying IAS 29 in 2015, could have entailed going in and out of hyperinflation within a short period which was confirmed when Sudan went out of hyperinflation in 2016. Sudan has been again declared as hyperinflationary in 2018. Based on the above matters, Group believes that there is no definitive basis to apply IAS 29 at this stage. However, Group will review it on an ongoing basis, accordingly it has not quantified the impact of applying IAS 29 as of 30 June 2024, 31 December 2024 or 30 June 2024.

Political uncertainty in Sudan

A violent power struggle erupted on 15 April 2023, in Khartoum, the capital of Sudan, involving the two primary factions of the ruling military regime. This conflict has directly affected the Group's operations and its telecommunication assets, as certain areas in Sudan continue to experience high levels of hostility or temporary control by opposing forces. Given the Group's extensive presence and service provision across Sudan, these events have had an adverse impact on the country's economy and consequently, on the Group's business and operational outcomes.

As of the issuance date of these condensed consolidated interim financial information, the Group has not incurred any significant damage to crucial assets that would hinder its ability to sustain operations.

Since 15 April 2023, continuous monitoring of network and base station equipment has been in place, particularly in areas experiencing significant downtime. Various actions, such as reallocation of network traffic, capacity expansion, and other measures aimed at restoring network coverage and ensuring satisfactory network performance, are being implemented. Zain Sudan is actively involved in performing essential network maintenance, repairs, and optimizations utilizing both its current equipment and external resources.

The Group has taken appropriate actions to ensure the continuity of communication services and operations. The management has prepared and reviewed the updated financial forecasts for the year, taking into consideration the most likely and possible downside scenarios for the ongoing business impacts of the war. These forecasts were based on the following key assumptions:

- there will be no substantial increase in the intensity of hostilities, thereby not adversely impacting the number of active sites, significantly;

- Zain Sudan will have the capability to conduct maintenance and repair tasks in the affected territories of Sudan, ensuring a satisfactory level of network performance in regions where it is feasible while considering the physical security of technical specialists;

- there will be no significant fluctuations in the fuel rate, foreign exchange rates and other major costs during the course of the conflict;

- Zain Sudan will be able to ensure the uninterrupted functioning of its crucial IT infrastructure, aligning with management's implemented measures and incident response and disaster recovery plans;

- the generated revenue from service and product sales will be sufficient for Zain Sudan to meet both operating expenses and essential capital investments.

Based on these forecasts, considering possible adverse scenarios, management reasonably expects that the Group possesses adequate resources to effectively handle its operations in Sudan. Management will maintain ongoing monitoring of the potential repercussions and will proactively implement all available measures to minimize any adverse consequences.

Zain Sudan currently holds agreements with suppliers of network equipment, and transportation routes for its delivery are accessible in all regions of Sudan, except for North and South Darfur, South Kordofan and some parts of North Kordofan, which are facing the most significant impact from the ongoing hostilities.

If a worst-case scenario unfolds with widespread hostilities across Sudan, it can be anticipated that the Zain Sudan's operations may encounter disruptions for an indeterminate duration. This represents an uncertainty that is beyond the control of Zain Sudan. After evaluating the revised forecasts, management of Zain Sudan has examined the Zain Sudan's capability to operate as a going concern at the time of releasing this condensed consolidated interim financial information. As a result, it has determined that there are no significant uncertainties that could impede the Zain Sudan's infrastructure and operations, thereby casting significant doubt on its ability to continue as a going concern. Consequently, the Zain Sudan is expected to be able to realize its assets and fulfill its obligations in the ordinary course of business.

3. Cash and cash equivalents

Cash and cash equivalents include the following:

	Unaudited	**Audited**
	30 June 2025	**31 December 2024**
	RO ‘000	**RO ‘000**
Cash on hand and at banks	**296,488**	278,286
Short-term deposits with banks	**58,903**	51,637
Government certificates of deposits held by subsidiaries	**2**	2
	355,393	329,925
Expected credit loss	**(13,898)**	(30,561)
Cash and bank balances as per condensed consolidated interim statement of financial position	**341,495**	299,364
Cash at bank under lien and deposits with original maturity over 3 months	**(2,076)**	(2,852)
Government certificates of deposits with maturities exceeding three months held by subsidiaries	**(2)**	(2)
Cash and cash equivalent in the condensed consolidated interim statements of cash flows	**339,417**	296,510

4. Bank balances held in customers' account

Bank balances held in customers' Account as part of electronic payment services provided by the Group are presented separately from cash and cash equivalents in the statement of financial position of the Group. The regulations in respective locations require that these balances with banks are held in a manner to ensure that these balances are not co-mingled with the Group's cash and cash equivalents.

5. Assets and liabilities of disposal group classified as held for sale and discontinued operations

Assets and liabilities of disposal group classified as held for sale includes:

Kuwait

Following the acquisition of IHS the Group ceased to classify the assets and liabilities related to the remaining telecom towers as held for sale in Kuwait, as the criteria for such classification are no longer met.

Discontinued operations – IHS

In December 2024, the Group acquired residual 70% equity interest of IHS, to complement its already existing 30% stake and thereby owning a 100% stake in IHS, for a purchase consideration of US$ 139.800 million (RO 53.399 million). IHS is engaged in the business of tower infrastructure services in Kuwait.

	Unaudited	Audited
	30 June 2025	31 December 2024
	RO '000	RO '000
Fair value less cost to sell	**78,011**	78,075
Total liabilities	**44,945**	41,048
Total assets	**122,956**	119,123

The Group intends to dispose of IHS within one year and is actively in discussion with potential buyers, which is expected to conclude within one year, hence classified it as discontinuing operations.

6. Investments in associates and joint venture

6.1 Investments in associates

	2025	2024
	RO'000	RO'000
Oman Fibre Optic Co SAOC	**8,888**	9,988
Majan Telecommunications LLC	**5,184**	5,266
Equinix Muscat LLC	**4,121**	4,152
Pearl REIF Fund	**16,028**	15,766
Etlaq services LLC	**3,260**	1,262
TASC Towers Holding Limited (refer note (below)	**99,043**	98,136
Playhera	**493**	-
Others	**659**	1,202
	137,676	135,772

The carrying value of the associates and their results for the period are determined by Group management using the equity method based on management information provided by the associates.

TASC Towers Holding Limited

The Group determines that it does not have the control over TASC on the basis that the Group does not have the ability for a majority representation in the Board under the terms agreed in the agreement between TASC shareholders.

In December 2023, the Group signed definitive agreements with Ooredoo Group Q.P.S.C ("Ooredoo") for a merger transaction to combine both company's passive infrastructures (towers) via a cash and share deal. The Group and Ooredoo will contribute assets and cash to the newly formed tower company to retain a 49.3% stake each in the newly formed tower company. The transaction (initial market closings) is in progress and is expected to be completed during 2025.

6.2 Investments in joint venture

This represents Group's RO 135.592 million (31 December 2024 - RO 112.739 million) interest in the joint venture, Zain Al Ajial S.A. that owns 31% of the equity shares and voting rights of Wana Corporate (a Moroccan joint stock company that is specialized in the telecom sector in that country). The carrying value of this joint venture and its results for the year are determined by Group management using equity method based on management information provided by Wana Corporate. Share of results for the period includes one-time gain of US$ 50 million (RO 19.049 million) on settlement of legal dispute in Morocco

7. Property and equipment

	Unaudited	Audited
	30 June 2025	31 December 2024
	RO '000	RO '000
Net fixed assets	**1,536,483**	1,523,417
Capital work in progress	**348,214**	394,713
	1,884,697	1,918,130

During the six-months period ended 30 June 2025, the Group acquired property and equipment amounting to RO 133.4 million (30 June 2024: RO 77.3 million). Depreciation charged for the period amounted to RO 158.7 million (30 June 2024: RO 162.2 million).

8. Intangible assets and goodwill

	Unaudited	Audited
	30 June 2025	31 December 2024
	RO '000	RO '000
Intangible assets	**2,054,702**	2,100,376
Goodwill	**1,014,165**	1,018,454
Capital work in progress	**18,440**	15,579
	3,087,307	3,134,409

During the six-months period ended 30 June 2025, the Group acquired intangible assets amounting to RO 73.3 million (30 June 2024: RO 19.8 million). Amortization charged for the period amounted to RO 97.7 million (30 June 2024: RO 92.0 million).

During 2024, the Group, through Zain Tech, acquired 100% equity interest of Specialized Technical Services Company BVI ("STS"). During the period, the Group finalized the Purchase Price Allocation ("PPA") exercise of STS. The cumulative impact of these PPA related adjustments was passed in Q1 2025 as the impact was not material for the condensed consolidated interim financial information.

9. Borrowings

	Unaudited 30 June 2025 RO '000	Audited 31 December 2024 RO '000
Parent company		
Short term loans	**104,300**	37,500
Long term loans	**3,941**	5,198
	108,241	42,698
Oztel		
Bond	**266,102**	265,717
OTEL Sukuk Ltd		
Sukuk	**192,550**	192,550
Oman data Park		
Long term loan	**11,083**	9,823
Mobile Telecommunications Company-Kuwait		
Short term loans	**49,413**	49,890
Long term loans	**910,914**	824,572
	960,327	874,462
Mobile Telecommunications Company Saudi Arabia ("SMTC")		
Short term loans	**67,909**	51,186
Long term loans	**763,559**	590,138
Payable to Ministry of Finance-KSA (Murhaba facility)	**-**	199,158
	831,468	840,482
Pella Investment Company ("Pella")		
Short term loans	**14,418**	8,119
Long term loans	**98,824**	99,776
	113,242	107,895
Atheer Telecom Iraq Limited ("Atheer")		
Bank overdrafts	**549**	-
Long term loans	**247,560**	230,645
	248,109	230,645
Future Cities SAOC		
Long term loan	**11,207**	6,865
Others		
Short term loans	**670**	195
Long term loans	**3,618**	2,462
	4,288	2,657
	2,746,617	2,573,794

Reconciliation of movements of amounts due to banks to cash flows from financing activities:

	Unaudited	Audited
	30 June 2025	31 December 2024
	RO '000	RO '000
Opening balance	**2,573,794**	2,367,146
Acquisition of subsidiary	**-**	2,883
Accretion of interest	**9,703**	18,567
Proceeds from bank borrowings	**553,454**	964,494
Repayment of bank borrowings	**(387,532)**	(839,234)
Increase in bank borrowings due to vendor financing arrangement (non-cash item)	**18,662**	75,015
Payment of interest	**(8,786)**	(17,681)
Effect of change in foreign exchange rates	**(12,678)**	2,604
	2,746,617	2,573,794

The current and non-current amounts are as follows:

	Unaudited	Audited
	30 June 2025	31 December 2024
	RO '000	RO '000
Current liabilities	**914,881**	894,825
Non-current liabilities	**1,831,736**	1,678,969
	2,746,617	2,573,794

The carrying amounts of the Group's borrowings are denominated in the following currencies equivalent to Omani Riyal:

	Unaudited	Audited
	30 June 2025	31 December 2024
	RO '000	RO '000
US dollar	**1,024,715**	1,032,785
Kuwaiti dinar	**822,257**	731,822
Saudi Riyals	**742,827**	744,414
Jordanian Dinar	**18,709**	10,585
Iraqi dinar	**11,519**	-
Omani Rial	**126,590**	54,188
	2,746,617	2,573,794

The average effective interest rate as at 30 June 2025 was between 5.76%- 6.9% (31 December 2024 –0.76% to 7.09%) per annum.

The Group is compliant with the principal covenant ratios, which include:

- consolidated net borrowings to adjusted consolidated Earnings Before Interest Tax Depreciation and Amortization (EBITDA);
- adjusted consolidated EBITDA to adjusted consolidated net interest payable;
- consolidated net borrowings to consolidated net worth (equity);

Also, the Group expects to comply with the covenants during 12 months after the reporting date.

Parent Company

Short term loan
During the year the Parent Company :

- drawn down RO 198.8 million (31 December 2024: RO 221 million) from a revolving credit facility of RO 235 million.
- repaid RO 132.0 million (31 December 2024: RO 208.5 million) from a revolving credit facility of RO 235 million.

The facility carries a fixed margin over the one year cost of fixed deposit of the bank. The loan is unsecured.

Long term loans

Export credit loan with an outstanding balance of USD 10.2 million (RO 3.9 million) (2024-USD 13.5 million (RO 5.2 million) from a consortium of banks to finance the procurement of capital equipment. The loan is unsecured. The facility carries an interest of 2.28% p.a.

Oztel

Bonds
The bond is denominated in US Dollars and is listed on the Irish stock exchange . It's a 10 years bond with face value of USD 688.1 million (RO 264.988 million) (2024: USD 688.1 million (RO 264.988 million)) with coupon rate of 6.63% per annum. The bonds are due for payment in year 2028. The effective interest on the bond is 7.09%. The fair value of the bond as at 30 June 2025 is USD 712.46 million (RO 274.37 million) (31 December 2024: USD 710.1 million (RO 273.46 million)

OTEL Sukuk Limited
OTEL Sukuk limited issued USD 500 million (RO 192.550 million) (31 December 2024 : RO 192.550) Sukuk for a period of 7 years with a coupon rate of 5.375% per annum. The bond is due for repayment in the year 2031. The fair value of Sukuk as at 31 December is USD 501.9 million (RO 193.3 million) (31 December 2024 - USD 498.4 million (RO 191.9 million)).

Mobile Telecommunications Company K.S.C.P (MTC)
During the period, the Company has:

1) drawn down loans amounting to RO 90.89 from the loan facilities (31 December 2024 - RO 437.69 million)
   - RO 24.9 million of a revolving credit facility amounting to RO 124.5 million.
   - RO 24.9 million of a revolving credit facility amounting to RO 429.53 million.
   - RO 22.41 million of a long-term facility amounting to RO 115.79 million.
   - RO 18.68 million of a long-term facility amounting to RO 68.48 million.
2) repaid loans amounting to RO 3.33 million (31 December 2024 – RO 294.5 million).

The above facilities carry a fixed margin over three-month CME term Secured Overnight Financing Rate (CME term SOFR) or over Central Bank Discount rate.

SMTC
Long-term loans include:

1) SAR 4,687 million (RO 475.05 million) (31 December 2024: SAR 5,029 million equivalent to RO 514.82 million) syndicated murabaha facility availed from a consortium of banks.

   In September 2020, SMTC signed an Amendment Agreement (the Agreement) with the consortium of lenders to refinance the Murabaha facilities that existed as of that date and to secure additional funding for future capital investment.

   The Agreement:

a. Includes a Total Term Murabaha Facility of SAR 6,000 million (RO 608.13 million), consisting of SAR 4,880 million (RO 494.61 million) and US$ portion of SAR 1,120 million (RO 113.52 million) for refinancing of the existing Term Murabaha Facility amounting to SAR 3,480 million (RO 352.72 million) and balance for future specified business purposes. SAR 2,560 million (RO 259.47 million) of the syndicated loan has been hedged through a profit rate swap contract.

b. Includes a revolving working capital facility of SAR 1,000 million (RO 101.36 million) consisting of SAR 813.393 million (RO 82.44 million) and a US$ portion totaling to SAR 186.607 million (RO 18.91 million). As at 30 June 2025, this revolving working capital facility of SAR 1,000 million (RO 101.36 million) has been cancelled.

The Murabaha Facility continues to be secured partially by a guarantee from the Company and a pledge of the Company's and some of the founding shareholders' shares in SMTC and assignment of certain contracts and receivables. Under the Murabaha Financing Agreement, SMTC can declare dividend or other distribution in cash or in kind to shareholders, provided SMTC is in compliance with all its obligations under the agreement.

2) During 2013, SMTC signed an agreement with the Ministry of Finance – KSA to defer payments that are due until 2021. The amounts are repayable in seven years starting from June 2021.

   In February 2023, SMTC has signed a revised agreement with the Ministry of Finance ("MOF"), Kingdom of Saudi Arabia under which the existing deferral of payment to MOF along with commercial commission payable is converted into a Murabaha facility with MOF and Al Rajhi Banking & Investment Corporation has been appointed as the Murabaha Facility Agent. The liability matures on June 2027 with yearly scheduled repayment on 1 June every year till maturity starting from June 2023. During the period, a new Islamic Shariah compliant facility amounting to SAR 1,925 million (RO 196.02 million) repayable in a single bullet payment upon its maturity on 17 February 2030 was obtained. The facility obtained is on commercial term, where the profit is payable on quarterly basis based on fixed margin and three months SIBOR. This facility was utilized by SMTC to repay in full the amount payable to Ministry of Finance – KSA.

3) In 2024, SMTC availed facilities of SAR 1,125 million (RO 114.02 million) (31 December 2024: SAR 1,125 million equivalent to RO 115.17 million) to fund for the CAPEX payment against several projects and SAR 500 million (RO 50.68 million) (31 December 2024: SAR 500 million equivalent to RO 51.18 million) for receivables discounting.

   SMTC have availed SAR 934.200 million (RO 94.69 million) (31 December 2024: SAR 736 million equivalent to RO 60.470 million) of the CAPEX facility and SAR 500 million (RO 50.68 million) (31 December 2024: SAR 500 million equivalent to RO 41.080 million) of the account receivable factoring facility as at the reporting period.

   The interest amounting to SAR 27.40 million (RO 2.78 million) (31 December 2024: SAR 21.270 million equivalent to RO 2.18 million) has been capitalized by SMTC during year, based on effective interest rate of the loan.

Pella
Long term loans include:

1) US$ 160 million (RO 60.82 million) (31 December 2024 – US$ 160 million equivalent to RO 61.4 million) term loan from a commercial bank which is repayable by 11 October 2025.

2) US$ 100 million (RO 38.01 million) (31 December 2024 – US$ 100 million equivalent to RO 38.37 million) term loan from a commercial bank which is repayable by 30 April 2027.

Atheer
Long term loans include:

1) US$ 105 million (RO 39.91 million) (31 December 2024 – US$ 105 million equivalent to RO 40.29 million) term loan from a commercial bank which is repayable by 30 June 2026.

2) US$ 131 million (RO 49.79 million) (31 December 2024 – US$ 71 million equivalent to RO 27.25 million) revolving credit facilities from a commercial bank which is repayable by 17 December 2027. This includes converted term loan amounting to US$ 50 million (RO 19.00 million).

3) US$ 100 million (RO 38.01 million) (31 December 2024 – US$ 100 million equivalent to RO 38.38 million) term loan from a commercial bank which is repayable by 30 July 2026.

4) US$ 60 million (RO 22.81 million) (31 December 2024 – US$ 50 million equivalent to RO 19.18 million) term loan from a commercial bank, this was rescheduled to revolving credit facility which is repayable by 24 April 2027.

5) US$ 125 million (RO 47.51 million) (31 December 2024 – US$ 125 million equivalent to RO 47.97 million) term loan from a commercial bank which is repayable by 06 May 2029.

6) US$ 100 million (RO 38.01 million) (31 December 2024 – US$ 100 million equivalent to RO 38.38 million) term loan from a commercial bank which is repayable by 19 August 2027.

7) IQD 40 billion (RO 11.52 million) (31 December 2024 – Nil, 30 June 2024 – Nil) term loan from a commercial bank which is repayable by 05 June 2027. The facility is guaranteed by the immediate parent of Atheer and carry a fixed interest rate.

These facilities are guaranteed by the Company (except point no.7 as mentioned above) and carry a floating interest rate of a fixed margin over three-month SOFR.

10. Other non-current liabilities

	Unaudited	**Audited**
	30 June 2025	**31 December 2024**
	RO '000	**RO '000**
Due to Telecommunication Regulatory Authority-Oman	**7,136**	6,930
Due for acquisition of spectrum-KSA	**202,771**	178,993
Payable towards sale and lease back-financing	**83,232**	85,625
Customer deposits	**3,484**	3,235
Post-employment benefits	**78,258**	74,834
Others	**25,570**	27,159
	400,451	376,776

11. Share capital

	2025	2024
	30 June 2025	31 December 2024
	No. of shares	No. of shares
Authorised, Issued and fully paid up	**750,000,000**	750,000,000
	RO'000	RO'000
Authorised, Issued and fully paid up	**75,000**	75,000

Shareholders of the Company who own not less than 10% of the Company's shares at the reporting date are as follows:

	30 June 2025		31 December 2024	
	Shares held	**%**	Shares held	%
United International Telecommunications Investment and Projects LLC	**382,500,345**	**51**	382,500,345	51

Legal reserve

In accordance with the Oman Commercial Companies Law of 2019, annual appropriations of 10% of the profit for the year are made to this reserve until the accumulated balance of the reserve is equal to one third of the value of the respective Omani entity's paid-up share capital. This reserve is not available for distribution. As the reserve equals one third of paid up share capital, the Company has discontinued the transfer.

Voluntary reserve

In accordance with the Board of Directors' Resolution No.16T/5/2000, the Parent Company transfer 10% of its annual net profits to a distributable voluntary reserve until it becomes equal to one-half of the entity's paid up share capital. As the reserve equals at least half of paid up share capital, the Company has discontinued the transfer.

Capital contribution

The excess of the valuation of the fixed licence of the Parent company over the amounts paid to TRA in year 2004 is recognised as a non-distributable capital contribution within equity.

Capital reserve

This is a non-distributable reserve and represents the fair value in excess of the amount paid for the mobile license, which expired in February 2019.

Foreign currency translation reserve

Foreign currency translation reserve mainly represents foreign exchange translation losses arising from Zain Group, Zain Sudan and Zain South Sudan.

Reserves

Other reserves mainly includes hedge reserves gain amounting to RO 0.374 million (30 June 2024 - RO 0.786 million)

Dividend

The annual general meeting of shareholders for the year ended 31 December 2024 held on 27 March 2025 approved distribution of final dividends of 55 baiza per share for the year 2024 (31 December 2023 – 55 baiza).

12. Cost of operations

Cost of operations comprises of access charges, trading cost, dealer commission and regulatory revenue sharing. Cost of operations does not include repairs and maintenance, license and spectrum cost, staff costs, depreciation and amortization and other directly attributable costs.

During the period the royalty rates on Mobile services for operations in Oman was reduced by Telecommunication Regulatory Authority, Oman from 12% to 10%. The decision is effective from 1 January 2025 and resulted in a royalty amount by RO 2.031 million for the six months ended 30 June 2025.

13. Investment income

	Three months ended 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
	2025	2024	**2025**	2024
	RO'000	RO'000	**RO'000**	RO'000
Gain/(Loss) from investment securities at fair value through profit or loss (FVTPL)	**7,936**	(868)	**27,211**	3,262
Dividend income	**598**	714	**678**	724
	8,534	(154)	**27,889**	3,986

14. Finance cost

	Three months ended 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
	2025	2024	**2025**	2024
	RO'000	RO'000	**RO'000**	RO'000
Interest on bank borrowings	**38,604**	35,640	**73,797**	70,287
Finance cost on lease liabilities	**8,251**	7,381	**16,021**	14,171
Interest relating to license and spectrum payable	**3,368**	2,954	**6,742**	5,930
Interest amount payable to Ministry of Finance (KSA)	**126**	4,301	**1,987**	8,837
Others	**1,042**	1,293	**2,070**	2,619
	51,391	51,569	**100,617**	101,844

15. Taxation

	Three months ended 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
	2025	2024	**2025**	2024
	RO'000	RO'000	**RO'000**	RO'000
Taxation relating to parent company	**510**	1,135	**1,935**	3,055
Domestic minimum top-up tax (DMTT)	**1,586**	-	**2,692**	-
Income inclusive rule (IIR)	**97**	-	**259**	-
Taxation related to subsidiaries	**8,225**	8,015	**17,232**	15,325
	12,205	9,150	**22,118**	18,380

The Group is within the scope of the Organization for Economic Co-operation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules, which require multinational enterprise (MNE) groups with consolidated revenues exceeding EUR 750 million to be subject to a minimum effective tax rate of 15% in each jurisdiction in which they operate.

The Group operates in various jurisdictions, out of those, from the material jurisdictions, only Oman, Kuwait, Bahrain and UAE have so far enacted the Pillar II legislation, however other jurisdictions are still in process of reviewing the implementation of the Pillar II legislation.

On 31 December 2024, the State of Kuwait introducing a Domestic Minimum Top-Up Tax (DMTT) and Sultanate of Oman introduced Income inclusive Rule (IIR) effective from 1 January 2025. The Law requires constituent entities of multinational enterprise (MNE) groups with consolidated revenues exceeding EUR 750 million to pay a top-up tax to ensure a minimum effective tax rate of 15%.

The subsidiary company in Kuwait computed the taxable income and effective tax rate in accordance with the executive regulations issued through Ministerial Resolution No. 55 of 2025. Pending the issuance of Executive Regulations in Oman, the parent company estimated its IIR liability for the six-month period ended 30 June 2025 based on OECD Pillar Two Module Rules and associated guidance. The DMTT in Kuwait replaces the application of the National Labor Support Tax (NLST) and Zakat regimes for in-scope entities.

16. Earnings per share

Basic and diluted earnings per share based on the weighted average number of shares outstanding during the period are as follows:

	Three months ended 30 June		Six months ended 30 June	
	2025	2024	**2025**	2024
	RO'000	RO'000	**RO'000**	RO'000
	Unaudited			
Profit for the period attributable to shareholders	**19,259**	14,946	**34,931**	27,818
	No of Shares	No of Shares	**No of Shares**	No of Shares
Weighted average number of shares in issue outstanding during the period	**750,000,000**	750,000,000	**750,000,000**	750,000,000
Earnings per share – basic and diluted (RO)	**0.026**	0.020	**0.047**	0.037

17. Segmental information

The Company and its subsidiaries operate in a single business segment, telecommunications and related services. Apart from its operations in Oman, the Company operates through Zain Group in 8 countries. This forms the basis of the geographical segments.

Based on the quantitative thresholds, the Group has identified its operations in Oman, Kuwait, Jordan, Sudan, Iraq, Bahrain and KSA as the basis for disclosing the segment information.

	30 June 2025									
	Oman	Kuwait	Jordan	Sudan	Iraq	Bahrain	KSA	Others	Elimination	Total
	RO'000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO'000	RO '000
Segment revenues – airtime, data, subscriptions and other services (Point over time)	287,269	156,296	102,110	89,829	221,945	32,194	479,452	89,502	-	1,458,597
Segment revenues - trading income (Point in time)	34,079	76,777	8,401	1,988	7,373	9,674	66,182	15	(53,299)	151,190
Net profit before interest and tax	26,155	33,805	23,526	49,046	42,800	2,806	58,309	(908)	-	235,539
Interest income	1,288	2,671	125	610	406	154	782	316	-	6,352
Share of results of associate and joint venture	2,975	-	-	-	-	-	-	-	(1,404)	1,571
Investment income	214	-	-	-	-	-	-	-	-	214
Dividend income	29,300	-	-	-	-	-	-	-	(29,300)	-
Finance costs	(22,438)	(708)	(6,865)	(544)	(13,526)	(778)	(35,824)	(568)	-	(81,251)
Income tax expenses	(2,383)	(41)	(3,077)	(6,001)	(5,044)	-	(539)	(281)	-	(17,366)
	35,111	35,727	13,709	43,111	24,636	2,182	22,728	(1,441)	(30,704)	145,059
Unallocated items:										
Investment income										27,675
Share of results of associates and joint venture										23,967
Others (including unallocated interest income, income tax and finance costs net of eliminations)										(35,587)
Profit for the period										161,114
Segment assets including allocated goodwill	1,846,745	1,122,019	636,808	102,334	1,008,874	121,593	3,167,820	316,580	(850,336)	7,472,437
ROU assets	102,851	36,701	12,658	1,723	36,274	20,419	143,628	5,709		359,963
Unallocated items:										
Investment securities at FVTPL										122,327
Investment securities at FVOCI										17,853
Investment in associates and joint venture										273,268
Others (net of eliminations)										118,606
Consolidated assets										8,364,454
Segment liabilities	435,759	492,792	163,889	60,034	259,209	25,541	800,099	327,804	-	2,565,127
Lease liabilities (current and non-current)	139,057	32,762	15,616	1,656	46,172	20,967	176,053	5,376	-	437,659
Due to banks	589,183	-	113,243	-	248,109	-	831,467	4,290	-	1,786,292
	1,163,999	525,554	292,748	61,690	553,490	46,508	1,807,619	337,470		4,789,078
Unallocated items:										
Due to banks										960,325
Others (net of eliminations)										(257,557)
Consolidated liabilities										5,491,846
Net consolidated assets										2,872,608
Capital expenditure incurred during the period	61,136	43,136	5,832	12,988	36,665	5,885	94,580	3,695		263,917
Unallocated (net of eliminations)										610
Total capital expenditure										264,527
Depreciation of property and equipment and amortization of intangible assets	53,181	41,836	18,896	1,833	37,518	6,277	93,765	3,695		257,001
Amortization of ROU assets	5,916	5,569	913	374	2,585	2,368	16,139	491		34,335
Unallocated (net of elimination)										(572)
Total depreciation and amortization										290,784

	30 June 2024									
	Oman	**Kuwait**	**Jordan**	**Sudan**	**Iraq**	**Bahrain**	**KSA**	**Others**	**Elimination**	**Total**
	RO'000	**RO '000**	**RO '000**	**RO '000**	**RO '000**	**RO '000**	**RO '000**	**RO '000**	**RO'000**	**RO '000**
Segment revenues – airtime, data, subscriptions and other services (Point over time)	267,796	153,926	98,109	45,104	196,723	31,180	464,458	34,484	-	1,291,780
Segment revenues - trading income (Point in time)	29,875	78,186	5,250	1,510	1,154	7,931	55,721	69	(1,846)	177,850
Net profit before interest and tax	29,877	33,077	24,503	21,717	37,306	2,521	53,987	(7,142)	-	195,846
Interest income	801	2,012	201	973	534	162	2,019	120	-	6,822
Share of results of associate and joint venture	2,594	-	-	-	-	-	-	-	(335)	2,259
Investment income	776	-	-	-	-	-	-	-	-	776
Dividend income from Zain group	29,484	-	-	-	-	-	-	-	(29,484)	-
Finance costs	(21,623)	(610)	(8,684)	(750)	(15,308)	(612)	(37,643)	(514)	-	(85,744)
Income tax expenses	(3,124)	-	(4,459)	(2,028)	(3,175)	-	-	(256)	-	(13,042)
	38,785	34,479	11,561	19,912	19,357	2,071	18,363	(7,792)	(29,819)	106,917
Unallocated items:										
Investment income										3,210
Others (including unallocated interest income, income tax and finance costs net of eliminations)										1,013
Profit for the period										(912)
Segment assets including allocated goodwill	1,741,397	929,916	635,247	77,475	975,724	126,673	3,160,053	222,015	(850,336)	7,018,164
ROU assets	96,336	18,415	12,973	1,297	25,503	18,071	105,643	3,281	-	281,519
Unallocated items:										
Investment securities at FVTPL										78,554
Investment securities at FVOCI										14,602
Investment in associates and joint venture										246,219
Others (net of eliminations)										119,602
Consolidated assets										7,758,660
Segment liabilities	430,031	248,813	201,499	39,565	193,683	31,656	727,449	240,768		2,113,464
Lease liabilities (current and non-current)	134,437	24,777	15,864	1,119	35,621	18,338	139,205	2,917		372,278
Borrowings	520,117	-	99,841	-	251,513	-	826,400	2,161		1,700,032
	1,084,585	273,590	317,204	40,684	480,817	49,994	1,693,054	245,846		4,185,774
Unallocated items:										
Borrowings										804,336
Others (net of eliminations)										(25,597)
Consolidated liabilities										4,964,514
Net consolidated assets										2,794,146
Capital expenditure incurred during the period	51,804	19,640	728	10,331	10,675	1,226	11,357	6,235		111,996
Unallocated (net of eliminations)										702
Total capital expenditure										112,698
Depreciation of property and equipment and amortization of intangible assets	48,204	43,108	17,175	9,271	38,561	7,368	93,832	4,573		262,092
Amortization of ROU assets	5,521	4,675	865	262	2,094	2,275	13,863	303		29,859
Unallocated (net of elimination)										(409)
Total depreciation and amortization										291,542

18. Related party transactions

The Group has entered into transactions with related parties on terms approved by management. Transactions and balances with related parties (in addition to those disclosed in other notes) are as follows:

Transactions

	Six months ended 30 June (Unaudited)	
	2025	**2024**
	RO'000	**RO'000**
Revenue	**3,895**	4,251
Purchase of goods and services	**2,168**	2,169
Dividend income from associate	**2,636**	2,123

Key management compensation

	Six months ended 30 June (Unaudited)	
	2025	**2024**
	RO'000	**RO'000**
Salaries and other short term employee benefits	**1,230**	1,084
Post-employment benefits	**34**	27

Balances

	Unaudited	**Audited**
	30 June 2025	**31 December2024**
	RO'000	**RO'000**
Trade receivables	**3,826**	4,186
Trade payables	**-**	3,615

19. Commitments and contingencies

	Unaudited	**Audited**
	30 June 2025	**31 December 2024**
	RO '000	**RO '000**
Capital commitments	**624,834**	512,203
Uncalled share capital of investee companies	**1,998**	819
Letters of guarantee and credit	**82,789**	84,413

Atheer - Iraq

a. On 10 September 2023, the Communication and Media Commission of Iraq ("CMC") imposed a fine of US$ 75 million (RO 28.769 million) on Atheer for failing to meet 4G QoS ('Quality of Service') KPIs for the year 2022. Atheer believes that there is an error in the fine calculation regarding coverage obligation. On 9 October 2023, Atheer challenged the decision before the Appeals Board. On 13 June 2024, the Appeals Board issued a decision in favor of CMC. On 7th July 2024, Atheer submitted a petition to the Board of Commissioners (the legislative body of the CMC), articulating that the petition stems from a fundamental error, requesting them to cancel the fine. On 19 August 2024, the CMC rejected the petition and issued a demand to pay the fine amount. On 27 August 2024, the Atheer's attorneys filed another appeal, urging the Appeals Board to correct its decision on the grounds that it is fundamentally flawed as explained above.

   In August 2024, a new fine amounting to US$ 1 million (RO 0.384 million) was imposed by CMC for failing to meet 4G QoS KPIs for the second half of year 2023. This amount is significantly lower as compared to the fine levied for year 2022 and first half of year 2023. Furthermore, a new QoS regulation is expected to be issued, which may support Atheer's case in challenging the fine.

Subsequent to the reporting date, the Appeals Board issued final and binding decisions on US$ 66.8 million (RO 25.39 million) out of the total US$ 75 million (RO 28.51 million) fine, reducing that portion to US$ 2.310 million (RO 0.877 million). These final outcomes reflect both the correction of material calculation errors and the application of the updated regulatory criteria. The decisions issued by the CMC Appeals Board are definitive, irrevocable, and carry full legal force. The remaining fine of US$ 8.200 million (RO 3.117 million) is currently under review by the Appeal Court, following a similar process and based on the new QoS regulations. Atheer believes that this remaining fine amount will be reduced to approximately US$ 1 million (RO 0.381 million)

b. Newroz Telecom, based in the Kurdistan region, has initiated a preliminary lawsuit in the first instance court against Atheer and Huawei. The claim is predicated on allegations that the unlicensed installation of 4G equipment has caused harm to Newroz Telecom's infrastructure requesting US$ 50 million (RO 19.2 million) from Atheer and Huawei jointly. Atheer operates under a national license issued by the CMC, the competent federal authority. The CMC is anticipated to issue a statement to the court affirming Atheer's lawful nationwide authorization to provide 4G services, as well as confirming that Huawei holds the necessary credentials as an authorized vendor for the equipment supplied. Atheer has submitted both formal and substantive defenses and is currently awaiting the plaintiff's responses. The court has notified the plaintiff to reply to Atheer's statements. Based on the attorney's report, the Group believes that it has strong legal grounds and compelling arguments to successfully challenge and revoke the opposing claim.

Pella - Jordan
Pella is a defendant in multiple lawsuits amounting to RO 9.61 million (31 December 2024 – RO 9.48 million). Based on the report of its attorneys, the Group is of the view that the outcome of these proceedings will be favorable for Pella.

SMTC

a. SMTC received withholding tax ("WHT") assessments from Zakat, Tax and Customs Authority ("ZATCA") for an additional amount of SAR 100 million (RO 10.24 million) for certain withholding tax items for the years from 2015 to 2021. SMTC has appealed these assessments against the relevant committees. SMTC believes that the outcome of those appeals will be in its favor with no material financial impact.

b. SMTC was also subjected to WHT, for the years from 2012 to 2021, on International Interconnect traffic from ZATCA for payments made to International Operators and SMTC has received WHT assessment from ZATCA with respect to this. For the assessments received from ZATCA, SMTC has rejected these claims and appealed at various judiciary bodies against these assessments. In the process of appealing against these claims, SMTC had paid an amount of SAR 8.37 million (RO 0.857 million) and created a provision of SAR 148.18 million (RO 15.168 million).

   However, during the year ended 31 December 2024, SMTC received communication from ZATCA that the dues for WHT on International traffic will be borne by the Government. Accordingly, SMTC has reversed a provision of SAR 148.18 million (RO 15.168 million) during the current year. The amount paid of SAR 8.37 million (RO 0.857 million) will be settled by SMTC with dues payable to ZATCA for other ongoing assessments. There is no change in the status during the period ended 30 June 2025.

In addition, legal proceedings have been initiated by and against the Group in some jurisdictions. On the basis of information currently available and the advice of the legal advisors, Group management is of the opinion that the outcome of these proceedings is unlikely to have a material adverse effect on the consolidated financial position or the consolidated performance of the Group.

20. Financial instruments

20.1 Categories of financial assets and liabilities

The carrying amounts of the Group's financial assets and liabilities as stated in the condensed consolidated interim statement of financial position are categorized as follows:

	Unaudited	Audited
	30 June 2025	31 December 2024
	RO'000	RO'000
Amortised costs:		
Cash and cash equivalents	**341,495**	299,364
Bank balances held in customers' account	**23,837**	19,846
Trade and other receivables	**1,403,814**	876,248
Other assets	**14,688**	11,570
Investment securities at FVTPL	**122,327**	94,855
Investment securities at FVOCI	**17,853**	17,130
Investment Securities	**1,000**	1,000

All financial liabilities are categorized as 'other than at fair value through profit or loss'.

20.2 Fair value hierarchy for financial instruments measured at fair value

The following table presents the financial assets which are measured at fair value in the condensed consolidated interim statement of financial position in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

30 June 2025

	Level 1	Level 2	Level 3	Total
	RO'000	RO'000	RO'000	RO'000
Financial assets at fair value:				
Investments at FVTPL	**6,738**	**26,328**	**89,261**	**122,327**
Investments at FVOCI	**4,404**	**3,566**	**9,883**	**17,853**
Total assets	**11,142**	**29,894**	**99,144**	**140,180**

31 December 2024

	Level 1	Level 2	Level 3	Total
	RO '000	RO '000	RO '000	RO '000
Financial assets at fair value:				
Investments at FVTPL	5,977	28,507	60,371	94,855
Investments at FVOCI	3,955	3,602	9,573	17,130
Total assets	9,932	32,109	69,944	111,985

During the period, there were no transfers between any of the fair value hierarchy levels.

Fair values of financial assets and liabilities are not materially different from their carrying values. For financial assets and financial liabilities that are liquid or having a short-term maturity (less than 12-months), it is assumed that the carrying amounts approximate to their fair value.

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous year.

21. Hyperinflation – Zain South Sudan

Net monetary gain

The Republic of South Sudan economy had become hyperinflationary in 2016. Accordingly, the results, cash flows and financial position of the Group's subsidiary in South Sudan had been expressed in terms of the measuring unit current at the reporting date in accordance with IAS 29 Financial Reporting. The effect on the net monetary position is included in the interim condensed consolidated statement of profit or loss as 'net monetary gain'.

22. Derivative financial instruments

The table below shows the positive and negative fair values of derivative financial instruments, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the period-end and are not indicative of either market or credit risk. All derivative contracts are fair valued based on observable market data.

At 30 June 2025	**Notional amounts by term to maturity**		
	Positive fair value	**Negative fair value**	**Notional amount**
	RO '000	**RO '000**	**RO '000**
Derivatives held for hedging:			
Cash flow hedges - Receive 3-month SIBOR, Pay fixed profit rate			
Profit rate swaps (maturing after one year)	**1,113**	**-**	**194,602**

At 31 December 2024	**Notional amounts by term to maturity**		
	Positive fair value	**Negative fair value**	**Notional amount**
	RO '000	**RO '000**	**RO '000**
Derivatives held for hedging:			
Cash flow hedges – Receive 3-month SIBOR, Pay fixed profit rate			
Profit rate swaps (maturing after one year)	2,918	-	157,747