

OMAN TELECOMMUNICATIONS COMPANY SAOG

**Consolidated Annual Financial Statements and
Independent Auditor's Report**

31 December 2024

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN TELECOMMUNICATIONS COMPANY SAOG

Report on the audit of the consolidated financial statements

Qualified opinion

We have audited the consolidated financial statements of Oman Telecommunications Company SAOG (the "Company") and its subsidiaries (collectively "the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, except for the possible effect of the matters described in the Basis for qualified opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024 and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for qualified opinion

- a) As disclosed in Note 2.1 to the consolidated financial statements, the Group has excluded the effects reported therein of applying the International Accounting Standard (IAS) 29: Financial Reporting in Hyperinflationary Economies (the standard) with respect to its subsidiaries in the Republic of Sudan. It is not possible to determine with reasonable certainty the exact impact of not applying hyperinflationary accounting for these subsidiaries as the Group has not performed the required calculations as required by the standard. As a result, we are unable to quantify the effect of the departure from the standard. Our audit opinion in the prior year was also modified in respect of this matter.
- b) The Group had used US Dollar (USD), instead of Iraqi Dinar (IQD), as the functional currency for reporting its operations in Iraq ("the Iraq operations") from December 2020 to December 2023. Further as disclosed in note 34 to the consolidated financial statements, with effect from 1 January 2024, the Group has changed the functional currency for reporting its Iraq operations from USD to IQD. In our view, the use of USD as the functional currency for reporting the Iraq operations from December 2020 to December 2023 is a departure from the requirements of IAS 21 - The Effects of Changes in Foreign Exchange Rates. In the absence of a detailed assessment from management, we were unable to ascertain the impact of incorrectly using USD as the functional currency instead of IQD for the period from December 2020 to December 2023 on the Groups comparative and current year balances. As a result, we were not able to determine the necessary adjustments to the consolidated financial statements. Our audit opinion in the prior year was also modified in respect of this matter.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
OMAN TELECOMMUNICATIONS COMPANY SAOG (CONTINUED)**

Report on the audit of the consolidated financial statements (continued)

Basis for qualified opinion (continued)

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

Emphasis of matter

We draw attention to note 2.1 of the consolidated financial statements, which describes the management's assessment of the ongoing impact of the political uncertainty in the Republic of Sudan on the Group's operations and financial performance and related uncertainties. Our opinion is not further modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matters described in the Basis for qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our qualified opinion on the accompanying consolidated financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
OMAN TELECOMMUNICATIONS COMPANY SAOG (CONTINUED)**

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>1. Revenue recognition and related IT systems The Group reported a revenue of RO 3,030 million (2023: RO 2,943 million) for the year ended 31 December 2024.</p> <p>There is an inherent risk relating to telecom services revenue recognition because of the complexity of the related Information Technology ("IT") environment, the processing of large volumes of data through a number of different IT systems and the combination of varying products and prices.</p> <p>Due to the complexities and dependencies on different IT systems in the revenue recognition process, we have considered this as a key audit matter.</p> <p>The accounting policy for revenue recognition is set out in note 2.3.15 and the related disclosures are made in note 19 and note 25 to the consolidated financial statements.</p>	<p>For significant revenue streams, our audit procedures included the following, among others, on a sample basis:</p> <ul style="list-style-type: none"> • Testing of controls, assisted by our IT specialists including those over set-up of customer accounts, pricing data, segregation of duties, and the linkage to usage data that results in revenue recognition; • Testing the IT environment relating to billing, rating and other relevant support systems, including the change control procedures in place around systems that bill significant revenue streams; • Testing the end-to-end reconciliation from business support systems to billing and rating systems to the general ledger; • Performed tests on the accuracy of customer bill generation process on a sample basis and testing of a sample of the credits and discounts applied to such customer bills; • Performed substantive analytical procedures over the significant revenue streams; • Assessed transactions taking place before and after year-end to ensure that revenue was recognized in the appropriate period; • Assessed the appropriateness of the Group's revenue recognition accounting policies including compliance with the relevant IFRS. • Reviewing the key reconciliations performed by management. • Further, we instructed and monitored that the component auditors of the Group's significant entities have performed consistent audit procedures as detailed above, as applicable.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
OMAN TELECOMMUNICATIONS COMPANY SAOG (CONTINUED)**

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>2. Impairment of goodwill</p> <p>As at 31 December 2024, the carrying value of goodwill amounted to RO 1,018 million (2023: RO 1,005 million) as disclosed in Note 12 to the consolidated financial statements.</p> <p>In accordance with IAS 36 Impairment of Assets, an entity is required to test goodwill acquired in a business combination for impairment at least annually irrespective of whether there is any indication of impairment.</p> <p>We considered the impairment of goodwill to be a key audit matter, given the method for determining the recoverable amount and the significance of the amount in the Group's consolidated financial statements. In addition, the recoverable amounts are based on the use of important assumptions, estimates or assessments made by management, in particular future cash flow projections, the estimate of the discount rates and long-term growth rates.</p> <p>The accounting policy for impairment of goodwill is set out in note 2.3.8 and the related disclosures are made in note 12 to the consolidated financial statements.</p>	<p>We tested the goodwill impairment models and the key assumptions used by management with the involvement of our internal valuation specialists. Our audit procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • understanding the business process for the impairment assessment, evaluating the design and testing the implementation of the key controls over the impairment assessment process; • evaluating whether the cash flows in the models used by management to calculate the recoverable value are in accordance with the requirements of IAS 36 Impairment of Assets; • comparing actual historical cash flow results with previous forecasts to assess reasonableness of forecasts; • with the support of our internal valuation experts, benchmarking and challenging key assumptions used in the value-in-use calculation including the cash flow projections, discount rates and terminal growth rate. • assessing the methodology used by the Group to estimate the Weighted Average Cost of Capital (WACC) and benchmarking that with discount rates used by other similar businesses and market data, as available; • benchmarking assumptions on long term growth rates of long-term inflation expectations with external sources of data published by global monetary agencies; • performing sensitivity analysis on the key assumptions used by management to understand the extent to which these assumptions need to be adjusted before resulting in additional impairment loss; and assessing the disclosures in the consolidated financial statements relating to impairment of goodwill against the requirements of IFRS.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN TELECOMMUNICATIONS COMPANY SAOG (CONTINUED)

Report on the audit of the consolidated financial statements (continued)

Other information included in the Group's 2024 Annual Report

Other information consists of the information included in the Group's 2024 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. We obtained the following information prior to the date of our auditor's report, and we expect to obtain the published 2024 Annual Report after the date of our auditor's report:

- Chairman's report
- Corporate governance report
- Management discussion and analysis

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We are unable to conclude if the other information is materially misstated as a result of the matters described in the Basis for Qualified Opinion section of our report.

Responsibilities of management and Board of Directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the relevant requirements of the Commercial Companies Law of 2019 and the Financial Services Authority (the "FSA") of the Sultanate of Oman, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of Directors is responsible for overseeing the Groups financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN TELECOMMUNICATIONS COMPANY SAOG (CONTINUED)

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
OMAN TELECOMMUNICATIONS COMPANY SAOG (CONTINUED)**

Report on the audit of the consolidated financial statements (continued)

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

We also provide Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

We report that the consolidated financial statements comply, in all material respects, with the relevant requirements of the Commercial Companies Law of 2019 and FSA of the Sultanate of Oman.

Ernst & Young

Mohamed Al Qurashi

Mohamed Al Qurashi
Muscat
12 March 2025



OMAN TELECOMMUNICATIONS COMPANY SAOG
Consolidated Statement of Financial Position as at 31 December 2024

	Note(s)	2024	2023
			RO '000
ASSETS			
Current assets			
Cash and bank balances	4.1	299,364	428,635
Bank balances held in customers account	4.2	19,846	15,975
Trade receivables and other current assets	5	1,481,417	1,284,462
Contract assets	19.2	139,631	125,754
Inventories	6	115,662	81,006
Investment securities at fair value through profit or loss	7	70,151	49,040
		<u>2,126,071</u>	<u>1,984,872</u>
Assets of disposal group classified as held for sale	8	119,123	6,254
Total Current assets		<u>2,245,194</u>	<u>1,991,126</u>
Non-current assets			
Contract assets	19.2	93,277	70,037
Investment securities at fair value through profit or loss	7	24,704	25,357
Investment securities at FVOCI	7	17,130	14,412
Investment securities at amortised cost	7	1,000	1,000
Investments in associates and joint venture	9	248,511	239,848
Other non-current assets	11	139,895	75,454
Deferred tax asset		32,005	28,428
Right of use of assets	10	311,581	257,787
Property and equipment	11	1,918,130	1,814,044
Intangible assets and goodwill	12	3,134,409	3,232,476
Total Non-current assets		<u>5,920,642</u>	<u>5,758,843</u>
Total Assets		<u>8,165,836</u>	<u>7,749,969</u>
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	13	1,683,946	1,566,444
Contract liabilities	19.2	119,262	114,362
Income tax payables	14	37,729	32,182
Borrowings	15	894,825	487,100
Lease liabilities	16	45,327	45,653
		<u>2,781,089</u>	<u>2,245,741</u>
Liabilities of disposal group classified as held for sale	8	41,048	1,244
Total Current liabilities		<u>2,822,137</u>	<u>2,246,985</u>
Non-current liabilities			
Borrowings	15	1,678,969	1,880,046
Government grant	17.2	4,226	-
Lease liabilities	16	353,189	309,574
Other non-current liabilities	17.1	376,776	406,216
Total Non-current liabilities		<u>2,413,160</u>	<u>2,595,836</u>
Total liabilities		<u>5,235,297</u>	<u>4,842,821</u>
Equity			
Share capital	18	75,000	75,000
Owns shares held by liquidity provider	18	(191)	-
Reserve on trading in liquidity shares	18	(1,815)	-
Legal reserve	18	25,000	25,000
Voluntary reserve	18	49,875	49,875
Capital contribution	18	7,288	7,288
Capital reserve	18	36,893	36,893
Foreign currency translation reserve	18	(119,797)	(103,843)
Investment fair valuation reserve	18	(4,911)	(4,932)
Other reserves	18	566	822
Retained earnings		<u>598,037</u>	<u>560,200</u>
Attributable to the Company's shareholders		<u>665,945</u>	<u>646,303</u>
Non controlling interest		2,264,594	2,260,845
Total equity		<u>2,930,539</u>	<u>2,907,148</u>
Total Liabilities and Equity		<u>8,165,836</u>	<u>7,749,969</u>

The accompanying notes are an integral part of these consolidated financial statements.


CHAIRMAN


DIRECTOR


CHIEF EXECUTIVE OFFICER

OMAN TELECOMMUNICATIONS COMPANY SAOG
Consolidated Statement of Profit or Loss for the year ended 31 December 2024

		2024	2023
	Note(s)		RO '000
Continuing operations			
Revenue	19.1	3,030,083	2,942,717
Cost of sales	20.1	(1,049,849)	(1,016,298)
Gross profit		1,980,234	1,926,419
Operating and administrative expenses	20.2	(884,048)	(839,531)
Allowance for expected credit loss on financial assets		(68,201)	(47,070)
Depreciation, amortization and impairment	10,11,12	(582,748)	(565,948)
Operating profit		445,237	473,870
Liability no longer required written back	17.1	13,213	-
Voluntary end of service		(3,041)	-
Interest income		12,037	19,869
Investment income	21	11,373	15,627
Share of results of associates and joint venture	9	7,546	4,373
Other income/(expense)		2,758	(42,062)
Gain on business combination	8.2	29,345	-
Gain on sale and lease back transactions	8.1	1,659	70,084
Gain on disposal of a subsidiary		-	686
Finance costs	22	(200,041)	(199,906)
Gain from currency revaluation		14,449	7,636
Net monetary gain		2,014	-
Profit before tax from continuing operations		336,549	350,177
Income tax expenses	23	(30,642)	(34,693)
Profit for the year from continuing operations		305,907	315,484
Discontinued operations			
Profit for the year after tax from discontinued operations	8	892	-
Profit for the year		306,799	315,484
Attributable to:			
Shareholders of the Company		78,052	74,792
Non-controlling interests		228,747	240,692
		306,799	315,484
Earnings per share (EPS)			
Basic and diluted – RO	24		
From continuing operations		0.104	0.100

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2024

	2024	2023
	RO'000	RO '000
Profit for the year	306,799	315,484
Other comprehensive income:		
<i>Items that may be transferred or reclassified to consolidated statement of profit or loss in subsequent periods:</i>		
Exchange differences on translating foreign operations	(63,734)	(56,566)
Less: Gain reclassified to profit or loss on disposal of foreign operation	-	(98)
	(63,734)	(56,664)
Other reserves	(3,229)	(7,718)
	(66,963)	(64,382)
<i>Items that will not be reclassified to consolidated statement of profit or loss:</i>		
Changes in the fair value of equity investments at FVOCI	95	(8,785)
Other reserves	-	685
	95	(8,100)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	239,931	243,002
Total comprehensive income attributable to:		
Shareholders of the Company	61,863	56,007
Non-controlling interests	178,068	186,995
	239,931	243,002

The accompanying notes are an integral part of these consolidated financial statements.

OMAN TELECOMMUNICATIONS COMPANY SAOG
Consolidated Statement of Changes in Equity for the year ended 31 December 2024
Attributable to equity holders of the parent

	Share capital RO'000	Own shares held by liquidity provider RO'000	Reserve on trading in equity shares RO'000	Legal reserve RO'000	Voluntary reserve RO'000	Capital contribution RO'000	Capital reserve RO'000	Foreign currency translation reserve RO '000	Fair value reserve RO'000	Other reserves RO'000	Retained earnings RO'000	Total RO'000	Non-controlling interests RO'000	Grand total RO'000
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 year	-	-	-	-	-	-	-	-	-	-	78,052	78,052	228,747	306,799
Other comprehensive income/(loss) for the year	-	-	-	-	-	-	-	(15,954)	21	(256)	-	(16,189)	(50,679)	(66,868)
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	-	(15,954)	21	(256)	78,052	61,863	178,068	239,931
Trading in own shares	-	(191)	(1,815)	-	-	-	-	-	-	-	-	(2,006)	-	(2,006)
On acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	490	490
Capital introduced by minority shareholders	-	-	-	-	-	-	-	-	-	-	-	-	506	506
Application of IAS 29	-	-	-	-	-	-	-	-	-	-	990	990	3,538	4,528
Dividends paid	-	-	-	-	-	-	-	-	-	-	(41,205)	(41,205)	(178,853)	(220,058)
At 31 December 2024	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

The accompanying notes are an integral part of these consolidated financial statements.

OMAN TELECOMMUNICATIONS COMPANY SAOG
Consolidated Statement of Changes in Equity for the year ended 31 December 2024

	<i>Attributable to equity holders of the parent</i>										Non-controlling interests RO'000	Grand total RO'000
	Share capital RO'000	Legal reserve RO'000	Voluntary reserve RO'000	Capital contribution RO'000	Capital reserve RO'000	Foreign currency translation reserve RO '000	Fair value reserve RO'000	Other reserves RO'000	Retained earnings RO'000	Total RO'000		
At 1 January 2023	75,000	25,000	49,875	7,288	36,893	(90,719)	(3,653)	5,204	530,408	635,296	2,251,640	2,886,936
Profit for the year	-	-	-	-	-	-	-	-	74,792	74,792	240,692	315,484
Other comprehensive income/(loss) for the year	-	-	-	-	-	(13,124)	(1,279)	(4,382)	-	(18,785)	(53,697)	(72,482)
Total comprehensive income/(loss) for the year	-	-	-	-	-	(13,124)	(1,279)	(4,382)	74,792	56,007	186,995	243,002
Realised loss on equity securities at FVOCI	-	-	-	-	-	-	-	-	-	-	205	205
Capital introduced by minority shareholders	-	-	-	-	-	-	-	-	-	-	890	890
Dividends paid	-	-	-	-	-	-	-	-	(45,000)	(45,000)	(178,885)	(223,885)
At 31 December 2023	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

OMAN TELECOMMUNICATIONS COMPANY SAOG
Consolidated Statement of Cash Flows for the year ended 31 December 2024

		2024	2023
	Notes	RO'000	RO'000
Cash flows from operating activities			
Profit for the year before tax from continuing operations		336,549	350,177
Profit for the year before tax from discontinuing operations		892	-
Profit for the year before tax		337,441	350,177
Adjustments for:			
Depreciation, amortization and impairment	10,11,12	582,748	565,948
Expected Credit Loss on financial assets		68,201	47,070
Interest income		(12,037)	(19,869)
Investment income	21	(11,373)	(15,627)
Share of results of associates and joint venture	9	(7,546)	(4,373)
Gain on sale and lease back transactions	8	(1,659)	(70,084)
Gain on disposal of discontinued operations and sale of subsidiary	8	-	(686)
Gain on business combination		(29,345)	-
Finance costs	22	200,041	199,906
Gain from currency revaluation		(14,449)	(7,637)
Net monetary gain		(2,014)	-
(Gain)/loss on sale of property and equipment		(907)	1,062
Cash flows from operating activities before working capital changes		1,109,101	1,045,887
Increase in bank balances held in customers account		(3,639)	(5,881)
Increase in trade and other receivables		(283,442)	(214,804)
(Increase)/Decrease in inventories		(33,083)	(12,563)
Increase/(Decrease) in trade and other payables and deferred revenue		(37,544)	79,074
<i>Cash generated from operations</i>		751,393	891,713
Income tax		(22,354)	(22,643)
<i>Net cash from operating activities</i>		729,039	869,070
Cash flows from investing activities			
Deposits maturing after three months and cash at banks under lien		(1,992)	17,674
Purchase of financial instruments		(14,552)	(1,331)
Proceeds from sale of financial instruments		2,635	77,422
Investment in associate		(3,012)	(2,976)
Acquisition of property and equipment (net)		(334,254)	(353,598)
Acquisition of intangible assets (net)		(59,142)	(98,449)
Proceeds from sale of telecom assets (sale and lease back)	8	7,592	246,502
Acquisition of subsidiaries, net of cash acquired	3	(59,566)	(13,535)
Interest received		6,273	6,952
Dividends received		3,906	3,153
<i>Net cash used in investing activities</i>		(452,112)	(118,186)
Cash flows from financing activities			
Proceeds from borrowings		964,494	436,944
Repayment of borrowings		(839,234)	(681,987)
Sale and lease back-Impact at above market terms-Financing		(9,421)	(8,690)
Repayment of lease liabilities	16	(91,445)	(77,177)
Acquisition of own shares through liquidity provider		(2,006)	-
Dividends paid to Company's shareholders		(41,250)	(45,000)
Dividends paid to minority shareholders of subsidiaries		(189,771)	(179,121)
Share capital introduced by minority shareholder in subsidiary		506	480
Finance costs paid		(163,393)	(156,971)
<i>Net cash used in financing activities</i>		(371,520)	(711,522)
Net (decrease)/increase in cash and cash equivalents		(94,593)	39,362
Effects of exchange rate changes on cash and cash equivalents		(36,182)	(34,229)
Cash and cash equivalents at beginning of year		427,285	422,152
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	4.1	296,510	427,285

The accompanying notes are an integral part of these consolidated financial statements.

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 (refer note 3 for details).

The Company is a subsidiary of United International Telecommunications Investment and Projects LLC.

These consolidated financial statements were authorized and approved for issue by the Board of Directors of the Company on 9 March 2025 and are subject to approval of the shareholders at their forthcoming Annual General Meeting.

2. Basis of preparation and material accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and disclosure requirements as per the Commercial Companies Law 2019 of Sultanate of Oman. These consolidated financial statements are prepared under the historical cost basis of measurement adjusted for the effects of inflation where entities operate in hyperinflationary economies and modified by the revaluation at fair value of financial assets held as “at fair value through profit or loss”, “at fair value through other comprehensive income” and “derivative financial instruments”. These consolidated financial statements have been presented in Omani Rials (RO), which is also the Parent Company’s functional currency rounded to the nearest thousand.

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a high degree of judgment or complexity or areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in note 34.

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, 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 the Republic of Sudan went out of hyperinflation in 2016. The Republic of Sudan has been again declared as hyperinflationary in 2018. The consumer price index information is not available from Feb 2023. 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 in 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 in Sudan 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 in Sudan.

As of the issuance date of these consolidated financial statements, 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. 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 Darfur, North Kordofan, Wad-Madani and Khartoum, which are facing the most significant impact from the ongoing hostilities.

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 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.

If a worst-case scenario unfolds with widespread hostilities across Sudan, it can be anticipated that the Group's operations may encounter disruptions for an indeterminate duration. This represents an uncertainty that is beyond the control of the Group. After evaluating the revised forecasts, management has examined Zain Sudan's capability to operate as a going concern at the time of releasing these consolidated financial statements. 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, Zain Sudan is expected to be able to realize its assets and fulfill its obligations in the ordinary course of business.

The management of Zain Sudan has concluded that it is appropriate to prepare the consolidated financial statements on a going concern basis.

In financial year 2023 and 2024, the Zain Sudan recognized impairment losses of SDG 40.866 billion (RO 8.8 million) (2023: SDG 27.82 billion (RO 18.2 million)) on its assets on the basis of lack of control over these assets. The impairment loss primarily represents 1,796 out of the total 3,000 plus network sites that were considered not in control of Zain Sudan due to the ongoing conflict. These sites are mainly situated in North and South Darfur, South Kordofan, parts of North Kordofan, and some areas of Khartoum. In addition to the above specific impairment provision, the Group also conducts an annual impairment review on the Cash Generating Unit (CGU) basis, taking into consideration various external factors that might influence the recoverable amount of its assets. The impairment provision derived on this basis amounting to SDG 16.081 billion (RO 3.5 million) was allocated proportionately to Network assets, Intangible assets and Right to Use assets.

This process is in line with the Group's accounting policies and is aimed at ensuring that the assets are not carried at amounts higher than their recoverable value. Below is the summary of the impairment loss charged during the year:

	SDG '000	RO '000
Property and equipment	55,796,936	12,085
Rights of use assets	336,688	75
Intangible assets	813,963	180
	56,947,587	12,340

Going concern

The directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the Consolidated financial statements.

2.2 New and revised accounting standards

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the following new and amended IASB Standards during the year.

2.2.1 New and amended IFRS Standards that are effective for the current year

The Group has applied the following new and revised IFRS Standards that have been issued and effective:

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no material impact on the Group's consolidated financial statements.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as noncurrent and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no material impact on the Group's consolidated financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no material impact on the Group's consolidated financial statements.

2.2.2 Standards issued but not effective

At the date of authorization of these consolidated financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only. The Group is currently not intending to early adopt the Amendments.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, which are subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.

Narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed.

IFRS 18 will apply retrospectively. The Group is currently working to identify all impacts the amendments will have on the primary consolidated financial statements and notes to the consolidated financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards. IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to 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 will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The management does not expect the adoption of the Standards and Interpretations listed above to have a material impact on the consolidated financial statements of the Group in future periods.

2.3 Material accounting policies**2.3.1 Business combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during

the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

2.3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group made up to 31 December each year. Control is achieved when the Group:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

2.3.3 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

(i) Debt instruments designated at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and effective interest rate method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (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) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "interest income" line item.

(ii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'investment income' line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables, contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due. The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (1) The financial instrument has a low risk of default,
- (2) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, there is sufficient doubt about the ultimate collectability; or the customer is past due for more than 90 days.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
 - (b) a breach of contract, such as a default or past due event (see (ii) above);
 - (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
 - (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
 - (e) the disappearance of an active market for that financial asset because of financial difficulties.
- (iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

Financial liabilities measured subsequently at amortised cost.

Financial liabilities are measured subsequently 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 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 amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above)
- The amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derivative financial instruments and hedging activities

The Group enters into derivative financial instruments to manage its exposure to interest rate. Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset.

Hedge accounting

For hedge accounting, the Group designates derivatives as either hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge); or hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge) or hedges of a net investment in a foreign operation (net investment hedge).

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss except when the hedging instrument hedges an equity instrument designated at FVTOCI in which case it is recognised in other comprehensive income. The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognised in profit or loss instead of other comprehensive income. When the hedged item is an equity instrument designated at FVTOCI, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument. Where hedging gains or losses are recognised in profit or loss, they are recognised in the same line as the hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the foreign currency forward contracts relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item. Gains and losses on the hedging instrument accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and reported on a net basis in the accompanying consolidated statement of financial position when a legally enforceable right to set off such amounts exists and when the Group intends to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

2.3.4 Cash and cash equivalents

Cash on hand, demand and time deposits with banks whose original maturities do not exceed three months are classified as cash and cash equivalents in the consolidated statement of cash flows.

2.3.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials 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 using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.3.6 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate or a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

2.3.7 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Property and equipment are depreciated on a straight-line basis over their estimated economic useful lives, which are as follows:

	Years
Buildings	3-50
Leasehold improvements	3-8
Telecommunications and other equipment	3-20
Furniture and fixtures	3-5

These assets are reviewed periodically for impairment. If there is an indication that the carrying value of an asset is greater than its recoverable amount, the asset is written down to its recoverable amount and the resultant impairment loss is taken to the consolidated statement of profit or loss. The residual value, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Assets in hyper inflationary economies are restated by applying the change in the general price indices from the date of acquisition to the current reporting date. Depreciation on these assets are based on the restated amounts.

IRUs

IRU are the rights to use a portion of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognized at cost as an asset when the Group has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibers and the duration of the right is for the major part of the underlying asset's economic life. They are amortised on a straight line basis over the shorter of the expected period of use and the life of the contract which ranges between 10 to 20 years.

2.3.8 Intangible assets and goodwill*Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which are disclosed in note 12. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognized initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

De-recognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Goodwill

Goodwill is initially recognised and measured as set out in note 2.3.1 above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset for which the estimates of future cash flows have not been adjusted. The Group prepares formal four to five year plans for its businesses. These plans are used for the value in use calculation. Long range growth rates are used for cash flows into perpetuity beyond the four to five year period. Fair value less costs to sell is determined with reference to published quoted prices.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate and joint venture is described in note 2.3.6 above.

2.3.9 Impairment of property, plant and equipment right-of-use of assets and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use of assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

2.3.10 Fair value measurement

Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities.

For unquoted financial instruments, fair value is determined by reference to the market value of a similar investment, discounted cash flows, other appropriate valuation models or brokers' quotes.

For financial instruments carried at amortized cost, the fair value is estimated by discounting future cash flows at the current market rate of return for similar financial instruments.

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

For the purpose of fair value disclosures, the Group determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.3.11 Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.3.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

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 (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a 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.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2.3.13 Post-employment benefits

The Group is liable to make defined contributions to State Plans and lump sum payments under defined benefit plans to employees at cessation of employment, in accordance with the laws of the place where they are deemed to be employed. The defined benefit plan is unfunded and is computed as the amount payable to employees as a result of involuntary termination on the consolidated statement of financial position date. This basis is considered to be a reliable approximation of the present value of the final obligation.

2.3.14 Leases

The Group as lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments

made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the statement of financial position.

The Group applies IAS36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Impairment of property, plant and equipment right-of-use of assets and intangible assets excluding goodwill' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Sale and leaseback

The Group enters into sale and leaseback transactions whereby it sells certain assets to a third-party and immediately leases them back. Where sale proceeds received are judged to reflect the fair value, any gain or loss arising on disposal is recognised in the statement of profit or loss, to the extent that it relates to the rights that have been transferred. Gains and losses that relate to the rights that have been retained are included in the carrying

amount of the right of use asset recognised at commencement of the lease. Where sale proceeds received are not at the fair value, any below market terms are recognised as a prepayment of lease payments, and above market terms are recognised as additional financing provided by the lessor.

The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate consideration under the contract to each component.

2.3.15 Revenue

Revenues from operations consist of recurring revenues, such as billings to customers for monthly subscription fees, roaming, leased line and airtime usage fees, and non-recurring revenues, such as one-time connection fees, and telephone equipment and accessory sales.

Handsets and telecommunication services

Revenue from mobile and fixed telecommunication services provided to postpaid and prepaid customers is recognized as services are transferred. When the customer performs first, for example, by prepaying its promised consideration, the Group has a contract liability. If the Group performs first by satisfying a performance obligation, the Group has a contract asset. Consideration received from the sale of prepaid credit is recognized as contract liability until such time the customer uses the services when it is recognized as revenue.

The Group provides subsidized handsets to its customers along with mobile telecommunication services. The contract's transaction price is allocated to each performance obligation based on their relative stand-alone selling price. This results in reallocation of a portion of revenue from trading revenue to service revenue and correspondingly creation of a contract assets. Contract asset represents receivable from customers that has not yet legally come into existence. The standalone selling prices are determined based on observable prices. Revenue from device sales is recognized when the device is delivered to the customer. This usually occurs when a customer signs the contract. For devices sold separately, customer pays in full at the point of sale. Revenue from voice, messaging, internet services etc. are included in the bundled package and are recognized as the services are rendered during the period of the contract.

Value added services - Principal vs. agent

Revenue from value added services (VAS) sharing arrangements depend on the analysis of the facts and circumstances surrounding these transactions. Revenue from VAS is recognized when the Group performs the related service and, depending on the Group's control or lack of control on the services transferred to the customer, is recognized either at the gross amount billed to the customer or the amount receivable by the Group as commission for facilitating the service.

Significant financing component

If a customer can pay for purchased equipment or services over a period, IFRS 15 requires judgement to determine if the contract includes a significant financing component. If it does, then the transaction price is adjusted to reflect the time value of money.

Commissions and other contract costs

Certain incremental costs incurred in acquiring a contract with a customer is deferred on the consolidated statement of financial position and amortised as revenue is recognised under the related contract; this will generally lead to the later recognition of charges for some commissions payable to third party distributors and employees.

Intermediaries are given incentives by the Group to acquire new customers and upgrade existing customers. Activation commission and renewal commission paid on post-paid connections are amortized over the period of the contract. In case of prepaid customers, commission costs are expensed when incurred. However, the Group may choose to expense such commission costs if the amortization period of the resulting asset is one year or less or if it is not significant.

Customer loyalty programs

The Group operates a customer loyalty program that provides a variety of benefits for customers. The Group allocates the consideration received between products and services in a bundle including loyalty points as separate performance obligation based on their stand-alone selling prices.

Installation and maintenance contracts

The Group also enters into installation and maintenance contracts where the revenue is recognised over time based on the cost-to-completion method. The related costs are recognised in profit or loss when they are incurred. Advances received are included in contract liabilities.

Interest income is recognized on a time proportion basis using the effective yield method and dividend income is recognized when the right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2.3.16 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

2.3.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, 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 profit or loss in the period in which they are incurred.

2.3.18 Foreign currencies

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.3.19 Financial reporting in hyperinflationary economies

The financial statements of subsidiaries whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit current at the end of the reporting period.

In the first period of application, the adjustments determined at the beginning of the period are recognized directly in equity as an adjustment to opening retained earnings. In subsequent periods, the prior period adjustments related to components of owners' equity and differences arising on translation of comparative amounts are accounted for in other comprehensive income.

Items in the consolidated statement of financial position not already expressed in terms of the measuring unit current at the reporting period, such as non-monetary items carried at cost or cost less depreciation, are restated by applying a general price index. The restated cost, or cost less depreciation, of each item is determined by applying to its historical cost and accumulated depreciation the change in a general price index from the date of acquisition to the end of the reporting period. An impairment loss is recognized in profit or loss if the restated amount of a nonmonetary item exceeds its estimated recoverable amount.

At the beginning of the first period of application, the components of owners' equity, except retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose. Restated retained earnings are derived from all other amounts in the restated consolidated statement of financial position. At the end of the first period and in subsequent periods, all components of owners' equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later.

All items recognized in the income statement are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

Gains or losses on the net monetary position are recognized in profit or loss.

All items in the consolidated statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

2.3.20 Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

2.3.21 Contingencies

Contingent assets are not recognized as an asset until realisation becomes virtually certain. Contingent liabilities, other than those arising on acquisition of subsidiaries, are not recognized as a liability unless as a result of past events it is probable that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. Contingent liabilities arising in a business combination are recognized if their fair value can be measured reliably.

2.3.22 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle

- Held primarily for the purpose of trading
 - Expected to be realized within twelve months after the reporting period
- Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting periods

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

2.3.23 Directors' remuneration

Directors' remuneration is computed in accordance with the provisions of the Commercial Companies Law and the requirements of the Capital Market Authority in Oman and, in case of subsidiaries, in accordance with the relevant laws and regulations.

2.3.24 Dividend distribution

The Board of directors adopts a prudent dividend policy, which complies with regulatory requirements applicable in the Sultanate of Oman. Dividends are distributed in accordance with the Company's Memorandum of Association and are subject to the approval of shareholders. Dividend distribution to the Company's shareholders is recognised as a liability in the group's financial statements only in the year in which the dividends are approved by the Company's shareholders.

3. Subsidiaries and Associates/Joint Venture

The principal subsidiaries and associates are:

Subsidiary	Country of incorporation	Percentage of ownership		Nature of business
		2024	2023	
Oztel Holdings SPC Limited	UAE	100%	100%	Special purpose vehicle for acquiring shares in Zain group
OTEL Sukuk Limited	Cayman Island	100%	-	Special purpose vehicle for issuing Sukuk
Omantel International Limited	Cayman Island	100%	100%	Engaged in International Wholesale business
Mobile Telecommunications K.S.C.P (Zain Group-MTC) (Refer note (i) below)	Kuwait	21.9%	21.9%	Mobile telecommunication services in Kuwait and eight other countries
Oman Data Park LLC	Oman	100%	100%	Engaged in the provision of data services
Omantel France SAS	France	100%	100%	Engaged in provision of wholesale services
Infoline LLC	Oman	100%	100%	Engaged in provision of IT enabled and outsourced services

Internet of Things LLC (Under liquidation)	Oman	100%	100%	Engaged in developments of app and services for smart and M2M communication
Frontier Technology LLC	Oman	51%	51%	Engaged in provision of ICT solutions
Global Financial Technology LLC	Oman	55%	55%	Engaged in management and operations of data processing facilities
Future Cities SAOC	Oman	51%	51%	Engaged in provision of Smart IOT solutions

Associate

Oman Fibre Optic Company SAOC	Oman	40.96%	40.96%	Engaged in the manufacture and design of optical fibre and cables
Equinix Muscat LLC	Oman	50%	50%	Engaged in the provision of Data centre services
Majan Telecommunications LLC (Renna)	Oman	40%	40%	Mobile telecommunication services in Sultanate of Oman
Pearl REIF Fund	Oman	28.01%	33.5%	Real Estate investment Trust Fund
Etlag Services LLC	Oman	25%	-	Integrated space launch facility provider

i) Acquisition of Zain group

On 15 November 2017, Oztel holding SPC Limited (SPV), which is wholly owned by the parent company, acquired control over Mobile Telecommunications Company K.S.C.P (Zain group) through a step up acquisition of 12.07% equity interest. This acquisition is in addition to the 9.84% of the shareholding acquired by the SPV on 24 August 2017 resulting in an acquisition of total shareholding of 21.91% in Zain group. The Group concluded that it is able to control Zain Group through its majority representation on the board of directors and accordingly considered it as a subsidiary effective from that period (refer note 34)

Non-controlling interest

The Group recognised non-controlling interest in Zain group at its fair value on initial recognition. The summarised financial information of Zain Group is set out in Note 26.

As of 31 December 2024 the fair value of the Group's investment in Zain Group being its quoted market share price on the Kuwait stock exchange amounted to RO 554.1 million (2023: RO 592.3 million)

Shareholding directly held by Zain Group

Subsidiary	Country of incorporation	Percentage of ownership	
		2024	2023
Zain International B.V. ("ZIBV")	The Netherlands	100%	100%
Pella Investment Company ("Pella")	Jordan	96.516%	96.516%
Zain Bahrain B.S.C ("MTCB")	Bahrain	65.11%	65.11%
Sudanese Mobile Telephone (Zain) Company Limited ("Zain Sudan")	Sudan	100%	100%
Kuwait Sudanese Holding Company ("KSHC")	Sudan	100%	100%
South Sudanese Mobile Telephone Company Limited ("Zain South Sudan")	South Sudan	100%	100%
Al Khatem Telecoms Company ("Al Khatem")	Iraq	76%	76%

Atheer Telecom Iraq Limited ("Atheer")	Cayman Islands	76%	76%
Mobile Telecommunications Company Saudi Arabia ("SMTC")	Kingdom of Saudi Arabia	37.045%	37.045%
ZainTech Solutions FZ-LLC ("Zain Tech")	UAE	100%	100%
Zain Fintech Holding W.L.L ("Zain Fintech")	Bahrain	100%	100%
Zain Ventures Holding Company W.L.L ("Zain Venture")	Bahrain	100%	100%
IHS Netherlands GCC B.V. ("IHS")	The Netherlands	100%	-

Pella owns 100% of Jordan Mobile Telecommunications Services Co. JSC – "JMTS" and 99.1% of Al Mouakhaa Lil Kadamat Al-Logistya Wal Al-Itisalat ("Mada Jordan"). Al Khatem owns 100% of Atheer. Zain Tech owns 100% of BIOS and 65% of Adfolks.

JMTS, MTCL, Zain Sudan, Zain South Sudan, Atheer and SMTC operate the cellular mobile telecommunications network in Jordan, Bahrain, Sudan, South Sudan, Iraq and the Kingdom of Saudi Arabia (KSA) respectively. MTCL managed the state owned cellular mobile telecommunications network in Lebanon. Mada Jordan provides WiMAX services in Jordan. Zain Tech provides network consultancy and cloud solutions in MENA region. Zain Ventures is engaged in activities of holding companies. Zain Fintech is engaged in activities of holding companies. IHS provides tower infrastructure services.

SMTC

In July 2018, the Group concluded that it is able to control SMTC through its majority representation on the board of directors and accordingly considered it as a subsidiary effective from that period.

Specialized Technical Services Company BVI

In March 2024, the Group, through Zain Tech, acquired 100% equity interest of Specialized Technical Services Company BVI ("STS") for a purchase consideration of US\$ 25.759 million (RO 9.87 million) of which an amount of US\$ 16.697 million (RO 6.4 million) was paid during the year. The net cash outflow (net of cash and cash equivalents acquired) on acquisition amounts to US\$ 10.067 million (RO 3.86 million). The recognized amount of net assets of STS as at the date of acquisition was US\$ 13.600 million (RO 5.2 million), resulting in a provisional goodwill of US\$ 12.159 million (RO 4.67 million). The provisional values assigned to the identifiable assets and liabilities as at the date of acquisition, are subject to review within one year of acquisition on finalization of the Purchase Price Allocation (PPA). STS is a company incorporated in British Virgin Islands engaged in providing digital transformation solutions in Jordan, KSA and other countries.

Xenon Electronic Payment Company W.L.L

During 2023, the Group, through Zain Fintech, acquired 83.39% equity interest of Xenon Electronic Payment Company W.L.L ("Bookeey") for a purchase consideration of RO 3.04 million. The provisional values of recognized amounts of net assets of Bookeey as at the date of acquisition was RO 0.841 million, resulting in a goodwill of RO 2.308 million. During Q1 2024, the Group finalized the Purchase Price Allocation ("PPA") exercise of Bookeey, and accordingly the consolidated financial statements have been adjusted to reflect the PPA adjustment to the provisional amounts. The adjustments resulted in an increase in 'License' by RO 2.33 million, increase in 'non-controlling interest' by RO 0.386 million and decrease in Goodwill by RO 1.94 million in the Group's consolidated financial statements as at the acquisition date. The cumulative impact of these PPA related adjustments was passed in 2024 as the restatement was not material for the consolidated financial statements.

IHS Netherlands GCC B.V.

During December 2024, the Group acquired 70% equity interest of IHS Netherlands GCC B.V. ("IHS") (note 8.2).

Financial support to Group companies

The Group has committed to provide working capital and other financial support to certain subsidiaries including Mobile Telecommunications Company Saudi Arabia ("SMTC"), Zain Jordan (Pella) and Al Khatem (Atheer) whose working capitals are in deficit. Based on business plans, the Group does not expect these conditions will have a material adverse impact on the operations of these Group companies.

4.1 Cash and bank balances

Cash and bank balances include the following cash and cash equivalents:

	2024	2023
		RO '000
Cash on hand and at banks	278,286	276,999
Short-term deposits with banks	51,637	185,248
Government certificates of deposits held by subsidiaries	2	7
	329,925	462,254
Allowance for expected credit loss (refer note 29)	(30,561)	(33,619)
Cash and cash equivalents in the consolidated statement of financial position	299,364	428,635
Cash at banks under lien	(2,852)	(1,343)
Government certificates of deposits with maturities exceeding three months held by subsidiaries	(2)	(7)
Cash and cash equivalents	296,510	427,285

The weighted average interest rate on short term deposits with bank is 4.5% (2023: 4.07%).

4.2 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 equivalent 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. Trade receivables and other current assets

	2024	2023
		RO '000
Trade receivables:		
Customers	790,442	716,405
Distributors	101,238	97,126
Other operators (interconnect)	143,109	143,115
Roaming partners	29,515	20,998
Allowance for expected credit loss (refer note 29)	(279,386)	(286,585)
	784,918	691,059
Other current assets:		
Accrued income	41,543	27,486
Staff	2,879	2,882
Deposits and other receivables	252,125	203,373
Prepayments and advances	210,529	172,460
Others (refer note below)*	197,947	195,226
Allowance for Expected credit loss (refer note 29)	(8,524)	(8,024)
	696,499	593,403
	1,481,417	1,284,462

For receivable from related parties refer note 27

Notes to the Consolidated Financial Statements – 31 December 2024

*In 2011, MTC paid US\$ 473 million (equivalent to RO 181.66 million) to settle the guarantees provided by the MTC to lending banks for loans to a founding shareholder of SMTC. The Group has been pursuing legal action for its recovery and in November 2016 the London Arbitration Court upheld the Group's right to recover the US\$ 473 million paid in addition to interest and costs. These amounts are secured by an agreement to transfer to the Group, the founding shareholder's shares in SMTC, which is currently pledged to the murabaha lenders of SMTC, and the shareholder loan in SMTC owed to the founding shareholder. The MTC has initiated the legal procedures necessary to enforce the arbitration award in and outside KSA. During the previous year, the courts in KSA rejected the MTC's application to enforce the arbitral award in KSA. During 2021 the MTC wrote to Supreme Judicial Counsel requesting that the matter be referred back to the enforcement court for reconsideration. The Supreme Judicial Counsel recommended that MTC file a second reconsideration motion with the Riyadh Appeal Court. On 21 June 2022, MTC filed its third reconsideration motion with the Riyadh Appeal Court. On 29 November 2022, the Riyadh Appeal Court dismissed MTC's motion for reconsideration. MTC is considering its strategy and options for proceeding with enforcement of the award. As part of the enforcement of the arbitration award, MTC filed on 23 March 2024, a motion for reconsideration in KSA. Subsequent hearings took place before the court and the enforcement proceedings are still ongoing to look into the motion for reconsideration.

In 2010, MTC paid US\$ 40 million (equivalent to RO 15.35 million) to settle guarantees provided by the MTC to lending bank for loans to a founding shareholder of SMTC. In 2013, the Group won a legal action for the recovery of that amount and is currently pursuing further legal action for its implementation in KSA at the High Supreme Court. Both the above amounts are secured by an agreement to transfer to the Group, the founding shareholder's shares in SMTC.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2024	2023
		RO '000
Omani Riyals	113,532	118,405
Kuwaiti Dinar	105,980	69,801
US Dollar	417,327	340,762
Bahraini Dinar	14,525	14,891
Sudanese Pound	9,107	15,614
Jordanian Dinar	47,595	43,467
Iraqi Dinar	127,623	115,420
Saudi Riyals	603,976	541,895
Others	41,752	24,207
	1,481,417	1,284,462

6. Inventories

	2024	2023
		RO '000
Handsets and accessories	125,101	94,103
Provision for obsolescence	(9,439)	(13,097)
	115,662	81,006

7. Investment securities

	2024	2023
		RO'000
Current investments		
At fair value through profit or loss		
Unquoted equities	18,553	1,136
Quoted equities	5,977	5,760
Funds -mandatorily at FVTPL	4,187	3,733
Other funds	41,434	38,411
	70,151	49,040

Noncurrent investments**At fair value through profit or loss**

Funds -mandatorily at FVTPL	18,080	18,739
Unquoted equities- designated at inception	6,624	6,618
	24,704	25,357

At fair value through other comprehensive income

Quoted equities- designated at inception	3,955	2,715
Funds	3,602	3,585
Unquoted equities - designated at inception	9,573	8,112
	17,130	14,412

Debt securities at amortised costs

	1,000	1,000
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Investment securities are denominated in the following currencies:

	2024	2023
		RO '000
Omani Rial	16,309	15,654
Kuwaiti Dinar	8,043	6,422
US Dollar	81,555	60,158
Other currencies	7,078	7,575
	112,985	89,809

8. Assets and liabilities of disposal group classified as held for sale and Discontinued operations**8.1 Assets and liabilities of disposal group classified as held for sale – Oman and Kuwait**

The carrying value of disposal group held for sale comprises of remaining telecom tower assets and remaining right of use of assets and its related lease liabilities classified as held for sale in Oman and Kuwait as follows.

	31 December 2024	31 December 2023
		RO'000
Telecom tower assets	-	2,349
Right of use of assets	-	3,905
	-	6,254
Lease liabilities	-	1,244

Oman

Phase 2 of the transaction with Helios Towers PLC which envisaged a further transfer of 227 sites did not proceed further and therefore the Group ceased to classify the assets related to these sites as held for sale in Oman (note 11).

KSA

During the year, SMTC sold and leased back 199 sites, resulting in derecognition of net book value of assets amounting to SAR 49.6 million (RO 5.04 million), goodwill amounting to SAR 4.9 million (RO 0.5 million) with a gain of SAR 14.1 million (RO 1.43 million). This also resulted in derecognition of right of use of assets and lease liabilities of SAR 37 million (RO 3.76 million) and SAR 39.3 million (RO 4.00 million) respectively with gain of SAR 2.2 million (RO 0.23 million).

ROU and LL created for leased back portion amount to SAR 11.8 million (RO 1.212 million) and SAR 17.8 million (RO 1.83 million) respectively.

Total gain realized for the transaction during the year amounts to SAR 21.2 million (RO 1.659 million).

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 (note 11, 12 and 16).

8.2 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 cash purchase consideration of US\$ 139.800 million (RO 53.442 million). IHS is engaged in the business of tower infrastructure services in Kuwait.

Details of the purchase consideration and IHS acquired exclusively with a view to resale are as follows:

	RO '000
Consideration transferred in cash	53,442
Acquisition date fair value of the previously held equity interest	22,903
Total purchase consideration	76,345
Fair value less cost to sell	78,075
Total liabilities of IHS	41,048
Total assets of IHS	119,123

The acquisition date fair value of the Group's previously held voting equity interest in IHS, was estimated at US\$ 59.915 million (RO 22.903 million). Since the business combination was achieved in stages, the Group remeasured the previously held equity holding at fair value and recognized the resultant gain of US\$ 55.406 million (RO 21.244 million) in the consolidated statement of profit or loss. The Group also recognized gain from eliminations of intercompany balances from existing lease relationships amounting to US\$ 21.109 million (RO 8.101 million), resulting in a total gain on business combination of US\$ 76.515 million (RO 29.345 million)

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.

9. Investments in associates and joint venture*Investments in associates*

	2024	2023
	RO'000	
Oman Fibre Optic Co SAOC	9,988	8,945
Majan Telecommunications LLC	5,266	5,419
Equinix Muscat LLC	4,152	2,443
Pearl REIF Fund	15,766	15,528
Etlaq services LLC	1,262	-
TASC Towers Holding Limited (refer note (below))	98,136	98,406
IHS Kuwait Ltd	-	1,300
Others	1,202	1,374
	135,772	133,415

TASC

The Group determines that it does not have the control over TASC on the basis that the Group does not have ability to have 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 retain a 49.3% stake each in TASC. The transaction (initial market closings) is in progress and is expected to be completed during 2025.

Notes to the Consolidated Financial Statements – 31 December 2024

Summarised financial information in respect of TASC is set out below based on the management accounts.

	2024	2023
		RO '000
Current assets	24,227	20,847
Non-current Assets	189,933	186,453
Current liabilities	41,395	34,145
Non-current liabilities	48,640	48,457
Equity attributable to owners of the parent company	105,678	106,201
Non-controlling interest	18,447	18,497
Revenue	59,240	33,409
Total comprehensive loss	(2,054)	(3,683)

Reconciliation of the above summarised financial information to the carrying amount of the interest in TASC recognised in the consolidated financial statements:

	2024	2023
		RO '000
Net assets of associate	105,678	106,201
Group's interest	92.87%	92.87%
Proportion of the group's ownership interest in the associate	98,143	98,629
Others	(7)	(223)
Carrying amount of the group's interest in the associate	98,136	98,406

IHS-Kuwait

During December 2024, the Group acquired 70% equity interest of IHS (note 8).

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

Investments in joint venture

This includes Group's RO 112.739 million (31 December 2023 - RO 106.433 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 the equity method based on management information provided by Wana Corporate.

10. Right of use of assets

The recognized right-of-use assets relate to the following types of assets:

31 December 2024

	RO'000		
	Land and building	Cellular and other equipment	Total
As at 1 January 2024	203,923	53,864	257,787
Add: Acquisition of subsidiaries	789	-	789
Add: Additions	84,229	15,089	99,318
Less: Amortisation	(47,223)	(15,475)	(62,698)
Less: Retirements and modifications	6,640	6,744	13,384
Add: Transfer from assets held for sale	3,976	-	3,976
Less: Impairment (refer note 2.1)	(75)	-	(75)
Exchange adjustments	(1,704)	804	(900)
Closing balance as at 31 December 2024	250,555	61,026	311,581

31 December 2023	RO'000		
	Land and building	Cellular and other equipment	Total
As at 1 January 2023	177,967	28,572	206,539
Add: Additions	111,114	40,088	151,202
Less: Amortisation	(38,579)	(14,540)	(53,119)
Less: Retirement	(8,345)	(24)	(8,369)
Transfers to assets of disposal group classified as held for sale	(35,487)	-	(35,487)
Exchange adjustments	(2,747)	(232)	(2,979)
Closing balance as at 31 December 2023 (excluding assets of disposal group classified as held for sale)	<u>203,923</u>	<u>53,864</u>	<u>257,787</u>

Land and building comprises mainly of telecommunication sites on lease.

The Group does not have any lease contracts with variable lease payments which are not included in the measurement of the lease liabilities.

The Group's leasing activities and how these are accounted for:

The Group mostly leases indoor and outdoor spaces for installation of its telecommunications sites. Rental contracts are typically made for fixed periods of 1 to 15 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

11. Property and equipment

	Land and buildings and leasehold improvements	Telecomm and other equipment	Projects in Progress	Total RO '000
Cost				
As at 1 January 2023	174,521	5,151,428	178,719	5,504,668
Acquisition of subsidiaries (note 3)	-	3,384	-	3,384
Additions	1,200	65,666	367,598	434,464
Transfers/Reclassification	3,294	208,124	(214,495)	(3,077)
Disposals/write off (including disposal of subsidiary)	(476)	(75,120)	(2,062)	(77,658)
Exchange adjustments	(1,699)	(26,134)	(13,621)	(41,454)
As at 1 January 2024	176,840	5,327,348	316,139	5,820,327
Acquisition of subsidiaries (note 3)	-	3,112	-	3,112
Additions	1,133	64,348	409,327	474,808
Transfers/Reclassification	3,635	277,915	(298,413)	(16,863)
Transfer from assets held for sale	-	5,020	-	5,020
Disposals/write off (including disposal of subsidiary)	(94)	(21,758)	(234)	(22,086)
Exchange adjustments	182	29,417	(23,703)	5,896
As at 31 December 2024	181,696	5,685,402	403,116	6,270,214
Accumulated depreciation				
As at 1 January 2023	91,672	3,657,081	-	3,748,753
Acquisition of subsidiaries (note 3)	-	1,226	-	1,226
Charge for the year	5,265	312,434	-	317,699
Transfers/reclassification	-	10,555	-	10,555
Disposals/write off (including disposal of subsidiary)	(473)	(68,647)	-	(69,120)
Impairment (note 2.1)	-	-	16,670	16,670
Exchange adjustment	(288)	(14,377)	(4,835)	(19,500)
As at 1 January 2024	96,176	3,898,272	11,835	4,006,283
Acquisition of subsidiaries (note 3)	-	2,215	-	2,215
Charge for the year	4,839	314,227	-	319,066
Transfers/reclassification	-	4	-	4
Transfer from assets held for sale	-	2,655	-	2,655
Disposals/write off (including disposal of subsidiary)	(90)	(15,432)	-	(15,522)
Impairment (note 2.1)	733	7,739	3,613	12,085
Exchange adjustment	750	31,593	(7,045)	25,298
As at 31 December 2024	102,408	4,241,273	8,403	4,352,084
Net book value				
As at 31 December 2024	79,288	1,444,129	394,713	1,918,130
As at 31 December 2023	80,664	1,429,076	304,304	1,814,044

Exchange adjustments in previous year includes effect of hyperinflationary restatement of property and equipment in Zain South Sudan based on the respective price index changes.

Other non-current assets : Include advances of RO 120.98 million (2023: RO 52.28 million) paid for project in progress.

12. Intangible assets and goodwill

	Goodwill	Licences and spectrum fees	Others	Capital Work in Progress	Total RO '000
Cost					
As at 1 January 2023	1,038,507	3,724,476	1,112,560	7,785	5,883,328
On acquisition of subsidiaries	15,712	611	3,583	-	19,906
Additions	-	35,415	17,592	6,528	59,535
Disposals	(46,442)	(7,779)	(533)	-	(54,754)
Transfers/reclassification	-	-	2,334	(1,561)	773
Exchange adjustments	(2,781)	(11,168)	(5,950)	(30)	(19,929)
As at 1 January 2024	1,004,996	3,741,555	1,129,586	12,722	5,888,859
On acquisition of subsidiaries (note 3)	3,680	2,431	-	-	6,111
Additions	-	19,263	28,460	2,681	50,404
Disposals	(501)	(8,222)	(1)	-	(8,724)
Impairment	-	-	(769)	-	(769)
Transfers/reclassification	-	-	(30)	-	(30)
Exchange adjustments	10,279	48,738	7,890	176	67,083
As at 31 December 2024	1,018,454	3,803,765	1,165,136	15,579	6,002,934
Accumulated amortization					
As at 1 January 2023	-	1,903,037	590,745	-	2,493,782
On acquisition of subsidiaries (note 3)	-	32	-	-	32
Charge for the year	-	116,167	62,293	-	178,460
Related to disposals	-	(7,779)	(294)	-	(8,073)
Transfers/reclassification	-	-	(111)	-	(111)
Exchange adjustments	-	(4,992)	(2,715)	-	(7,707)
As at 1 January 2024	-	2,006,465	649,918	-	2,656,383
On acquisition of subsidiaries (note 3)	-	23	-	-	23
Charge for the year	-	121,261	66,794	-	188,055
Related to disposals	-	(8,013)	(1)	-	(8,014)
Transfers/reclassification	-	170	113	-	283
Exchange adjustments	-	27,639	4,156	-	31,795
As at 31 December 2024	-	2,147,545	720,980	-	2,868,525
Net book value					
As at 31 December 2024	1,018,454	1,656,220	444,156	15,579	3,134,409
As at 31 December 2023	1,004,996	1,735,090	479,668	12,722	3,232,476

Goodwill has been allocated to each country of operation as that is the Cash Generating Unit (CGU) which is expected to benefit from the synergies of the business combination. It is also the lowest level at which goodwill is monitored for impairment purposes. Goodwill and the CGU to which it has been allocated are as follows:

	2024	2023
	RO'000	
Zain Kuwait	197,071	194,857
Zain Jordan (Pella)	181,891	179,393
Atheer	231,033	227,844
SMTC	388,183	386,521
Zain Tech (note 3)	18,490	13,403
Others	1,786	2,978
	1,018,454	1,004,996

Impairment testing

The Group determines whether goodwill or intangible assets with indefinite useful lives are impaired, at least on an annual basis. This requires an estimation of the recoverable amount of the CGUs to which these items are allocated. The recoverable amount is determined based on value-in-use calculations or fair value less cost to sell if that is higher. The Group determines the recoverable amounts of all CGUs based on value in use. Group management used the following approach to determine values to be assigned to the following key assumptions, in the value in use calculations:

Key assumption Basis used to determine value to be assigned to key assumption

Growth rate Increase in competition expected but no significant change in market share of any CGU as a result of ongoing service quality improvements and expected growth from technology and license upgrades. The growth rates are consistent with forecasts included in industry and country reports.

Compounded annual growth within the five year period in revenue of up to 2.1% (2023: 1.58%) for Zain Kuwait, 9.92% (2023: 8.76%) for Atheer 1.8% (2023: 2.73%) for Pella and SMTC 2.6% (2023:3.55%) during the projected five year period. Value assigned reflects past experience and changes in economic environment.

Cash flows beyond the four to five year period have been extrapolated using a growth rate of upto of 2.6% (2023:4.7%) for Zain Kuwait,7.2% (2023:4.7%) for Atheer, 2.5% (2023:4.7%) for Pella and SMTC 5.5% (2023:4.7%). This growth rate does not exceed the long-term average growth rate of the market in which the CGU operates.

Capital expenditure The cash flow forecasts for capital expenditure are based on experience and include the ongoing capital expenditure required to continue rolling out networks to deliver target voice and data products and services and meeting license obligations. Capital expenditure includes cash outflows for the purchase of property, plant and equipment and other intangible assets.

Discount rate Discount rates of 8.1% (2023: 8.5%) for Zain Kuwait, 14.9% (2023: 15.7%) for Atheer 11.2% (2023: 12.4%) for Pella and SMTC 8.2% (2023: 8.4%). Discount rates reflect specific risks relating to the relevant CGU.

The Group has performed a sensitivity analysis by varying these input factors by a reasonably possible margin and assessing whether the change in input factors results in any of the goodwill allocated to appropriate cash generating units being impaired. These calculations use cash flow projections based on financial budgets approved by management covering a five year period. The recoverable amounts of all CGUs were higher than the carrying amount of the CGUs except for Pella- Zain Jordan where an increase in discount rate by 1% at a long term growth rate of 2.5% will result in an impairment loss of RO 36.5 Mn. The recoverable amounts of all CGUs were higher than the carrying amount of the CGUs.

License and spectrum

	End of amortisation period	2024	2023
			RO '000
Mobile licence and Spectrum-Sultanate of Oman	2034	52,595	55,547
Fixed licence and Spectrum-Sultanate of Oman	2029	3,706	2,311
License – SMTC	2047	1,167,284	1,201,227
License – Atheer	2030	120,163	138,637
License – Pella	2026 to 2036	167,237	171,789
Spectrum – SMTC	2032 to 2034	115,142	126,016
Spectrum-Atheer	2027	12,287	16,190
Others		17,806	23,373
		1,656,220	1,735,090

Atheer

This includes the fee paid for the initial license in 2007, its renewal in 2020, 3G license in 2015 and for the 4G license in 2020.

Pella

This includes the fees of JD 156.375 million (RO 84.64 million) paid in 2021, to renew the new dynamic Telecom license from Telecom Regulatory Commission ("TRC") for a period of 15 years.

Others

Others include Brand and customer relationships acquired as part of business combination which is amortised over a period of 4 to 20 years.

13. Trade and other payables

	2024	2023
		RO '000
Trade payables and accruals	1,286,314	1,130,385
Due to roaming partners	28,776	28,278
Due to other operators (interconnect)	46,635	64,592
Dues to regulatory authorities (refer below)	98,616	74,102
Taxes payable	95,979	125,758
Dividend payable	19,983	31,179
Other payables	107,643	112,150
	<u>1,683,946</u>	<u>1,566,444</u>

Dues to regulatory authorities includes:

Oman

RO 1.495 million payable to Telecommunication Regulatory authority (TRA) Oman by the Company (Refer note 17)

KSA

SAR 401.9 million (RO 41.1 million) (2023: SAR 148 million (RO 14.91 million)) payable by SMTC to Ministry of Finance KSA.

14. Income tax payables

	2024	2023
		RO'000
Oman	14,891	8,629
Atheer – Iraq	7,932	7,083
Pella – Jordan	6,912	7,064
Other	7,994	9,406
	<u>37,729</u>	<u>32,182</u>

Parent Company-Oman

Tax assessments for Parent Company (Sultanate of Oman) are finalized till tax years 2019.

During the year 2023, Oman tax authority carried a reassessment for the tax year 2017 raising a demand for RO 1.8 million disallowing certain write offs with respect to an investment in an erstwhile subsidiary. During the period the Company filed an objection against the reassessment order which was decided against the Company. The Company filed a grievance with the tax committee .

Notes to the Consolidated Financial Statements – 31 December 2024

For tax year 2019, Oman tax authority raised a demand for RO 2.5 million disallowing certain write offs on debtors and inventory. During the period Company filed an objection against the order which was decided against the Company. The impact of such disallowances for the remaining tax years from 2020 to 2024 is estimated to be an additional amount of RO 6.3 million. The Company believes that no additional tax liability will arise upon completion of the assessments for the remaining tax years.

15. Borrowings

	2024	2023
	RO '000	
<i>Parent Company</i>		
Short term loan	37,500	25,000
Bridge loan	-	177,146
Long term loan	5,198	7,684
	42,698	209,830
<i>Oztel</i>		
Bonds	265,717	264,988
<i>OTEL Sukuk Ltd</i>		
Sukuk	192,550	-
<i>Oman Data Park</i>		
Long term loans	9,823	9,400
<i>Mobile Telecommunications Company-Kuwait</i>		
Short term loans	49,890	30,278
Long term loans	824,572	692,836
	874,462	723,114
<i>SMTc</i>		
Short term loans	51,186	-
Long term loans	590,138	527,319
Payable to Ministry of Finance-KSA (Murhaba facility)	199,158	261,154
	840,482	788,473
<i>Zain Jordan</i>		
Short term loans	8,119	-
Long term loans	99,776	98,406
	107,895	98,406
<i>Atheer</i>		
Bank overdrafts	-	633
Long term loans	230,645	266,347
	230,645	266,980
<i>Future cities SAOC</i>		
Long term loan	6,865	4,728
<i>Others</i>		
Bank Overdrafts	-	1,227
Short term loans	195	-
Long term loans	2,462	-
	2,657	1,227
	2,573,794	2,367,146

Notes to the Consolidated Financial Statements – 31 December 2024

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

	2024	2023
	RO '000	
Opening balance	2,367,146	2,287,651
Acquisition of a subsidiary	2,883	-
Accretion of interest	18,567	29,859
Reclassification from other liabilities-Payable to Ministry of Finance-KSA	-	309,463
Proceeds from bank borrowings	964,494	436,944
Repayment of bank borrowings	(839,234)	(681,987)
Increase in borrowings due to vendor financing arrangement	75,015	-
Payment of interest	(17,681)	(27,707)
Effect of change in foreign exchange rates	2,604	12,923
	2,573,794	2,367,146

The current and non-current amounts are as follows:

	2024	2023
	RO '000	
Current liabilities	894,825	487,100
Non-current liabilities	1,678,969	1,880,046
	2,573,794	2,367,146

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2024	2023
	RO '000	
US Dollar	1,032,785	1,127,542
Kuwaiti Dinar	731,822	509,178
Saudi Riyals	744,414	690,072
Jordanian Dinar	10,585	-
Omani Rial	54,188	40,354
	2,573,794	2,367,146

The effective interest rate as at 31 December 2024 was 0.76% to 7.09% (2023 – 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 Amortisation (EBITDA);
- adjusted consolidated EBITDA to adjusted consolidated net interest payable;
- consolidated net borrowings to consolidated net worth (equity);

Parent Company and Oztel

Short term loan

During the year the Parent Company :

- drawn down RO 221 million (31 December 2023: RO 80 million) from a revolving credit facility of RO 235 million.
- repaid RO 208.5 million (31 December 2023: RO 55 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 13.5 million (RO 5.2 million) (2023-USD 20.0 million (RO 7.7 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.

Bridge loan

On 19 October 2023 the Parent company acquired a bridge loan of USD 460 million (RO 177.146 million) to repay the 5.5 year bonds. The bridge loan carried an interest rate of 3 months Term SOFR plus a margin of 1 percent with the effective interest rate being 6.39%. The loan was unsecured.

On 24 January 2024, the Parent Company through its Special Purpose vehicle OTEL Sukuk Limited issued a 7 year Sukuk for USD 500 million (RO 192.550 million). The proceeds were utilized to repay the bridge loan of USD 460 million.

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 265.717 million) (2023: 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 31 December 2024 is USD 710.1 million (RO 273.46 million) (31 December 2023: USD 720 million (RO 277.27 million))

OTEL Sukuk Limited

During the year, OTEL Sukuk limited issued USD 500 million (RO 192.550 million) (2023 : NIL) 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 498.4 million (RO 191.9 million).

Mobile Telecommunications Company K.S.C.P (MTC)

During the year, the Company has;

- drawn down loans amounting to RO 437.69 million from the existing facilities (31 December 2023 - RO 185.55 million). This includes:
 - RO 180.27 million of a revolving credit facility amounting to RO 429.9 million.
 - RO 124.6 million of a long-term facility amounting to RO 124.6 million.
 - RO 37.4 million of a long-term facility amounting to RO 37.4 million.
 - RO 18.7 million of a long-term facility amounting to RO 115.9 million.
 - US\$ 130 million (RO 49.88 million) of a revolving credit facility amounting to US\$ 130 million.
 - US\$ 70 million (RO26.86 million) of a a long-term facility amounting to US\$ 600 million.

repaid loans amounting to RO 294.5 million (31 December 2023 – RO 154.59 million). This includes:

- RO 123.8 million of a revolving credit facility amounting to RO 123.8 million.
- RO 18.7 million of a revolving credit facility amounting to RO 124.6 million.
- US\$ 147.028 million (RO 56.43 million) of a long-term facility amounting to US\$ 317 million.
- US\$ 80 million (RO 30.66 million) of a revolving credit facility amounting to US\$ 130 million.
- US\$ 145 million (RO 55.57 million) of a long-term facility amounting to US\$ 200 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 and are unsecured.

SMTC

Long-term loans include:

- 1) SAR 5,029 million (RO 514.82 million) (31 December 2023: SAR 5,233 million equivalent to RO 527.32 million) syndicated murabaha facility availed from a consortium of banks. As on 31 December 2024, the outstanding hedge balance of the syndicated loan through a profit rate swap contract is SAR 1,920 million (RO 196.55 million).

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 614.23 million), consisting of SAR 4.880 billion (RO 499.57 million) and US\$ portion of SAR 1.120 billion (RO 114.65 million) for refinancing of the existing Term Murabaha Facility amounting to SAR 3,480 million (RO 356.25 million) and balance for future specified business purposes. SAR 2,560 million (RO 262.07 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 101.1 million) consisting of SAR 813.393 million (RO 83.27 million) and a US\$ portion totaling to SAR 186.607 million (RO 19.1 million).

The Murabaha Facility continues to be secured partially by a guarantee from MTC 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. A portion of above syndicated loan has been hedged through a profit rate swap contract.

- 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.
- 3) During the year, SMTC signed with Al Rajhi bank in KSA for SAR 1,125 million (RO 115.17 million) facility to fund for the CAPEX payment against several projects and receivables discounting banking facility up to SAR 500 million (RO 51.18 million). SMTC have availed SAR 736 million (RO 75.34 million) of the CAPEX facility and SAR 500 million (RO 51.18 million) of the account receivable factoring facility as at the reporting period. The interest amounting to SAR 21.270 million (RO 2.18 million) has been capitalized by SMTC during year, based on effective interest rate of the loan. SMTC has realised SAR 0.403 million (RO 0.041 million) from transaction cost (31 December 2023: nil) as at the year end. The facility doesn't have any security assigned to it.

Zain Jordan

Long term loans include:

- 1) US\$ 160 million (RO 61.4 million) (31 December 2023 – US\$ 160 million equivalent to RO 60.55 million) term loan from a commercial bank which is repayable by 2025.
- 2) US\$ 100 million (RO 38.37 million) (31 December 2023 – US\$ 100 million equivalent to RO 37.84 million) term loan from a commercial bank which is repayable by 30 April 2027.

Atheer

Notes to the Consolidated Financial Statements – 31 December 2024

Long term loans include:

- 1) US\$ 50 million (RO 19.19 million) (31 December 2023 – US\$ 50 million equivalent to RO 18.92 million) term loan from a commercial bank which was repayable by 17 December 2024. In December 2024, this was rescheduled and repayable by 17 January 2025.
- 2) US\$ 105 million (RO 40.29 million) (31 December 2023 – US\$ 105 million equivalent to RO 39.74 million) term loan from a commercial bank which is repayable by 30 June 2026.
- 3) US\$ 71 million (RO 27.25 million) (31 December 2023 – US\$ 125 million equivalent to RO 47.31 million) revolving credit facilities from a commercial bank which is repayable by 17 December 2025.
- 4) US\$ 100 million (RO 38.38 million) (31 December 2023 – US\$ 100 million equivalent to RO 37.85 million) term loan from a commercial bank which is repayable by 30 July 2026.
- 5) US\$ 50 million (RO 19.18 million) (31 December 2023 – US\$ 50 million equivalent to RO 18.92 million) term loan from a commercial bank, this was rescheduled to revolving credit facility which is repayable by 24 April 2027.
- 6) US\$ 125 million (RO 47.97 million) (31 December 2023 – US\$ 125 million equivalent to RO 47.31 million) term loan from a commercial bank which is repayable by 03 May 2025.
- 7) US\$ 100 million (RO 38.38 million) (31 December 2023 – US\$ 100 million equivalent to RO 37.84 million) term loan from a commercial bank which is repayable by 19 August 2027.

These facilities are guaranteed by the MTC (and carry a floating interest rate of a fixed margin over three month term SOFR).

Future cities SAOC

Long term loans include

- 1) RO 3.570 million term loan (2023- RO 4.728 million) from a commercial bank which is repayable by 31 July 2027. The loan is secured by assignment of receivables.
- 2) RO 3.295 million term loan (2023- RO Nil) from a commercial bank whose repayment starts from December 2026.

16. Lease liabilities

	2024	2023
		RO '000
Balance as of 1 January	355,227	243,992
Acquisition of subsidiary	843	-
Additions	99,272	203,805
Accretion of interest	24,082	20,141
Payments	(91,445)	(77,177)
Retirements	8,985	(6,745)
Transfers from/(to) liabilities of disposal group classified as held for sale	792	(26,250)
Exchange adjustments	760	(2,539)
Closing balance as at 31 December		
(excluding liabilities of disposal group classified as held for sale)	398,516	355,227
Current	45,327	45,653
Non-current	353,189	309,574
	398,516	355,227

Maturity analysis of lease liability is given in note 29 to the consolidated financial statements. The weighted average lessee's incremental borrowing rate applied to the lease liabilities was in the range of 3.8% to 21% (2023: 3.5% to 21%).

The carrying amounts of the lease liabilities are denominated in the following currencies:

2024	2023
	RO '000

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Omani Rials	133,970	138,517
Saudi Riyals	152,432	124,263
US Dollar	14,988	16,069
Jordanian dinar	16,056	15,375
Bahraini dinar	21,770	17,512
Kuwaiti Dinar	16,895	8,740
Others	42,405	34,751
	398,516	355,227

17.1 Other non-current liabilities

	2024	2023
		RO '000
Due to Telecommunication Regulatory Authority-Oman	6,930	-
Due for acquisition of Spectrum-KSA	178,993	193,678
Payable towards sale and lease back-financing	85,625	90,930
Customer deposits	3,235	5,567
Post-employment benefits	74,834	70,386
Others	27,159	45,655
	376,776	406,216

Oman

During the year the Parent company agreed to settle a government royalty claim related to certain areas of Wholesale revenue from years 2013-2019. The settlement is in the amount of RO 10 million and will be payable in 5 equal instalments starting from 31 December 2025. It resulted in a gain of RO 13.2 million to the statement of profit or loss. From year 2020 onwards royalty is not applicable on the disputed revenues. The amount payable was discounted using an effective interest rate of 6%. The current portion amounting to RO 1.495 million is recorded under trade and other payables.

17.2 Government grant

	2024	2023
		RO '000
Balance as of 1 January	-	-
Recognised during the year	4,226	-
Offset in statement of profit or loss during the year	-	-
Closing balance as at 31 December	4,226	-
Current	-	-
Non-current	4,226	-
	4,226	-

Oman

The Parent company in Oman received a conditional waiver of 3% of fixed line royalty from the Telecommunication Regulatory Authority (TRA) for the years 2022 to 2024.

For the waiver relating to year 2022, the Company is required to invest in specific sites agreed upon with the TRA. The Company entered into an agreement with a third party (contractor) to complete the work associated with this grant. The grants condition requires the work to be completed on the sites before 31 December 2024. During the year the Company had reasonable assurance that the specified conditions were met and has accordingly recognized the amount relating to year 2022 as deferred government grant and will be offset in the statement of profit or loss against the depreciation of the related assets.

The amounts relating to years 2023 and 2024 has not been recognized as the conditions for these years are still in the process of finalization with the TRA.

18. Share capital and reserves

Share capital (par value of RO 0.100 per share)

	2024	2023
	No. of shares	No. of shares
<i>Authorised, Issued and fully paid up</i>	750,000,000	750,000,000
	RO'000	RO'000
<i>Authorised, Issued and fully paid up</i>	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:

	2024		2023	
	Shares held	%	Shares held	%
United International Telecommunications Investment and Projects LLC	382,500,345	51	382,500,345	51

Own shares held by liquidity provider

During 2024, the Parent company engaged a third party licensed liquidity provider on Muscat Securities Exchange (MSX) to facilitate the selling and buying of its own shares. At 31 December 2024 the liquidity provider held RO 0.191 million of the shares on behalf of the Company at par value.

The premium recognized on trading in its shares is recorded as "Reserve on trading in own shares". Such reserve which amounted to RO 1.81 million is classified under equity. Included under the reserve is a net loss of RO 0.227 million realized during the year ended 31 December 2024.

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 Telecommunication Regulatory Authority, Oman 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 mainly from Zain Sudan and Zain South Sudan.

Other reserves

Other reserves mainly includes hedge reserves gain amounting to RO 0.23 million (2023- RO 0.5 million).

Dividend – 2023

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The annual general meeting of shareholders for the year ended 31 December 2023 held on 30 March 2024 approved distribution of final dividends of 55 baiza per share for the year 2023 (31 December 2022- 55 baiza)

Proposed dividend for year 2024

The Board of Directors, subject to the approval of shareholders, recommends distribution of a final dividend of 55 baiza per share (2023 - 55 baiza per share) to the registered shareholders, after obtaining the approval at AGM.

Unclaimed dividend

During the year unclaimed dividends of RO 44,256 (2023-RO 116,130) was transferred to Investor protection trust fund.

19. Revenue

19.1 Disaggregated revenue information

The total revenue disaggregated by major service lines is:

	2024	2023
	RO '000	
Airtime, data, subscription and other services	2,665,589	2,595,620
Trading income	364,494	347,097
	3,030,083	2,942,717

The total revenue disaggregated by primary geographical market and timing of revenue recognition is disclosed in note 25.

The Group has recognized the following contract assets and liabilities related to contract with customers;

19.2 Contract balances

Contract assets

	2024	2023
	RO '000	
Assets relating to sale of handsets		
Current and non-current	235,283	203,591
Expected Credit loss (ECL)	(2,375)	(7,800)
	232,908	195,791

The amount is disclosed in the statement of financial position as follows:

	2024	2023
	RO '000	
Current	139,631	125,754
Non current	93,277	70,037
	232,908	195,791

Contract liabilities

	2024	2023
	RO'000	
Deferred revenue-Prepaid customers	83,941	87,299
Billing in advance-others	35,321	27,063

119,262	114,362
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As permitted under IFRS 15, the Group does not disclose transaction price allocated to the remaining performance obligations as it primarily provides services that corresponds directly with the value transferred to the customer.

20. Cost of sales and operating and administrative expenses

20.1 Cost of sales

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

20.2 Operating and administrative expenses

Operating and administrative expenses also includes staff costs of RO 309.809 million (2023 – RO 294.24 million).

21. Investment income

	2024	2023
	RO '000	
Gain on investments at fair value through profit or loss	10,501	14,843
Dividend income	872	784
	11,373	15,627

22. Finance cost

	2024	2023
	RO '000	
Interest on borrowings	138,127	141,267
Interest on lease liabilities	28,656	27,125
Interest relating to license and spectrum payable	11,897	11,974
Interest payable to Ministry of Finance KSA	16,258	16,437
Others	5,103	3,103
	200,041	199,906

23. Income tax expenses

This represents the income tax and other tax expenses of subsidiaries.

	2024	2023
	RO '000	
<i>Income tax expense</i>		
Corporate income tax	31,691	32,962
Reversal of corporate income taxes in respect of previous years	(2,004)	-
Other taxes	955	1,731
	30,642	34,693

The tax rate applicable to the taxable subsidiary companies is in the range of 7% to 26% (2023: 7% to 26%) whereas the effective income tax rate for the year ended 31 December 2024 is in the range of 11% to 24% (2023: 4% to 24%). For the purpose of determining the taxable results for the year, the accounting profits were adjusted for tax purpose. The adjustments are based on the current understanding of the existing laws, regulations and practices of each overseas subsidiary companies' jurisdiction.

Pillar 2 Income Taxes

The jurisdictions in which the Group operate including the Sultanate of Oman and State of Kuwait have joined the OECD's Inclusive Framework (IF). The Group's earnings in certain jurisdictions, primarily Kuwait, Bahrain and Cayman Islands are subject to a lower effective tax rate compared to the proposed global minimum. Sultanate of Oman has enacted the implementation of a minimum tax of 15% through Domestic Minimum Top-up Tax (DMTT) and a top up tax on entities which are part of Multinational Enterprise Groups (MNE) through the Income Inclusion Rule (IIR) effective from the year 2025. The Kingdom of Bahrain and State of Kuwait has enacted a 15% DMTT on entities which are part of MNE Groups effective from the year 2025. Additionally, as of 2024, the Netherlands—where the Parent Company of Zain Sudan is domiciled—has enacted Pillar 2 rules in particular DMTT and IRR in 2024 and Undertaxed Profits Rule (UTPR) in 2025. This ensures that undertaxed profits from any of the Group's jurisdictions will be subject to the global minimum tax rate of 15% starting in 2025.

The Group has conducted an assessment of its Pillar 2 position for 2024 in accordance with OECD guidelines. The analysis confirms that the Group does not have an additional top-up tax liability for 2024 in jurisdictions where Pillar 2 legislation is already in force, as the effective tax rates in those jurisdictions either meet or exceed the 15% global minimum tax rate. However, the Group anticipates an increase in its effective tax rate from 2025 due to the implementation of Pillar 2 in low-tax jurisdictions such as Kuwait, Bahrain, Oman and the UAE.

As the Executive Regulations for Kuwait's DMTT and Omans executive regulations for IIR have not yet been issued, the financial impact for 2025 cannot be reasonably estimated at this time. The Group continues to monitor developments and assess the implications of the evolving Pillar 2 tax regulations on its future financial position and performance.

The Company has applied the mandatory temporary exception provided under Amendments to IAS 12 – Income Taxes to neither recognize nor disclose information on deferred tax assets or liabilities related to Pillar Two income taxes.

24. Earnings per share

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

	2024	2023
	RO'000	RO '000
Profit for the year attributable to shareholders of the Company		
From continuing operations	77,857	74,792
From discontinued operations	195	-
	No of shares	No of Shares
Weighted average number of shares*	748,906,248	750,000,000
	RO	RO
Basic and diluted earnings per share		
From continuing operations	0.104	0.100

*The weighted average number of shares takes into account the weighted average effect of change in treasury shares during the year.

25. Segment 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 disclosure criterion, the Group has identified its telecommunications operations in Oman, Kuwait, Jordan, Sudan, Iraq, Bahrain and KSA as the basis for disclosing the segment information.

During the year the Group revised the Segment result of Oman to include the share of profit from associates, investment income relating to its operations in Oman. Previous year figures are restated to reflect the revised presentation.

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31 December 2024	Oman RO'000	Kuwait RO'000	Jordan RO'000	Sudan RO'000	Iraq RO'000	Bahrain RO'000	KSA RO'000	Others RO'000	Elimination	Total RO'000
Segment revenues – airtime, data,subscriptions (Over time)	560,246	306,211	199,949	96,176	412,275	63,167	940,744	84,754	-	2,663,522
Segment revenues - trading income (Point in time)	62,304	160,648	13,598	3,569	2,077	15,457	119,726	100	(10,918)	366,561
Net profit before interest and tax	71,595	104,612	49,388	49,531	83,841	6,101	132,366	(12,740)	-	484,694
Interest income	1,959	3,259	413	1,316	946	407	3,305	276	-	11,881
Investment income	966	-	-	-	-	-	-	-	-	966
Gain from discontinued operations and sale and leaseback transactions	-	-	-	-	-	-	2,160	-	(501)	1,659
Share of results of associates and joint venture	5,632	-	-	-	-	-	-	-	(1,514)	4,118
Dividend income from Zain group	41,526	-	-	-	-	-	-	-	(41,526)	-
Finance costs	(42,772)	(1,304)	(13,533)	(1,439)	(29,829)	(1,266)	(75,190)	(843)	-	(166,176)
Income tax expenses	(9,458)	-	(9,380)	(5,024)	(7,630)	-	-	79	-	(31,413)
	69,448	106,567	26,888	44,384	47,328	5,242	62,641	(13,228)	(43,541)	305,729
<i>Unallocated items:</i>										
Investment income										10,407
Share of results of associates and joint venture										3,428
Others (including unallocated income tax and finance costs net of elimination)										(12,765)
Profit for the year										306,799
Segment assets including allocated goodwill	1,796,319	1,061,092	649,050	60,690	1,046,728	131,085	3,214,742	261,505	(850,336)	7,370,875
ROU asset	96,047	34,364	12,889	1,301	30,193	21,430	112,419	2,938	-	311,581
<i>Unallocated items:</i>										
Investment securities at FVTPL										64,174
Investment securities at FVOCI										17,130
Investment in associates and joint venture										248,511
Others (net of eliminations)										153,565
Consolidated assets										8,165,836
Segment liabilities	450,865	323,434	191,770	55,702	255,746	32,987	793,375	279,884	-	2,383,763
Lease liabilities (Current & non-current)	133,970	30,025	15,753	1,531	40,179	21,770	152,431	2,857	-	398,516
Borrowings	517,654	-	107,895	-	230,645	-	840,483	2,657	-	1,699,334
	1,102,489	353,459	315,418	57,233	526,570	54,757	1,786,289	285,398	-	4,481,613
<i>Unallocated items:</i>										
Borrowings										874,460
Others (net of eliminations)										(120,776)
Consolidated liabilities										5,235,297
Net consolidated assets										2,930,539
Capital expenditure incurred during the year	98,006	48,537	34,694	52,545	93,527	12,591	151,684	14,351	-	505,755
Unallocated (net of eliminations)										1,921
Total capital expenditure										507,676
Depreciation and amortization	97,218	85,835	35,051	12,273	79,170	14,677	189,805	7,966	-	521,995
Amortization of ROU assets	11,664	9,207	1,789	842	4,315	4,565	26,585	658	-	59,625
Unallocated										1,128
Total depreciation and amortization										582,748

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	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 (Over time)	539,658	314,871	189,679	209,167	367,442	59,108	880,095	35,600	-	2,595,620
Segment revenues - trading income (Point in time)	66,805	131,023	9,877	2,688	2,966	13,805	119,174	759	-	347,097
Net profit before interest and tax	70,244	93,829	50,875	88,363	56,815	5,669	98,193	(12,274)	-	451,714
Interest income	2,492	3,666	846	4,221	860	409	7,043	278	-	19,815
Investment income	1,951	-	-	-	-	-	-	-	-	1,951
Gain from discontinued operations and sale and leaseback transactions	-	1,327	-	-	12,252*	-	68,757	-	(12,252)	70,084
Share of results of associates and joint venture	2,923	-	-	-	-	-	-	-	-	2,923
Dividend income from Zain Group	41,531	-	-	-	-	-	-	-	(41,531)	-
Finance costs	(42,968)	(971)	(16,196)	(1,816)	(33,209)	(999)	(72,856)	(353)	-	(169,368)
Income tax expenses	(8,036)	-	(9,787)	(8,548)	(5,803)	-	-	(1,830)	-	(34,004)
	68,137	97,851	25,738	82,220	30,915	5,079	101,137	(14,179)	(53,783)	343,115
<i>Unallocated items:</i>										
Investment income										13,676
Share of results of associates and joint venture										1,450
Others (including unallocated income tax and finance costs net of elimination)										(42,757)
Profit for the year										315,484
Segment assets including allocated goodwill	1,745,374	950,566	637,086	151,018	949,765	129,473	3,086,514	180,862	(854,545)	6,976,113
ROU asset	99,856	14,586	12,322	2,787	23,685	17,416	84,928	2,207	-	257,787
<i>Unallocated items:</i>										
Investment securities at FVTPL										43,280
Investment securities at FVOCI										14,412
Investment securities at amortised cost										-
Investment in associates and joint venture										239,848
Others (net of eliminations)										218,529
Consolidated assets										7,749,969
Segment liabilities	453,509	210,034	207,370	58,123	178,745	34,661	780,727	194,332	(4,209)	2,113,292
Lease liabilities (Current & non-current)	138,517	22,393	15,054	2,043	33,365	17,512	124,262	2,081	-	355,227
Borrowings	490,175	-	98,406	-	266,982	-	788,472	-	-	1,644,035
	1,082,201	232,427	320,830	60,166	479,092	52,173	1,693,461	196,413	(4209)	4,112,554
<i>Unallocated items:</i>										
Borrowings										723,111
Others (net of eliminations)										7,156
Consolidated liabilities										4,842,821
Net consolidated assets										2,907,148
Capital expenditure incurred during the year	115,815	57,383	61,995	41,613	74,302	12,887	96,613	32,260	-	492,868
Unallocated (net of eliminations)										1,334
Total capital expenditure										494,202
Depreciation and amortization	92,299	84,607	30,556	17,064	76,857	12,992	187,109	7,907	-	509,391
Amortization of ROU assets	10,298	8,497	1,572	949	3,452	4,176	24,740	(565)	-	53,119
Unallocated										3,438
Total depreciation and amortization										565,948

*Eliminated at group level

26. Subsidiaries with significant non-controlling interests

The summarized financial information for the Group's subsidiaries that have significant non-controlling interests is set out below.

	Zain Group	
	2024	2023
	RO'000	
Current assets	1,934,109	1,712,430
Non-current assets	4,624,971	4,442,269
Current liabilities	(2,427,479)	(1,689,793)
Non-current liabilities	(1,687,091)	(2,049,899)
Equity attributable to:		
- Owners of the Company	1,528,746	1,528,546
- Non-controlling interests	915,764	886,461
Revenue	2,466,866	2,361,361
Profit for the year	313,948	359,704
Other comprehensive income	(96,535)	(62,127)
Total comprehensive income	217,413	297,577
Total comprehensive income attributable to:		
- Company's shareholders	162,084	207,261
- Non-controlling interests	55,329	90,316
	217,413	297,577
Cash dividend paid to non-controlling Interests	(189,771)	(220,652)
Net cash from operating activities	525,245	670,589
Net cash used in investing activities	(328,408)	(48,786)
Net cash flow used in financing activities	(304,319)	(480,053)
Net increase/(decrease) in cash flows	(107,482)	141,750

The summarized financial information for the Zain Group's subsidiaries that have significant non-controlling interests is set out below.

	SMTC		Al Khatem, Iraq	
	2024	2023	2024	2023
		RO'000		RO'000
Current assets	748,628	680,586	304,139	235,102
Non-current assets	2,131,636	2,078,528	922,866	885,100
Current liabilities	(1,308,518)	(799,572)	(347,068)	(265,086)
Non-current liabilities	(475,673)	(892,164)	(176,288)	(210,405)
Equity attributable to:				
- Owners of the Company	406,040	395,412	534,766	489,973
- Non-controlling interests	690,033	671,966	168,883	154,738
Revenue	1,060,471	995,229	414,351	368,911
Profit for the year	60,994	133,082	49,884	33,473
Other comprehensive income	(3,233)	(2,872)	-	-
Total comprehensive income	57,761	130,210	49,884	33,473
Total comprehensive income attributable to:				
- Company's shareholders	21,397	48,236	37,910	25,440
- Non-controlling interests	36,364	81,974	11,974	8,033
	57,761	130,210	49,884	33,473

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	SMTc		Al Khatem, Iraq	
	2024	2023	2024	2023
		RO'000		RO'000
Cash dividend paid to non-controlling Interests	(28,733)	(28,369)	-	-
Net cash flow from operating activities	164,039	113,198	153,533	129,491
Net cash flow from used in investing activities	(64,697)	162,991	(54,544)	(63,703)
Net cash flow used in financing activities	(110,130)	(192,543)	(72,198)	(59,676)
Net (decrease)/ increase in cash flows	(10,788)	83,646	26,791	6,112

27. 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:

	2024	2023
		RO '000
Transactions with associate companies		
Revenue	8,369	10,780
Cost of sales and operating and maintenance expenses	49,873	30,302
Dividend income from associate	3,034	2,369
Key management compensation		
Salaries and other short term employee benefits	1,720	1,909
Post-employment benefits	57	79
Director's remuneration	293	331
Balances with associate companies		
Trade receivables	41,869	6,648
Other receivables	15,814	10,515
Trade payables	19,279	4,421

Government of Sultanate of Oman (the Government), owns 51% (2023: 51%) of the Company's shares. The Company has applied the exemptions in IAS 24: Related Parties – related to transaction with the Government and other entities controlled, jointly controlled or significantly influenced by the Government. In this respect, the Company is disclosed the below information, to meet the disclosure requirements of IAS 24:

Revenues related to transactions with government and government entities for the year ended 31 December 2024 amounted to RO 25.6 million (2023: RO 26.5 million). As of 31 December 2024, trade receivables from government and government entities amounted to RO 28.7 million (2023: RO 35.5 million).

28. Commitments and contingencies

	2024	2023
		RO '000
Capital commitments	512,203	152,237
Uncalled share capital of investee companies	819	451
Letters of guarantee and credit	84,413	77,263

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.

Atheer - Iraq

- a. On 10 September 2023, the Communication and Media Commission of Iraq (“CMC”) imposed a fine of US\$ 75 million (RO 28.8 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. Based on these factors and based on the report from Atheer's attorneys, the Group believes that the matter will be resolved in favor of Atheer.
- 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 9.48 million (31 December 2023 – RO 27.86 million). Based on the report of its attorneys, the Group is of the view that the outcome of these proceedings will be favorable.

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 SR 8.37 million (RO 0.857 million) will be settled by SMTC with dues payable to ZATCA for other ongoing assessments.

29. Financial risk management

The Group's financial assets have been categorized as follows:

	Amortized costs	At fair value through profit or loss	Fair value through other comprehensive income
	RO'000	RO'000	RO '000
31 December 2024			
Cash and bank balances	299,364	-	-
Bank balances held in customer account	19,846	-	-
Trade and other receivables	1,277,516	-	-
Contract assets	232,908	-	-
Investment securities	1,000	94,855	17,130
Other assets	14,416	-	-
	1,845,050	94,855	17,130
31 December 2023			
Cash and bank balances	428,635	-	-
Bank balances held in customer account	15,975	-	-
Trade and other receivables	1,129,465	-	-
Contract assets	195,791	-	-
Investment securities	1,000	74,397	14,412
Other assets	17,649	-	-
	1,788,515	74,397	14,412

Financial risk factors

The Group's use of financial instruments exposes it to a variety of financial risks such as market risk, credit risk and liquidity risk. The Group continuously reviews its risk exposures and takes measures to limit it to acceptable levels. The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework and developing and monitoring the risk management policies in close co-operation with the Group's operating units. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group's activities. The Group through its training and management standards and procedures aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Group's Board Committee oversees how management monitors compliance with the risk management policies and procedures and reviews adequacy of the risk management framework in relation to the risks faced by the Group. The Board Committee is assisted in its oversight role by the Internal audit and the Group risk management department. The significant risks that the Group is exposed to are discussed below:

(a) Market risk**(i) Foreign exchange risk**

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Group management has set up a policy that requires Group companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group is primarily exposed to foreign currency risk as a result of foreign exchange gains/losses on translation of foreign currency denominated assets and liabilities such as trade and other receivables, trade and other payables and due to banks. The impact on the post tax consolidated profit arising from a 10% weakening/strengthening of the functional currency against the major currencies to which the Group is exposed is given below:

Notes to the Consolidated Financial Statements – 31 December 2024

Currency	2024	2023
	RO '000	
US Dollar	13,369	19,737
Euro	811	1,965
Other	5,923	7,677

(ii) Equity price risk

This is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market. The Group is exposed to equity securities price risk because of investments held by the Group and classified in the consolidated statement of financial position as FVOCI. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The effect on the consolidated profit as a result of changes in fair value of equity instruments classified as 'at fair value through profit or loss' and the effect on equity of equity instruments classified as 'fair value through other comprehensive income' arising from a 5% increase/ decrease in equity market index, with all other variables held constant is as follows:

Market indices	2024		2023	
	Impact on net profit	Effect on equity	Impact on net profit	Effect on Equity
				RO '000
Increase/decrease in market index	±1,413	±1,402	±1,412	±1,361

Profit for the year would increase/decrease as a result of gains/losses on equity securities classified as 'at fair value through profit or loss'. Equity would increase/decrease as a result of gains/losses on equity securities classified as 'Investment at fair value through Other comprehensive income'.

(iii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from short-term bank deposits and bank borrowings carried at amortized cost. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's borrowings at variable rates are denominated mainly in US Dollars. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on consolidated statement of profit or loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions. The Group manages interest rate risk by monitoring interest rate movements and by using Interest Rate Swaps to hedge interest rate risk exposures. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

At 31 December 2024, if interest rates at that date had been 50 basis points higher/lower with all other variables held constant, consolidated profit for the year would have been lower/higher by RO 9.063 million (2023: RO 7.182 million).

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the Group to credit risk, consist principally of fixed and short notice bank deposits, trade and other receivables, contract assets and loans to associates.

The Group manages the credit risk on bank balances by placing fixed and short term bank deposits with high credit rating financial institutions. Credit risk with respect to trade receivables and contract assets is limited due to dispersion across large number of customers. Group manages credit risk of customers by continuously monitoring and using experienced collection agencies to recover past due outstanding amounts. Credit risk of distributors, roaming and interconnect operators, due from associates and others including third parties on whose behalf financial guarantees are issued by the Group is managed by periodic evaluation of their credit worthiness or obtaining bank guarantees in certain cases.

Expected credit loss (ECL) measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition wherein if a financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and if the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3.

Significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, the Group considers quantitative, qualitative information and backstop indicators and analysis based on the Group's historical experience and expert credit risk assessment, including forward-looking information. For customer, distributors, roaming and interconnect trade receivables significant increase in credit risk criteria does not apply since the group is using simplified approach which requires use of lifetime expected loss provision.

For amounts due from banks, the Group uses the low credit risk exemption as permitted by IFRS 9 based on the external rating agency credit grades. If the financial instrument is rated below BBB- (sub investment grade) on the reporting date, the Group considers it as significant increase in credit risk.

Financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

Credit impaired assets

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, there is sufficient doubt about the ultimate collectability; or the customer is past due for more than 90 days.

Incorporation of forward looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group has performed historical analysis and identified Gross Domestic Product (GDP) of each geography in which they operate as the key economic variables impacting credit risk and ECL for each portfolio. Relevant macro-economic adjustments are applied to capture variations from economic scenarios. These reflect reasonable and supportable forecasts of future macro-economic conditions that are not captured within the base ECL calculations. Incorporating forward-looking information increases the degree of judgement required as to how changes in GDP will affect ECLs. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

Notes to the Consolidated Financial Statements – 31 December 2024

The following table contains an analysis of the maximum credit risk exposure of financial instruments for which an ECL allowance is recognized:

	ECL staging				RO '000
	Stage 1	Stage 2	Stage 3	Simplified approach	
	12-month	Lifetime	Lifetime	Lifetime	Total
At 31 December 2024					
Cash and bank balances	182,842	114,341	32,278	-	329,461
Less: ECL	(219)	(1,394)	(28,948)	-	(30,561)
	<u>182,623</u>	<u>112,947</u>	<u>3,330</u>	<u>-</u>	<u>298,900</u>
Customers	-	-	-	790,442	790,442
Distributors	-	-	-	101,238	101,238
Contract assets	-	-	-	235,283	235,283
Less: ECL	-	-	-	(273,782)	(273,782)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>853,181</u>	<u>853,181</u>
Roaming partners	-	-	-	29,515	29,515
Other operators (interconnect)	-	-	-	143,109	143,109
Less: ECL	-	-	-	(7,979)	(7,979)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,645</u>	<u>164,645</u>
Other receivables	-	234,090	-	7,334	241,424
Less: ECL	-	(7,592)	-	(932)	(8,524)
	<u>-</u>	<u>226,498</u>	<u>-</u>	<u>6,402</u>	<u>232,900</u>
At 31 December 2023					
Cash and bank balances	311,220	115,596	35,438	-	462,254
Less: ECL	(217)	(1,679)	(31,723)	-	(33,619)
	<u>311,003</u>	<u>113,917</u>	<u>3,715</u>	<u>-</u>	<u>428,635</u>
Customers	-	-	-	716,405	716,405
Distributors	-	-	-	97,126	97,126
Contract assets	-	-	-	203,590	203,590
Less: ECL	-	-	-	(283,680)	(283,680)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>733,441</u>	<u>733,441</u>
Roaming partners	-	-	-	20,998	20,998
Other operators (interconnect)	-	-	-	143,115	143,115
Less: ECL	-	-	-	(10,704)	(10,704)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,409</u>	<u>153,409</u>
Other receivables	-	201,488	-	3,850	205,338
Less: ECL	-	(7,082)	-	(942)	(8,024)
	<u>-</u>	<u>194,406</u>	<u>-</u>	<u>2,908</u>	<u>197,314</u>

Refer note 4, 5 and note 19 for the related expected credit loss on financial assets.

ECL allowance of trade receivables, contract assets and other current assets are assessed as follows:

	31 December 2024	31 December 2023
	RO '000	
Collectively assessed	272,470	283,146
Individually assessed	17,815	19,262
	<u>290,285</u>	<u>302,408</u>

Notes to the Consolidated Financial Statements – 31 December 2024

The following table shows the movement in the loss allowance that has been recognized for trade and other receivables and contract assets:

	Collectively assessed	Individually assessed	Total RO '000
1 January 2023	275,001	15,269	290,270
On business combination	119	-	119
Amounts written off	(35,747)	(684)	(36,431)
Foreign exchange gains and losses	(2,345)	(83)	(2,428)
Net increase in loss allowance	46,118	4,760	50,878
31 December 2023	283,146	19,262	302,408
On business combination	(956)	(55)	(1,011)
Amounts written off	(84,645)	(3,448)	(88,093)
Foreign exchange gains and losses	(1,480)	(165)	(1,645)
Net increase in loss allowance	76,405	2,221	78,626
31 December 2024	272,470	17,815	290,285

For customer, distributor and contract assets the Group uses a provision matrix based on the historic default rates observed and adjusted for forward looking factors to measure ECL as given below.

	31 December 2024			31 December 2023		
Aging brackets of postpaid trade receivables	Estimated total gross carrying amount at default	Expected credit loss rate	Lifetime ECL	Estimated total gross carrying amount at default	Expected credit loss rate	Lifetime ECL
	RO '000	%	RO '000	RO '000	%	RO '000
Not due /< 30 days	555,229	1%	7,487	394,837	3%	12,186
31 – 60 days	49,691	8%	3,793	36,179	7%	2,464
61 – 90 days	37,545	12%	4,355	40,765	9%	3,787
91 – 180 days	75,642	18%	13,961	78,364	26%	20,602
> 181 days	408,858	60%	244,186	462,067	53%	244,641
	1,126,965		273,782	1,012,212		283,680

Credit quality of roaming, interconnect and other balances:

	31 December 2024	31 December 2023
	RO '000	
Credit quality – Performing	412,169	364,583
Impaired	1,879	4,868
Expected credit loss	(16,503)	(18,728)
	397,545	350,723

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

(c) Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its funding requirements. The Group manages this risk by maintaining sufficient cash and marketable securities, availability of funding from committed credit facilities and its ability to close out market positions on short notice. The Company's Board of Directors increases capital or borrowings based on ongoing review of funding requirements.

The Group has committed to provide working capital and other financial support to some of its affiliates (refer note 3). Other than the total cash and bank balances of RO 26.45 million (2023 – RO 76.46 million) equivalent held in Sudan, South Sudan and Lebanon, all other cash and bank balances are maintained in freely convertible currencies.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	RO'000	RO'000	RO'000	RO'000
At 31 December 2024				
Borrowings	1,011,475	429,274	1,246,647	232,006
Trade and other payables	1,587,967	-	-	-
Other non-current liabilities	101,799	65,469	124,630	134,023
Lease liabilities	63,744	61,713	155,949	253,517
At 31 December 2023				
Borrowings	597,985	1,059,822	1,053,752	275,329
Trade and other payables	1,447,148	-	-	-
Other non-current liabilities	34,941	61,465	158,581	138,341
Lease liabilities	163,948	32,202	80,268	151,801

30. Derivative financial instruments

In the ordinary course of business, the Group uses derivative financial instruments to manage its exposure to fluctuations in interest and foreign exchange rates. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price of one or more underlying financial instruments, reference rate or index.

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 year end and are not indicative of either market or credit risk. All derivative contracts are fair valued based on observable market data.

At 31 December 2024*Derivatives held for hedging:**Cash flow hedges* - Receive 3-month LIBOR/ SIBOR,
pay fixed interest rate

Interest rate swaps (maturing after one year)

Notional amounts by term to maturity

Positive fair value	Negative fair value	Notional amount
RO'000	RO'000	RO'000

2,918

-

157,747

At 31 December 2023*Derivatives held for hedging:**Cash flow hedges* - Receive 3-month LIBOR/ SIBOR,
pay fixed interest rate

Interest rate swaps (maturing after one year)

6,187

-

209,408

Profit rate swaps are contractual agreements between two parties to exchange interest based on notional value in a single currency for a fixed period of time. The Group uses profit rate swaps to hedge changes in interest rate risk arising from floating rate borrowings.

31. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide return on investment to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In managing capital, the Group considers the financial covenants in various loan agreements that require the Group to maintain specific levels of debt-equity and leverage ratios.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt.

The gearing ratios at the consolidated statement of financial position dates were as follows:

	2024	2023
		RO'000
Total borrowings including lease liabilities (refer note 15 and 16)	2,972,310	2,722,373
Less: Cash and bank balances (refer note 4)	(299,364)	(428,635)
Net debt	2,672,946	2,293,738
Total equity	2,930,539	2,907,148
Total capital	5,603,485	5,200,886
Gearing ratio	47.7%	44.1%

32. Fair value of financial instruments

The fair value hierarchy of the Group's financial instruments is as follows.

31 December 2024

	Level 1	Level 2	Level 3	Total
				RO '000
Financial assets at fair value:				
Investments at fair value through profit or loss	5,977	28,507	60,371	94,855
Investments at fair value through other comprehensive income	3,955	3,602	9,573	17,130
Derivative asset held for hedging	-	2,918	-	2,918
Total assets	9,932	35,027	69,944	114,903

31 December 2023

	Level 1	Level 2	Level 3	Total
				RO'000
Financial assets at fair value:				
Investments at fair value through profit or loss	5,760	32,358	36,279	74,397
Investments at fair value through other comprehensive income	2,715	3,586	8,111	14,412
Derivative asset held for hedging	-	6,187	-	6,187
Total assets	8,475	42,131	44,390	94,996

Fair values of the financial instruments carried at amortized cost approximate their carrying value. This is based on level 3 inputs, with the discount rate that reflects the credit risk of counterparties, being the most significant input.

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

33. Net monetary gain – South Sudan**Net monetary gain/ (loss)**

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 have been expressed in terms of the measuring unit current at the reporting date in accordance with IAS 29 Financial Reporting. The impact of Net monetary loss is included in the consolidated statement of profit or loss as "net monetary gain".

34. Significant accounting judgments and estimates

In accordance with the accounting policies contained in IFRS and adopted by the Group, management makes the following judgments and estimations that may significantly affect amounts reported in these consolidated financial statements.

Judgments*Business combinations*

To allocate the cost of a business combination management exercises significant judgment to determine identifiable assets, liabilities and contingent liabilities whose fair value can be reliably measured, to determine provisional values on initial accounting and final values of a business combination and to determine the amount of goodwill and the Cash Generating Unit to which it should be allocated.

Consolidation of entities in which the Group holds less than a majority of voting right (de facto control)

Management have concluded that the parent company controls Zain Group even though it holds less than half of the voting rights of the subsidiary based on the rights acquired under the transaction. Management reviewed the size and the dispersion of voting rights of other dominant shareholders in relation to its size and concluded that it

will not be possible for them to act in concert to outvote the Parent company on key matters at shareholders meeting. While reaching this conclusion, Management has reviewed the voting pattern of the other dominant shareholder as passive in nature based on their voting pattern at prior shareholders meeting. Management also held discussions with the dominant shareholders to confirm their understanding.

In addition, Parent Company has a majority representation on the Board of Directors of Zain group which gives them the right to appoint, remove and set the remuneration of management who are responsible for directing the relevant activities of Zain group. Parent company through its representation on the Board of Directors also has the right to enter/alter any significant transactions of Zain Group to realise possible synergies contemplated under the transaction for the benefit of the Group.

The Group considers that it controls SMTC though it owns less than 50% of the voting rights. In assessing whether the Group has de-facto control, the management exercised significant judgment which takes into account many factors such as it being the single largest shareholder in SMTC, its majority representation in the Board, voting patterns of other dominant shareholders etc. If the Group had concluded that the ownership interest was insufficient to give the Group control in SMTC, it would instead have been classified as an associate and the Group would have accounted for it using the equity method of accounting.

Judgment on Equity Accounting for Investment (Shareholding >50%)

The Group holds more than 50% of the shares in TASC. Under IFRS 10, an entity is required to consolidate an investee when it has control. However, after assessing relevant factors such as governance structures, shareholder agreements, regulatory restrictions, and substantive rights of other shareholders, the Group has determined that it does not have unilateral control over TASC. Accordingly, in compliance with IAS 28, the investment is accounted for using the equity method, as the Group exercises significant influence rather than control.

Identifying performance obligations in a bundled sale of equipment and installation services

The Group provides telecommunications services that are either sold separately or bundled together with the sale of equipment (hand sets) to a customer. The Group uses judgement in determining whether equipment and services are capable of being distinct. The fact that the Group regularly sells both equipment and services on a stand-alone basis indicates that the customer can benefit from both products on their own. Consequently, the Group allocated a portion of the transaction price to the equipment and the services based on relative stand-alone selling prices.

Principal versus agent considerations

Revenue from value added services (VAS) sharing arrangements depend on the analysis of the facts and circumstances surrounding these transactions. The determination of whether the Group is acting as an agent or principal in these transactions require significant judgement and depends on the following factors:

- The Group is primarily responsible for fulfilling the promise to provide the service.
- Whether the Group has inventory risk
- Whether the Group has discretion in establishing the price

Consideration of significant financing component in a contract

The Group sells bundled services on a monthly payment scheme over a period of one to two years.

In concluding whether there is a significant financing component in a contract requires significant judgements and is dependent on the length of time between the customers payment and the transfer of equipment to the customer, as well as the prevailing interest rates in the market. The Group has concluded that there is no significant financing component in its contract with customers after such assessment.

In determining the interest to be applied to the amount of consideration, the Group has concluded that the interest rate implicit in the contract (i.e., the interest rate that discounts the cash selling price of the equipment to the amount paid in advance) is appropriate because this is commensurate with the rate that would be reflected in a separate financing transaction between the entity and its customer at contract inception.

Assets held for sale

The Group has announced its decision to sell some of the telecom tower assets in Kuwait. The entity holding these towers is recorded under “assets and liabilities of disposal group classified as held for sale”. This is considered to have met the criteria as held for sale for the following reasons:

- a. These assets are available for immediate sale and can be sold to the buyer in its current condition
- b. The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification
- c. A potential buyer has been identified and negotiations as at the reporting date are at an advance stage

These assets continued to be classified as non-current assets held for sale as the Group is committed to its plan to sell the assets and the delay was caused due to events and circumstances beyond the Group’s control.

Classification of equity investments

On acquisition of an equity investment security, the Group decides whether it should be classified as fair value through profit or loss or fair value through other comprehensive income.

Contingent liabilities

Contingent liabilities are potential liabilities that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities or litigation is based on management’s judgment.

Hyperinflation

The Group exercises significant judgement in determining the onset of hyperinflation in countries in which it operates and whether the functional currency of its subsidiaries, associates or joint venture is the currency of a hyperinflationary economy.

Various characteristics of the economic environment of each country are taken into account. These characteristics include, but are not limited to, whether:

- the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency;
- prices are quoted in a relatively stable foreign currency;
- sales or purchase prices take expected losses of purchasing power during a short credit period into account;
- interest rates, wages and prices are linked to a price index; and
- the cumulative inflation rate over three years is approaching, or exceeds, 100%.

Management exercises judgement as to when a restatement of the financial statements of a Group entity becomes necessary.

Determining the 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 and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. Extension options (or periods after termination options) are only included in the lease term if the lessee is reasonably certain to extend (or not to terminate) the lease. The assessment is reviewed if a

significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Sale and leaseback

The Group enters into sale and leaseback transactions whereby it sells certain assets to a third party and leases either the whole or part thereof. In determining whether the sale proceeds received are at fair value management applies judgements and estimates to reflect the value which is below market terms as prepayment of lease payments and above market terms are recognised as additional financing by the lessor.

Discounting of lease payments

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

Determination of functional currency

The Government of Iraq passed a resolution in April 2023 that all monetary transactions within the country will be denominated and settled in Iraqi Dinar, with no effective date of implementation. The Central Bank of Iraq announced in October 2023 banning all cash withdrawals and transactions in US Dollars with effect from 1 January 2024. Accordingly, Atheer has revised majority of its contracts with suppliers in line with this change and believes that the functional currency of Atheer has changed from US Dollar to Iraqi Dinar with effect from 1 January 2024. This is because the currency of the primary economic environment in which Atheer operates has changed from US Dollar to Iraqi Dinar. Therefore, from 1 January 2024 onwards, the functional currency of Atheer is Iraqi Dinar. In accordance with *IAS 21: the Effects of Changes in Foreign Exchange Rates* this change has been accounted for prospectively from this date.

Sources of estimation uncertainty

Fair values - unquoted equity investments and business combinations

The valuation techniques for unquoted equity investments and identifiable assets, liabilities and contingent liabilities arising in a business combination make use of estimates such as future cash flows, discount factors, yield curves, current market prices adjusted for market, credit and model risks and related costs and other valuation techniques commonly used by market participants where appropriate.

Provision for expected credit losses of customer, distributor receivables and contract assets

The Group uses a provision matrix to calculate ECLs for customer, distributor receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year, which can lead to an increased number of defaults the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 29.

Tangible and intangible assets

The Group estimates useful lives and residual values of tangible assets and intangible assets with definite useful lives. Changes in technology or intended period of use of these assets as well as changes in business prospects or economic industry factors may cause the estimate useful of life of these assets to change.

Taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes a liability for anticipated taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Any changes in the estimates and assumptions used as well as the use of different, but equally reasonable estimates and assumptions may have an impact on the carrying values of the deferred tax assets.

Impairment of goodwill

The Group annually tests goodwill for impairment to determine their recoverable amounts based on value-in-use calculations or at fair value less costs to sell. The value in use includes estimates on growth rates of future cash flows, number of years used in the cash flow model and the discount rates. The fair value less cost to sell estimate is based on recent/intended market transactions and the related EBITDA multiples used in such transactions.

35. Reclassification

Certain previous year figures were reclassified to conform to current year presentation. Such reclassifications are not material and have not affected previously reported profit or equity.