

OMAN TELECOMMUNICATIONS COMPANY SAOG

Condensed Consolidated Interim Financial Information (Unaudited)
30 June 2024

OMAN TELECOMMUNICATIONS COMPANY SAOG

Condensed Consolidated Statement of Financial Position as at 30 June 2024 (Unaudited)

		30 June 2024	31 December 2023
		Unaudited	Audited
	Notes	RO '000	RO '000
ASSETS			
Current assets			
Cash and bank balances	3	304,918	428,635
Bank balances held in customers account	3.2	19,857	15,975
Trade receivables and other current assets		1,401,974	1,276,006
Contract assets		130,814	125,754
Inventories		88,325	81,006
Investment securities at fair value through profit or loss		52,713	49,040
		1,998,601	1,976,416
Assets of disposal group classified as held for sale	4	6,345	6,254
Total Current assets		2,004,946	1,982,670
Non-current assets			
Contract assets		72,807	70,037
Investment securities at fair value through profit or loss		24,841	25,357
Investment securities at FVOCI		14,602	14,412
Investment securities at amortised cost		1,000	1,000
Investments in associates and joint venture	5	246,219	239,848
Other non-current assets		142,258	75,454
Deferred tax asset		29,313	28,428
Right of use of assets		281,519	257,787
Property and equipment	6	1,740,642	1,828,373
Intangible assets and goodwill	7	3,200,513	3,232,476
Total Non-current assets		5,753,714	5,773,172
Total Assets		7,758,660	7,755,842
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		1,556,369	1,566,444
Contract liabilities		125,099	120,235
Income tax payables	8	24,915	32,182
Borrowings	9	327,316	487,100
Lease liabilities		46,613	45,653
		2,080,312	2,251,614
Liabilities of disposal group classified as held for sale	4	1,138	1,244
Total Current liabilities		2,081,450	2,252,858
Non-current liabilities			
Borrowings	9	2,177,052	1,880,046
Lease liabilities		325,665	309,574
Other non-current liabilities	10	380,347	406,216
Total Non-current liabilities		2,883,064	2,595,836
Total liabilities		4,964,514	4,848,694
Equity			
Share capital	11	75,000	75,000
Legal reserve		25,000	25,000
Voluntary reserve		49,875	49,875
Capital contribution		7,288	7,288
Capital reserve		36,893	36,893
Foreign currency translation reserve		(115,341)	(103,843)
Investment fair valuation reserve		(5,466)	(4,932)
Other reserves		825	822
Retained earnings		546,768	560,200
Attributable to the Company's shareholders		620,842	646,303
Non controlling interest		2,173,304	2,260,845
Total equity		2,794,146	2,907,148
Total Liabilities and Equity		7,758,660	7,755,842

The accompanying notes are an integral part of this condensed consolidated interim financial information. This condensed consolidated interim financial information was approved and authorized for issue by the Board of Directors on 13 August 2024.

Chairman

Director

Chief Executive Officer

OMAN TELECOMMUNICATIONS COMPANY SAOG

Condensed Consolidated Statement of Profit or Loss – 30 June 2024 (Unaudited)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2024	2023 (Restated)	2024	2023 (Restated)
		RO'000		RO'000	
Continuing operations					
Revenue		741,546	705,311	1,469,630	1,439,190
Cost of sales		(258,801)	(227,368)	(515,703)	(488,799)
Gross profit		482,745	477,943	953,927	950,391
Operating and administrative expenses		(206,782)	(200,585)	(440,429)	(412,356)
Depreciation and amortization		(151,570)	(138,542)	(291,542)	(270,709)
Allowance for expected credit loss on financial assets		(15,440)	(15,735)	(26,142)	(28,095)
Operating profit		108,953	123,081	195,814	239,231
Interest income		3,009	4,114	7,111	9,944
Investment income	12	(154)	1,635	3,986	3,116
Share of results of associates and joint venture	5	2,859	929	3,272	1,265
Other income/(expense)		3,535	(1,930)	(522)	(18,182)
Gain on sale and lease back transaction		-	-	-	81,603
Finance costs	13	(51,569)	(47,342)	(101,844)	(94,940)
Gain/(loss) from currency revaluation		7,304	490	13,048	(431)
Net monetary gain		1,721	-	1,721	-
Profit before income taxes		75,658	80,977	122,586	221,606
Income tax expenses		(5,997)	(7,035)	(12,358)	(14,479)
Profit for the period		69,661	73,942	110,228	207,127
Attributable to:					
Shareholders of the Company		14,946	16,310	27,818	41,590
Non-controlling interests		54,715	57,632	82,410	165,537
		69,661	73,942	110,228	207,127
Earnings per share	14				
Basic and diluted – RO		0.020	0.022	0.037	0.055

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

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income –
30 June 2024 (Unaudited)

	Three months ended 30 June		Six months ended 30 June	
	2024	2023 (Restated)	2024	2023 (Restated)
	RO'000		RO'000	
Profit for the period	69,661	73,942	110,228	207,127
Other comprehensive income				
<i>Items that will be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating foreign operations	(38,014)	3,872	(44,095)	(4,244)
Other reserves	(1,020)	(3,428)	(870)	(3,030)
	(39,034)	444	(44,965)	(7,274)
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Changes in the fair value of equity investments at FVOCI	(2,521)	238	(2,435)	550
Other reserves	876	-	876	-
Total comprehensive income for the period	(1,645)	238	(1,559)	550
Total comprehensive income for the period	28,982	74,624	63,704	200,403
Total comprehensive income attributable to:				
Shareholders of the Company	6,633	16,741	15,789	36,607
Non-controlling interests	22,349	57,883	47,915	163,796
	28,982	74,624	63,704	200,403

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

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Condensed Consolidated Statement of Changes in Equity – Six months ended 30 June 2024 (Unaudited)

<i>Attributable to equity holders of the parent</i>												
Note	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	Non-controlling interests RO'000	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 period	-	-	-	-	-	-	-	-	27,818	27,818	82,410	110,228
Other comprehensive income for the period	-	-	-	-	-	(11,498)	(534)	3	-	(12,029)	(34,495)	(46,524)
Total comprehensive income for the period	-	-	-	-	-	(11,498)	(534)	3	27,818	15,789	47,915	63,704
On acquisition of subsidiary (note 2)	-	-	-	-	-	-	-	-	-	-	387	387
Dividends	11	-	-	-	-	-	-	-	(41,250)	(41,250)	(135,843)	(177,093)
At 30 June 2024	75,000	25,000	49,875	7,288	36,893	(115,341)	(5,466)	825	546,768	620,842	2,173,304	2,794,146
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 period (Restated)	-	-	-	-	-	-	-	-	41,590	41,590	165,537	207,127
Other comprehensive income for the period	-	-	-	-	-	(1,047)	121	(4,057)	-	(4,983)	(1,741)	(6,724)
Total comprehensive income for the period	-	-	-	-	-	(1,047)	121	(4,057)	41,590	36,607	163,796	200,403
On acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	(36)	(36)
Additional capital	-	-	-	-	-	-	-	-	-	-	506	506
Dividends	11	-	-	-	-	-	-	-	(41,250)	(41,250)	(136,662)	(177,912)
At 30 June 2023	75,000	25,000	49,875	7,288	36,893	(91,766)	(3,532)	1,147	530,748	630,653	2,279,244	2,909,897

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

OMAN TELECOMMUNICATIONS COMPANY SAOG
Condensed Consolidated Statement of Cash Flows – Six months ended 30 June 2024 (Unaudited)

	Six months ended 30 June	
	2024	2023
	RO'000	RO'000
		Restated
Cash flows from operating activities		
Profit before tax for the period	122,586	221,606
Adjustments for:		
Depreciation and amortization	291,542	270,709
ECL on financial assets	26,142	28,095
Interest income	(7,111)	(9,944)
Investment income	(3,986)	(3,116)
Share of results of associates and joint venture	(3,272)	(1,265)
Finance costs	101,844	94,940
Gain on sale and lease back transaction	-	(81,603)
(Gain)/ loss from currency revaluation	(13,048)	431
Net monetary gain	(1,721)	-
(Gain)/ loss on sale of property and equipment	(12)	278
Operating profit before working capital changes	512,964	520,131
Bank balances held in customers account	(3,634)	(2,354)
Trade and other receivables and contract assets	(185,743)	(108,526)
Inventories	(5,267)	(26,158)
Trade and other payables	(20,768)	(105,198)
Cash generated from operations	297,552	277,895
Income tax paid	(16,552)	(17,553)
<i>Net cash from operating activities</i>	281,000	260,342
Cash flows from investing activities		
Deposits maturing after three months and cash at bank under lien	(7,197)	16,701
Investment in securities (net)	(1,661)	(565)
Investment in associate	(1,093)	(2,258)
Acquisition of subsidiaries (net of cash acquired)	(3,841)	(13,275)
Acquisition of property and equipment (net)	(225,332)	(153,058)
Acquisition of intangible assets (net)	(34,625)	(39,566)
Proceeds from sale of telecom assets (sale and lease back)	-	244,662
Dividend received	2,847	1,977
Interest received	2,686	4,138
<i>Net cash (used in) /generated from investing activities</i>	(268,216)	58,756
Cash flows from financing activities		
Proceeds from borrowings	543,107	212,796
Repayment of borrowings	(375,124)	(301,655)
Repayment of lease liabilities and financing for impact of above market terms	(40,716)	(35,113)
Dividends paid to Company's shareholders	(41,250)	(41,250)
Dividends paid to minority shareholders of subsidiaries	(106,882)	(106,588)
Finance costs paid	(86,790)	(82,861)
<i>Net cash used in financing activities</i>	(107,655)	(354,671)
Net decrease in cash and cash equivalents	(94,871)	(35,573)
Effect of exchange rate change on cash and cash equivalents	(36,087)	7,977
Cash and cash equivalents at beginning of period	427,285	422,152
Cash and cash equivalents at end of period (note 3)	296,327	394,556

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

1. Incorporation and activities

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

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

2. Basis of preparation

These condensed interim consolidated financial statements for six months ended 30 June 2024 have been prepared in with IAS 34: Interim Financial Reporting and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2023 (“last annual financial statements”). They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements.

The condensed interim consolidated financial statements are presented in Rial Omani (RO) which is also the Parent Company’s functional currency. The functional currency of all the subsidiaries are consistent with annual consolidated financial statements except for Atheer where the functional currency was changed from US Dollar to Iraqi Dinar with effect from 1 January 2024.

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

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 till 31 December 2023.

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. Based on the above matters, the Group believes that there is no definitive basis to apply IAS 29 at this stage. However, the Group will review it on an ongoing basis, accordingly it has not quantified the impact of applying IAS 29 in previous years and as of 30 June 2024.

This condensed consolidated interim financial information does not contain all of the information and disclosures required for complete consolidated financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Results for the interim period are not necessarily indicative of the results that may be expected for the year ending 31 December 2024, including the impact of the matter stated above regarding application of IAS 29. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended 31 December 2023.

2. Basis of preparation (continued)**Changes in accounting policy and disclosures**

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group as follows;

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* to 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 transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed consolidated financial statements.

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

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to 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; and
- 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, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments had no impact on the Group's condensed interim consolidated financial statements.

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

In September 2022, the IASB issued amendments to IFRS 16 to 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 recognize any amount of the gain or loss that relates to the right of use it retains.

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

Significant judgments and estimates

The preparation of the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2023.

2. Basis of preparation (continued)**Functional and presentation currency – Atheer Telecom Iraq Limited (“Atheer”)**

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 started the process of revising 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 this change has been accounted for prospectively from this date.

Political uncertainty in Sudan

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

As of the issuance date of these interim condensed 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 and Sinnar (directly impacting White Nile & Blue Nile areas),, which are facing the most significant impact from the ongoing hostilities.

Republic of Sudan experienced a network blackout starting from 7 February 2024 as all the three main internet operators in Sudan were either partially or completely offline and discussions to resolve this issue are in progress. Subsequently, in the first week of March 2024, Zain Sudan restored its services in Port Sudan and other neighboring states by setting up a new switch and data center in Port Sudan.

2. Basis of preparation (continued)

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 interim condensed 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 interim condensed consolidated financial statements on a going concern basis.

Because of the ongoing conflict in Sudan as described above, there have been some damages to network equipment, spares and inventories. Unfortunately, the current situation is not viable for the management of the Zain Sudan to access these areas and take stock of the actual damages and losses due to continuing hostilities in these regions. Based on an initial assessment of the damages mainly in the main warehouse in Khartoum, Zain Sudan has recorded an impairment loss of SDG 25.51 billion (RO 16.8 million) on its property and equipment and a provision for damage to its inventories amounting to SDG 2.31 billion (RO 1.52 million) respectively during the previous year.

2. Basis of preparation (continued)

Due to this unrest, Zain Sudan is not able to exercise control over some of its property and equipment with a net book value of SDG 26.98 billion (RO 6.31 million) representing 1,802 network sites as of 30 June 2024 due to security concerns in certain locations in Sudan. The management of Zain Sudan does not expect any significant damage to the Zain Sudan's network sites in the Sudanese regions of North Darfur, North Kordofan, Wad-Madani and Khartoum and has concluded that the affected sites have the ability to generate future economic benefits. However, for prudence's sake Zain Sudan management has recognized an impairment loss of SDG 26.98 billion (RO 6.31 million) for network sites and related equipment and SDG 4.95 billion (RO 1.16 million) for network assets under Capital work in progress during the quarter ended 30 June 2024.

The Zain Sudan's management estimate such losses are fully covered under the Political Violence Insurance Policy which is valid from 6 July 2022 to 5 July 2023. A claim totaling USD 47.980 million (RO 18.42 million) with the insurer mainly relating to the equipment, spares and commercial items in the main warehouse which was partially set on fire during the conflict. According to the Political Violence Insurance Policy, Zain Sudan is also eligible for 'Business Interruption' claim settlement covering a twelve-month indemnity period from the date of loss. In the opinion of Zain Sudan's management, losses, if any, will be fully recovered from the insurance company and based on the current assessment per available information, no significant financial impact is anticipated on the condensed consolidated interim financial information as the Group management consider this unrest to be temporary and expects it to be resolved on a priority basis.

Acquisition of Subsidiaries*Specialized Technical Services Company BVI*

In March 2024, the Group acquired 100% equity interest of Specialized Technical Services Company BVI ("STS") for a purchase consideration of USD 27.852 million (RO 10.70 million) of which an amount of USD 16.697 million (RO 6.41 million) was paid during the period. The net cash outflow (net of cash and cash equivalents acquired) during the period on acquisition amounts to USD 10.067 million (RO 3.841 million). The recognized amounts of net assets of STS as at the date of acquisition was USD 12.264 million (RO 4.711 million), resulting in a goodwill of USD 15.588 million (RO 6.003 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 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 0.842 million, resulting in a goodwill of RO 2.34 million. During the period, the Group finalized the Purchase Price Allocation ("PPA") exercise of Bookeey, and accordingly the 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 0.387 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 Q1 2024.

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") and Zain Jordan (Pella) 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.

3. Cash, bank and other balances**3.1 Cash and bank balances**

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

	Unaudited	Audited
	30 June	31 December
	2024	2023
	RO'000	RO'000
Cash on hand and at banks	287,715	276,999
Short-term deposits with banks	50,882	185,248
Government certificates of deposits held by subsidiaries	4	7
	338,601	462,254
Expected credit loss	(33,683)	(33,619)
	304,918	428,635
Cash at bank under lien	(8,087)	(1,343)
Short term deposits with banks exceeding maturity of three months	(500)	-
Government certificates of deposits with maturities exceeding three months held by subsidiaries	(4)	(7)
Cash and cash equivalent in the condensed consolidated statements of cash flows	296,327	427,285

3.2 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 equivalents in the statement of financial position of the Group. The regulations in respective locations require that these balances with banks are held in a manner to ensure that these balances are not co-mingled with the Group's cash and cash equivalents.

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

Assets and liabilities of disposal group classified as held for sale represents telecom tower assets in Oman and Kuwait, classified as held for sale, on the basis of plan to sale and lease back of those assets.

Oman

On 11 May 2021, Parent Company entered into an agreement with Helios Towers PLC for the sale and lease back of telecom towers in Oman. On 7 December 2022, Parent Company after meeting the conditions precedent under the agreement, completed the sale and lease back of 2,519 telecom towers in Oman for a consideration of USD 494 Million (RO 190.263 Million) as part of Phase 1 of the transaction. Towers sold will be leased back for a period of 15 years. Phase 2 of the transaction envisages a further transfer of 227 sites which is expected to be completed within 18 months from the date of completion of the Phase 1 of the transaction. During the period the long stop date for the closure of Phase 2 of the transactions is extended to 22 November 2024.

Kuwait

Between 2020 and 2023 the Company completed the sale and lease back of 1,499 telecom towers in Kuwait.

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2024 (Unaudited)

	Total (RO'000)			
	Oman	Kuwait	30 June 2024	31 December 2023
	RO'000	RO'000	RO'000	RO'000
Telecom tower assets	1,296	1,070	2,366	2,349
Right of use of assets	-	3,979	3,979	3,905
	1,296	5,049	6,345	6,254
Lease liabilities	-	1,138	1,138	1,244

5. Investments in associates and joint venture**5.1 Investment in associates**

	Unaudited	Audited
	30 June 2024	31 December 2023
	RO'000	RO'000
Oman Fibre Optic Co SAOG	9,178	8,945
Majan Telecommunications LLC	5,208	5,419
Equinix Muscat LLC	2,897	2,443
Pearl REIF Fund	15,661	15,528
TASC Towers Holding Limited (refer note (i) below)	98,928	98,406
IHS Kuwait Ltd	1,689	1,300
Others	2,012	1,374
	135,573	133,415

i) TASC Towers Holding Limited

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

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

5.2 Investment in joint venture

This includes Group's RO 110.646 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 equity method based on management information provided by Wana Corporate.

6. Property and equipment

	Unaudited	Audited
	30 June 2024	31 December 2023
	RO'000	RO'000
Net fixed assets	1,499,895	1,509,740
Capital work in progress	240,747	318,633
	1,740,642	1,828,373

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2024 (Unaudited)

During the six-months period ended 30 June 2024, the Group acquired property and equipment amounting to RO 77.3 million (30 June 2023: RO 81.4 million). Depreciation charged for the period amounted to RO 162.2 million (30 June 2023: RO 158.1 million).

The Group has recognized an impairment loss of RO 7.5 million (30 June 2023: Nil) for property and equipment during the period ended 30 June 2024 (note 2.3).

7. Intangible assets and goodwill

	Unaudited	Audited
	30 June	31 December
	2024	2023
	RO'000	RO'000
Intangible assets	2,168,843	2,214,758
Goodwill	1,019,137	1,004,996
Capital work in progress	12,533	12,722
	3,200,513	3,232,476

During the six-months period ended 30 June 2024, the Group acquired intangible assets amounting to RO 19.8 million (30 June 2023: RO 18.5 million). Amortization charged for the period amounted to RO 92.0 million (30 June 2023: RO 87.6 million).

During the period the Group recognized additional goodwill of RO 6.003 Mn as a result of acquisition of STS (note 2). This is provisional and subject to PPA.

8. Income tax payables

Income tax payables mainly includes current tax payables by the Parent company's and the Group's subsidiaries in Iraq, Jordan and Sudan respectively.

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.

For tax year 2019, Oman tax authority raised a demand for RO 2.6 million disallowing certain write offs on debtors and inventory. During the period Company filed an objection against the order. The impact of such disallowances for the remaining tax years from 2020 to 2023 is estimated to be an additional amount of RO 3.6 million. The Company believes that no additional tax liability will arise upon completion of the assessments for the remaining tax years.

Atheer - Iraq

Based on an additional tax claim of US\$ 19.3 million (RO 7.4 million) from Iraq General Commission for Taxes ("IGCT"), and subsequent payment by Atheer, income tax assessment for year 2011 is considered final.

Atheer has booked the income tax expenses for the year from 2019 to date, based on self-assessment, considering most likely outcome. No assessment order has yet been received. Income tax assessment for all other years are paid and settled.

Management believes that they have adequate provisions for liabilities in respect of the assessments contested.

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2024 (Unaudited)

9. Borrowings

	30 June 2024 RO'000	31 December 2023 RO '000
<i>Parent Company</i>		
Short term loan	41,000	25,000
Bridge loan	-	177,146
Other long term loans	6,444	7,684
	47,444	209,830
<i>Oztel</i>		
Bonds	265,346	264,988
<i>OTEL Sukuk Limited</i>		
Sukuk	192,550	-
<i>Oman Data Park</i>		
Long term loans	9,677	9,400
<i>Mobile Telecommunications Company-Kuwait</i>		
Short term loans	-	30,278
Long term loans	804,339	692,836
	804,339	723,114
<i>SMTC</i>		
Long term loans	627,203	527,319
Payable to Ministry of Finance-KSA (Murabaha facility)	199,197	261,154
	826,400	788,473
<i>Pella</i>		
Long term loans	99,841	98,406
<i>Atheer</i>		
Bank overdrafts	-	633
Long term loans	251,513	266,347
	251,513	266,980
<i>Future cities SAOC</i>		
Long term loan	4,157	4,728
<i>Others</i>		
Bank Overdrafts	940	1,227
Short term loans	1,092	-
Long term loans	1,069	-
	3,101	1,227
	2,504,368	2,367,146

The current and non-current amounts are as follows:

	Unaudited 30 June 2024 RO'000	Audited 31 December 2023 RO '000
Current liabilities	327,316	487,100
Non-current liabilities	2,177,052	1,880,046
	2,504,368	2,367,146

Notes to the Condensed Consolidated Interim Financial Information - 30 June 2024 (Unaudited)

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

	Unaudited	Audited
	30 June 2024	31 December 2023
	RO'000	RO '000
US Dollar	1,044,010	1,127,542
Kuwaiti Dinar	678,720	509,178
Saudi Riyals	725,862	690,072
Omani Rial	55,776	40,354
	2,504,368	2,367,146

The effective interest rate as at 30 June 2024 was 5.375% to 7.03% (30 June 2023 – 4% to 7.09%) per annum.

The Parent Company is compliant with the principal covenant ratios which include:

- Net borrowings to earnings before interest tax depreciation and amortization (EBITDA) at consolidated level excluding Zain group
- Interest coverage ratio

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 period the Parent Company :

- drawn down RO 76 million (31 December 2023: RO 120 million) from a revolving credit facility of RO 235 million.
- repaid RO 60 million (31 December 2023: RO 95 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.

Bridge loan

On 19 October 2023, the Parent company acquired a bridge loan of USD 460 million to repay the 5.5 year bonds. The bridge loan carries an interest rate of 3 months Term SOFR plus a margin of 1 percent with the effective interest rate being 6.39%. The loan is 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. The proceeds were utilized to repay the bridge loan of USD 460 million.

Other long term loans

Export credit loan with an outstanding balance of USD 16.7 million (RO 6.4 million) (31 December 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

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 (2023: USD 688.1 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 is USD 699.8 million (31 December 2023: USD 720 million)

OTEL Sukuk Limited

During the period, OTEL Sukuk limited issued USD 500 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 30 June 2024 is RO 489.5 million.

Mobile Telecommunications Company K.S.C.P

During the period, the Company has;

- drawn down loans amounting to RO 181.5 million from existing and new facilities (31 December 2023 - RO 185.55 million). This includes:
 - RO 125.2 million of long-term facility amounting to RO 125.2 million.
 - RO 37.6 million of long-term facility amounting to RO 37.6 million.
 - RO 18.8 million of long-term facility amounting to RO 93.9 million.
- repaid loans amounting to RO 112.2 million (31 December 2023 – RO 154.59 million). This includes:
 - US\$ 80 million (RO 30.8 million) of a revolving credit facility amounting to US\$ 130 million.
 - US\$ 145 million (RO 55.8 million) of a term loan facility amounting to US\$ 200 million.
 - KD 15 million (RO 18.8 million) of a revolving credit facility amounting to KD 100 million.

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

SMTC

Long-term loans include:

- 1) SAR 5,323 million (RO 544.9 million) (31 December 2023: SAR 5,233 million equivalent to RO 527.32 million) syndicated murabaha facility availed from a consortium of banks.

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

The Agreement:

- a. Includes a Total Term Murabaha Facility of SAR 6,000 million (RO 614.3 million), consisting of SAR 4.880 billion (RO 499.6 million) and US\$ portion of SAR 1.120 billion (RO 114.7 million) for refinancing of the existing Term Murabaha Facility amounting to SAR 3.48 billion (RO 356.3 million) and balance for future specified business purposes. SAR 2.560 million (RO 262.1 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 102.4 million) consisting of SAR 813.393 million (RO 83.3 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 the Company and a pledge of the Company's and some of the founding shareholders' shares in SMTC and assignment of certain contracts and receivables. Under the Murabaha Financing Agreement, SMTC can declare dividend or other distribution in cash or in kind to shareholders, provided SMTC is in compliance with all its obligations under the agreement.

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

In February 2023, SMTC has signed a revised agreement with the Ministry of Finance ("MOF"), Kingdom of Saudi Arabia under which the existing deferral of payment to MOF along with commercial commission payable is converted into a Murabaha facility with MOF and Al Rajhi Banking & Investment Corporation has been appointed as the Murabaha Facility Agent. The liability matures on June 2027 with yearly scheduled repayment on 1 June every year till maturity, starting from June 2023.

- 3) During the period, SMTC signed with Al Rajhi bank in KSA for SAR 1,125 million (RO 115.2 million) facility to fund for the CAPEX payment against several projects and receivables discounting banking facility up to SAR 500 million (RO 51.2 million). SMTC have availed SAR 565 million (RO 57.8 million) of the CAPEX facility and SAR 250 million (RO 25.6 million) of the account receivable factoring facility as at the reporting period. The interest amounting to SAR 2.7 million (RO 0.3 million) has been capitalized by SMTC during six months ended 30 June 2024, based on effective interest rate of the loan.

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 11 October 2025.
- 2) US\$ 100 million (RO 38.5 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

Long term loans include:

- 1) US\$ 50 million (RO 19.2 million) (31 December 2023 – US\$ 50 million equivalent to RO 18.92 million) term loan from a commercial bank which is repayable by 17 December 2024.
- 2) US\$ 105 million (RO 40.3 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\$ 125 million (RO 48.0 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 38.4 million) (31 December 2023 – US\$ 100 million equivalent to RO 37.385 million) term loan from a commercial bank which is repayable by 30 July 2026.
- 5) US\$ 50 million (RO 19.2 million) (31 December 2023 – US\$ 50 million equivalent to RO 18.92 million) term loan from a commercial bank which is repayable by 24 April 2027.
- 6) US\$ 125 million (RO 48.0 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 38.4 million) (31 December 2023 – US\$ 100 million equivalent to RO 37.84 million) term loan from a commercial bank which is repayable by 24 August 2024.

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

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Future cities SAOC

Long term loans include:

RO 4.157 million term loan (31 December 2023: RO 4.728 million) from a commercial bank which is repayable by 31 July 2027 at an interest rate of 6% pa (31 December 2023: 5.5%). The loan is secured by assignment of receivables.

10. Other non-current liabilities

	Unaudited	Audited
	30 June 2024	31 December 2023
	RO'000	RO '000
Due for acquisition of spectrum-KSA	177,169	193,678
Payable towards Sale and lease back financing-Parent company	80,979	90,930
Customer deposits	5,605	5,567
Post-employment benefits	75,721	70,386
Others	40,873	45,655
	380,347	406,216

11. Share capital

Share capital (par value of RO 0.100 per share)

	Unaudited	Audited
	30 June 2024	31 December 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:

	30 June 2024	31 December 2023
	No. of shares	No. of shares
United International Telecommunications Investment and Projects LLC	382,500,345	382,500,345

Legal reserve

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

Voluntary reserve

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

Capital contribution

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

Capital reserve

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

Foreign currency translation reserve

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

Dividend – 2023

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).

12. Investment income

	Three months ended 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
	2024	2023	2024	2023
	RO'000	RO'000	RO'000	RO'000
(Loss) / gain from investment securities at fair value through profit or loss (FVTPL)	(868)	1,320	3,262	2,596
Dividend income	714	315	724	520
	(154)	1,635	3,986	3,116

13. Finance costs

Finance costs consists of:

	Three months ended 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
	2024	2023	2024	2023
		Restated		Restated
	RO'000	RO'000	RO'000	RO'000
Due to banks	35,640	34,038	70,287	67,381
Lease liabilities	7,381	6,059	14,171	13,095
License and spectrum	2,954	2,891	5,930	5,641
Ministry of Finance (KSA)	4,301	3,263	8,837	6,801
Others	1,293	1,091	2,619	2,022
	51,569	47,342	101,844	94,940

14. Earnings per share

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

	Three months ended		Six months ended	
	30 June		30 June	
	2024	2023	2024	2023
	RO'000	RO'000	RO'000	RO'000
	(Restated)		(Restated)	
	Unaudited			
Profit for the period attributable to shareholders	14,946	16,310	27,818	41,590
	No of Shares	No of Shares	No of Shares	No of Shares
Weighted average number of shares in issue outstanding during the period	750,000,000	750,000,000	750,000,000	750,000,000
Earnings per share – basic and diluted (RO)	0.020	0.022	0.037	0.055

15. Segmental information

The Company and its subsidiaries operate in a single business segment, telecommunications and related services. Apart from its operations in Oman, the Company operates through Zain Group in 8 countries. This forms the basis of the geographical segments. Based on the 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 period 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 period figures are restated to reflect the revised presentation.

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	30 June 2024 (Un audited)									
	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
Segment revenues – airtime, data & subscriptions (Over time)	267,796	153,926	98,109	45,104	196,723	31,180	464,458	34,484	-	1,291,780
Segment revenues - trading income (Point in time)	29,875	78,186	5,250	1,510	1,154	7,931	55,721	69	(1,846)	177,850
Net profit before interest and tax	29,877	33,077	24,503	21,717	37,306	2,521	53,987	(7,142)	-	195,846
Interest income	801	2,012	201	973	534	162	2,019	120	-	6,822
Share of results of associate and joint venture	2,594	-	-	-	-	-	-	-	(335)	2,259
Investment income	776	-	-	-	-	-	-	-	-	776
Dividend income from Zain group	29,484	-	-	-	-	-	-	-	(29,484)	-
Finance costs	(21,623)	(610)	(8,684)	(750)	(15,308)	(612)	(37,643)	(514)	-	(85,744)
Income tax expenses	(3,124)	-	(4,459)	(2,028)	(3,175)	-	-	(256)	-	(13,042)
	38,785	34,479	11,561	19,912	19,357	2,071	18,363	(7,792)	(29,819)	106,917
Investment income										3,210
Share of results of associate and joint venture										1,013
Others (including unallocated income tax and finance costs net of elimination)										(912)
Profit for the period										110,228
Segment assets including allocated goodwill	1,745,325	929,916	635,247	77,475	975,724	126,673	3,160,053	222,015	(850,336)	7,022,092
ROU asset	96,336	18,415	12,973	1,297	25,503	18,071	105,643	3,281	-	281,519
<i>Unallocated items:</i>										
Investment securities at FVTPL										78,554
Investment securities at FVOCI										14,602
Investment in associates and joint venturre										212,319
Others (net of eliminations)										115,674
Consolidated assets										7,758,660
Segment liabilities	430,031	248,813	201,499	39,565	193,683	31,656	727,449	240,768	-	2,113,464
Lease liabilities (Current & non-current)	134,437	24,777	15,864	1,119	35,621	18,338	139,205	2,917	-	372,278
Borrowings	520,117	-	99,841	-	251,513	-	826,400	2,161	-	1,700,032
	1,084,585	273,590	317,204	40,684	480,817	49,994	1,693,054	245,846	-	4,185,775
<i>Unallocated items:</i>										
Borrowings										804,336
Others (net of eliminations)										(25,596)
Consolidated liabilities										4,964,514
Net consolidated assets										2,794,146
Capital expenditure incurred during the year	51,804	19,640	728	10,331	10,675	1,226	11,357	6,235	-	111,996
Unallocated (net of eliminations)										702
Total capital expenditure										112,698
Depreciation and amortization	48,204	43,108	17,175	9,271	38,561	7,368	93,832	4,573	-	262,092
Amortization of ROU assets	5,521	4,675	865	262	2,094	2,275	13,863	303	-	29,859
Unallocated										(409)
Total depreciation and amortization										291,542

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Notes to the Condensed Consolidated Interim Financial Information - 30 June 2024 (Unaudited)

	30 June 2023(Restated)									
	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
Segment revenues – airtime, data & subscriptions (Over time)	269,241	157,796	93,815	113,048	171,014	28,852	430,561	12,374	-	1,276,701
Segment revenues - trading income (Point in time)	36,168	55,611	4,924	1,702	1,301	8,455	53,637	691	-	162,489
Net profit before interest and tax	33,408	61,459	24,986	54,630	19,901	2,667	47,560	(6,569)	-	238,042
Interest income	1,256	1,620	418	2,186	236	172	3,829	121	-	9,838
Share of results of associate and joint venture	948	-	-	-	-	-	-	-	-	948
Investment income	1,907	-	-	-	-	-	-	-	-	1,907
Dividend income from Zain group	29,730	-	-	-	-	-	-	-	(29,730)	-
Gain on sale and leaseback transaction	-	-	-	-	12,246	-	81,603	-	(12,246)	81,603
Finance costs	(20,677)	(483)	(7,749)	(773)	(16,265)	(476)	(33,265)	(137)	-	(79,825)
Income tax expenses	(3,905)	-	(4,845)	(4,574)	(1,272)	-	-	(98)	-	(14,694)
	42,667	62,596	12,810	51,469	14,846	2,363	99,727	(6,683)	(41,976)	237,819
Unallocated items:										
Investment income										1,209
Share of results of associate and joint venture										317
Others (including unallocated income tax and finance costs net of elimination)										(32,218)
Profit for the period										207,127
Segment assets including allocated goodwill	1,796,884	977,493	604,132	182,597	982,251	128,596	3,096,966	165,429	(850,336)	7,084,012
ROU asset	81,741	13,778	11,414	3,834	7,246	16,047	77,870	2,083	-	214,013
Unallocated items:										
Investment securities at FVTPL										104,362
Investment securities at FVOCI										24,166
Investment in associates and joint venture										138,185
Others (net of eliminations)										173,596
										7,738,334
Consolidated assets										
Segment liabilities	408,551	242,837	187,146	106,533	197,380	36,362	1,023,217	171,030	-	2,373,056
Lease liabilities (Current & non-current)	121,415	21,118	14,095	2,285	6,697	16,140	113,904	1,934	-	297,588
Borrowings	525,993	-	98,488	-	286,475	-	556,071	203	-	1,467,230
										4,137,874
Unallocated items:										
Borrowings										730,809
Others (net of eliminations)										126,016
Consolidated liabilities										4,994,699
Net consolidated assets										2,743,635
Capital expenditure incurred during the year	40,308	11,767	790	21,331	9,238	854	10,192	13,367	-	107,847
Unallocated (net of eliminations)										78
Total capital expenditure										107,925
Depreciation and amortization	45,025	42,166	15,064	2,593	38,204	6,341	93,108	3,794	-	246,295
Amortization of ROU assets	4,304	4,382	885	486	1,605	2,055	12,163	232	-	26,112
Unallocated										(1,698)
Total depreciation and amortization										270,709

16. Related party transactions

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

Transactions

	Six months ended 30 June (Unaudited)	
	2024	2023
	RO'000	RO'000
Revenue	4,251	5,241
Purchase of goods and services	2,169	2,177
Dividend income from associate	2,123	1,458

Key management compensation

	Six months ended 30 June (Unaudited)	
	2024	2023
	RO'000	RO'000
Salaries and other short term employee benefits	1,084	1,259
Post-employment benefits	27	27

Balances

	Unaudited	Audited
	30 June	31 December
	2024	2023
	RO'000	RO'000
Trade receivables	3,189	6,648
Trade payables	354	4,421

17. Commitments and contingencies

	Unaudited	Audited
	30 June	31 December
	2024	2023
	RO'000	RO'000
Capital commitments	460,382	152,237
Uncalled share capital of investee companies	843	451
Letters of guarantee and credit	81,050	77,263

Royalty in Sultanate of Oman

The Parent Company during FY 2020 received a letter from TRA clarifying the applicability of royalty on certain categories of Wholesale revenue. While clarifying that these items are exempt from Royalty from year 2020, TRA has demanded to pay royalty on these revenues for the periods from 2013 to 2019. Based upon legal opinion and interpretation of the relevant provisions of the Parent Company's license terms, the management believes that the additional royalty amount is not payable.

Atheer - Iraq

On 10 September 2023, the Communication and Media Commission of Iraq ("CMC") imposed a fine of US\$ 75 million (RO 28.77 million) on Atheer for failing to meet 4G QoS ('Quality of Service') KPIs for the year 2022. Atheer's position is that CMC made an error in their fine calculation by using the overall subscriber count (including 2G, 3G, and 4G) instead of considering the number of 4G subscribers. The CMC's measurements did not comply with the existing regulations and the license articles regarding the coverage obligations. 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. Atheer

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will submit a petition to the Board of Commissioners (the legislative body of the CMC), articulating that the petition stems from a fundamental error committed by the CMC, requesting them to cancel the fine. Based on the report of its attorneys, the Group is of the view that the outcome of these proceedings will be favorable.

Pella - Jordan

Pella is a defendant in lawsuits amounting to RO 27.9 million (31 December 2023 – RO 27.86 million). Based on the report of its attorneys, the Group expects the outcome of these proceedings to be favorable to Pella.

SMTC

- a. SMTC received withholding tax assessments from Zakat, Tax and Customs Authority ("ZATCA") for an additional amount of SAR 252 million (RO 25.8 million) for certain withholding tax items for the years from 2015 to 2021. SMTC has appealed these assessments against the relevant committees. The SMTC believes that the outcome of those appeals will be in its favor with no material financial impact as the SMTC has sufficient provisions to cover these amounts.
- b. In accordance with the Net Telecommunications Revenue Base Regulations for Licensed Service Providers (the regulation) as issued by Communications, Space and Technology Commission in KSA (CST), SMTC is required to submit quarterly Net Telecom Revenue forms (NTR forms) including NTR base. Due to absence of reasonable assurance report on the submitted NTR forms for the period ended 31 March 2023, during 3rd quarter of 2023, SMTC has received an invoice from CST amounting to SAR 266 million (RO 27.2 million) which was calculated based on the revenue as reported in the interim condensed consolidated financial information for the period ended 31 March 2023 instead of NTR base for the respective period which resulted in SAR 97 million (RO 9.9 million) being additional amount. The reasonable assurance report was subsequently submitted. Till the quarter ended 30 June 2024 the Group has adjusted SAR 89.2 million (RO 9.1 million) amount against above advance payments to CST.

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.

18. Financial instruments**18.1 Categories of financial assets and liabilities**

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

	Amortized costs	At fair value through profit or loss	Fair value through comprehensive income
	RO'000	RO'000	RO '000
30 June 2024 (Unaudited)			
Cash and bank balances	304,918	-	-
Bank balances held in customer account	19,857	-	-
Trade and other receivables	1,212,120	-	-
Contract assets	203,621	-	-
Investment securities	1,000	77,554	14,602
Other assets	17,864	-	-
	1,759,380	77,554	14,602
31 December 2023 (Audited)			
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

All financial liabilities are categorized as 'at amortized cost'.

18.2 Fair value hierarchy for financial instruments measured at fair value

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

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

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

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

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

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

30 June 2024 (Unaudited)

	Level 1 RO'000	Level 2 RO'000	Level 3 RO'000	Total RO'000
Financial assets at fair value:				
Investments at fair value through profit or loss	6,050	29,712	41,792	77,554
Investments at fair value through other comprehensive income	3,214	3,608	7,780	14,602
Derivative asset held for hedging	-	6,872	-	6,872
Total assets	9,264	40,192	49,572	99,028

31 December 2023 (Audited)

	Level 1 RO'000	Level 2 RO'000	Level 3 RO'000	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	-	7,622	-	7,622
Total assets	8,475	43,566	44,390	96,431

Measurement at fair value

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

19 Hyperinflation – Zain South Sudan**Net monetary (loss)/ gain**

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

20 Derivative financial instruments

On 22 September 2020, SMTC entered into profit rate swaps, which matures in 2025. The maturity of the profit rate swap has been extended till the extended maturity of the refinanced loan. The average contracted fixed interest rate ranges from 2% to 3%. The fair value of profit rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract. As at reporting date all the critical terms of both hedge item and hedge instrument are the same, so the hedge is considered to be effective.

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

	Notional amounts by term to maturity		
	Positive	Negative	Notional
	fair value	fair value	amount
	RO'000	RO'000	RO'000
At 30 June 2024 (Un audited)			
<i>Derivatives held for hedging:</i>			
<i>Cash flow hedges</i> - Receive 3-month LIBOR/ SIBOR, pay fixed interest rate			
Interest rate swaps (maturing after one year)	6,872	-	262,082
At 31 December 2023 (Audited)			
<i>Derivatives held for hedging:</i>			
<i>Cash flow hedges</i> - Receive 3-month LIBOR/ SIBOR, pay fixed interest rate			
Interest rate swaps (maturing after one year)	7,622	-	257,991

21 Effect of prior period restatement

During 2023, due to significant judgements and estimations involved in assessing transfer of control, for the treatment of sale and lease back transaction in SMTC (Zain KSA) with Golden Lattice Investment Company ("GLI"), the accounting of the transaction was revisited in the fourth quarter of 2023. This resulted in change of accounting treatment from previously recorded transactions, which were based on signing of Site transfer Agreement ("STA") in 1st quarter 2023 and 3rd quarter 2023 respectively. Pursuant to reassessment the Groups' management concluded that on 8 January 2023, i.e. on first batch transfer, Financial Completion date was triggered and all respective conditions as set out in Asset Purchase Agreement ("APA") and Mobile Tower Space use Agreement ("MTSA") were completed for all asset transfer. Consequently, the Group derecognized passive infrastructure of all the sites with corresponding realization of gain on interim condensed consolidated statement of profit or loss and other comprehensive income for the period ended 31 March 2023. Additionally, and in accordance with the terms and conditions of the MTSA with GLI, the Group leased back the right to use specified spaces on each site recognizing the right of use assets and lease liability on the same. with a corresponding gain on consolidated statement of profit or loss and other comprehensive income. Accordingly, the previously reported amounts on interim condensed consolidated statement of profit or loss and other comprehensive income for the period ended 31 March 2023 has been adjusted to reflect changes of reassessment.

The ground leases for all sites, whether transferred or yet to be transferred but landlord consent is available, have been accounted in such a manner that the related right of use assets and lease liability have been derecognized with any resulting gain or loss on termination recognized in the interim condensed consolidated statement of profit or loss and other comprehensive income. For all other cases, the related carrying amounts of right of use assets and lease liability have been retained but reassessed for their lease term with any resulting gain or loss on modification recognized in the interim condensed consolidated statement of profit or loss and other comprehensive income.

A summary of the effect of the above restatements on the Condensed Consolidated Interim Financial Information is as follows:

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Condensed interim Consolidated Statement of Profit or Loss and Other Comprehensive Income for the three months ended 30 June 2023

	As previously reported	Restatement	As restated
	RO'000	RO'000	RO '000
Operating and administrative expenses	(200,099)	(486)	(200,585)
Depreciation and amortization	(138,247)	(295)	(138,542)
Other (expenses)/income	(2,404)	474	(1,930)
Finance costs	(46,611)	(731)	(47,342)
Profit before income taxes	82,015	(1,038)	80,977
Profit for the period	74,980	(1,038)	73,942
Profit attributable to:			
Shareholders of the Company	17,258	(948)	16,310
Non-controlling interests	57,722	(90)	57,632
Earnings per share			
Basic and diluted – RO	0.023	(0.001)	0.022
Total comprehensive income for the period	75,740	(1,116)	74,624
Total comprehensive income attributable to:			
Shareholders of the Company	17,695	(954)	16,741
Non-controlling interests	58,045	(162)	57,883

Condensed interim Consolidated Statement of Profit or Loss and Other Comprehensive Income for the six months ended 30 June 2023

	As previously reported	Restatement	As restated
	RO'000	RO'000	RO '000
Operating and administrative expenses	(411,154)	(1,202)	(412,356)
Depreciation and amortization	(270,121)	(588)	(270,709)
Other (expenses)/income	(20,108)	1,926	(18,182)
Gain on sale and lease back transaction*	42,041	39,562	81,603
Finance costs	(93,473)	(1,467)	(94,940)
Profit before income taxes	183,375	38,231	221,606
Profit for the period	168,896	38,231	207,127
Profit attributable to:			
Shareholders of the Company	38,487	3,103	41,590
Non-controlling interests	130,409	35,128	165,537
Earnings per share			
Basic and diluted – RO	0.051	0.004	0.055
Total comprehensive income for the period	162,379	38,024	200,403
Total comprehensive income attributable to:			
Shareholders of the Company	33,521	3,086	36,607
Non-controlling interests	128,858	34,938	163,796

* During 2023 the amount was disclosed under "Profit from discontinued operations"

Condensed Consolidated Statement of Financial Position as at 30 June 2023

	As previously reported	Restatement	As restated
	RO'000	RO'000	RO '000
Intangible assets and goodwill	3,322,975	(18,829)	3,304,146
Assets of disposal group classified as held for sale	282,491	(130,898)	151,593
Right of use of assets	180,091	33,919	214,010
Property and equipment	1,690,504	1	1,690,505
Trade and other payables	1,670,806	(171,653)	1,499,153
Liabilities of disposal group classified as held for sale	104,337	(28,637)	75,700
Lease liabilities (non-current)	214,846	46,192	261,038
Retained earnings	527,645	3,103	530,748
Non-controlling interests	2,244,306	34,938	2,279,244

Condensed Consolidated Statement of Cash Flows for the six months ended 30 June 2023

	As previously reported	Restatement	As restated
	RO'000	RO'000	RO '000
Profit for the period before income taxes	183,375	38,231	221,606
Depreciation and amortization	270,121	588	270,709
Finance costs	93,473	1,467	94,940
Gain on sale and lease back transaction	(42,041)	(39,562)	(81,603)
Trade and other payables	(104,421)	(728)	(105,149)
Net cash from operating activities	262,749	(2,407)	260,342