

OMANI QATARI TELECOMMUNICATIONS COMPANY SAOG

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024 (UNAUDITED)

Registered office and principal place of business

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OMANI QATARI TELECOMMUNICATIONS COMPANY SAOG

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024 (UNAUDITED)

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Independent Auditors' Report on Review of Interim Financial Statements

To the Shareholders of Omani Qatari Telecommunication Company SAOG

Introduction

We have reviewed the accompanying 31 March 2024 condensed consolidated interim financial statements of Omani Qatari Telecommunication Company SAOG ("the Company") and its subsidiaries ("the Group"), which comprises:

- the condensed consolidated statement of financial position as at 31 March 2024;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2024;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2024;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2024; and
- notes to the interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

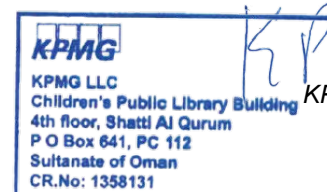
Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2024 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

30 April 2024



OMANI QATARI TELECOMMUNICATIONS COMPANY SAOG

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

| | Notes | 31 March 2024 (Unaudited) RO'000 | 31 March 2023 (Unaudited) RO'000 |
|---|-------|--|--|
| Revenue | 4 | 64,092 | 65,870 |
| Other income | | 4 | 31 |
| Network, interconnect and other operating expenses | | (28,397) | (28,435) |
| Employee salaries and associated costs | | (7,844) | (8,160) |
| Depreciation and amortisation | | (16,380) | (17,600) |
| Finance costs | | (865) | (1,040) |
| Finance income | | 1 | 1 |
| Impairment loss on financial assets | | (1,153) | (1,147) |
| Reversal of impairment on non-financial assets | | 70 | - |
| Other losses – net | | (23) | (51) |
| Royalty | 9 | (6,104) | (6,277) |
| Profit before tax | | 3,401 | 3,192 |
| Income tax | 5 | (595) | (414) |
| Profit and total comprehensive income for the period | | 2,806 | 2,778 |
| Profit and total comprehensive income attributable to: | | | |
| Owners of the Parent Company | | 2,783 | 2,772 |
| Non-controlling interests | | 23 | 6 |
| | | 2,806 | 2,778 |
| Earnings per share | | | |
| Basic and diluted earnings per share (RO) | 6 | 0.004 | 0.004 |

The accompanying notes on pages 7 to 19 form an integral part of these condensed consolidated interim financial statements.

The review report of the independent auditor is set out on page 1.

OMANI QATARI TELECOMMUNICATIONS COMPANY SAOG

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

| | Notes | 31 March 2024 (Unaudited) RO'000 | 31 December 2023 (Audited) RO'000 |
|--|-------|--|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 7 | 226,143 | 236,349 |
| Right-of-use assets | 8 | 34,169 | 34,159 |
| Licences | 9 | 68,699 | 70,294 |
| Other intangible assets | 9A | 15,894 | 14,735 |
| Other non-current assets | | 3,811 | 3,710 |
| Contract costs | | 1,176 | 1,128 |
| Total non-current assets | | 349,892 | 360,375 |
| Current assets | | | |
| Inventories | | 4,262 | 3,818 |
| Contract costs | | 2,966 | 3,110 |
| Trade and other receivables | | 59,655 | 59,487 |
| Cash and cash equivalents | | 6,248 | 3,422 |
| Total current assets | | 73,131 | 69,837 |
| TOTAL ASSETS | | 423,023 | 430,212 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Capital and reserves | | | |
| Share capital | | 65,094 | 65,094 |
| Legal reserve | | 21,698 | 21,698 |
| Retained earnings | | 165,360 | 172,146 |
| Equity attributable to the owners of the Parent Company | | 252,152 | 258,938 |
| Non-controlling interests | | 192 | 169 |
| Total equity and non-controlling interests | | 252,344 | 259,107 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Loans and borrowings | 10 | 338 | 338 |
| Lease liabilities | 11 | 26,124 | 28,901 |
| Site restoration provision | | 8,044 | 7,980 |
| Employee benefits | 12 | 1,783 | 2,095 |
| Deferred tax liability | 5 | 2,679 | 2,773 |
| Total non-current liabilities | | 38,968 | 42,087 |
| Current liabilities | | | |
| Trade and other payables | | 71,300 | 100,976 |
| Employee benefits | 12 | 927 | 689 |
| Loans and borrowings | 10 | 38,565 | 14,036 |
| Lease liabilities | 11 | 11,722 | 8,312 |
| Contract liabilities | | 1,258 | 688 |
| Deferred income | | 6,955 | 3,979 |
| Income tax payable | 5 | 984 | 338 |
| Total current liabilities | | 131,711 | 129,018 |
| Total liabilities | | 170,679 | 171,105 |
| TOTAL EQUITY AND LIABILITIES | | 423,023 | 430,212 |

These condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 30 April 2024 and were signed on their behalf by:

Director  Director  Chief Executive Officer 

The accompanying notes on pages 7 to 19 form an integral part of these condensed consolidated interim financial statements.

The review report of the independent auditor is set out on page 6.

Classification: Public



OMANI QATARI TELECOMMUNICATIONS COMPANY SAOG

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES TO EQUITY FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

| | Attributable to the owners of the Parent Company | | | | Non- controlling interests RO'000 | Total equity RO'000 |
|--|--|----------------------------|--------------------------------|---------------------|--|------------------------|
| | Share capital RO'000 | Legal reserve RO'000 | Retained earnings RO'000 | Sub-total RO'000 | | |
| Balance at 1 January 2023 (audited) | 65,094 | 21,698 | 174,473 | 261,265 | 102 | 261,367 |
| Profit and total comprehensive income for the period | - | - | 2,772 | 2,772 | 6 | 2,778 |
| Dividends (note 13) | - | - | (13,019) | (13,019) | - | (13,019) |
| Balance at 31 March 2023 (unaudited) | 65,094 | 21,698 | 164,226 | 251,018 | 108 | 251,126 |
| Balance at 1 January 2024 (audited) | 65,094 | 21,698 | 172,146 | 258,938 | 169 | 259,107 |
| Profit and total comprehensive income for the period | - | - | 2,783 | 2,783 | 23 | 2,806 |
| Dividends (note 13) | - | - | (9,569) | (9,569) | - | (9,569) |
| Balance at 31 March 2024 (unaudited) | 65,094 | 21,698 | 165,360 | 252,152 | 192 | 252,344 |

The accompanying notes on pages 7 to 19 form an integral part of these condensed consolidated interim financial statements.

The review report of the independent auditor is set out on page 1.

OMANI QATARI TELECOMMUNICATIONS COMPANY SAOG

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

| | Notes | 31 March 2024 (Unaudited) RO'000 | 31 March 2023 (Unaudited) RO'000 |
|--|--------|--|--|
| OPERATING ACTIVITIES | | | |
| Profit before tax | | 3,401 | 3,192 |
| Adjustments for: | | | |
| Depreciation | 7 | 11,467 | 12,772 |
| Right-of-use depreciation and Amortisation | 8,9,9A | 4,913 | 4,828 |
| Impairment loss on financial assets | | 1,153 | 1,147 |
| Financing costs – lease | | 530 | 556 |
| Finance costs | | 271 | 290 |
| Unwinding of discount of site restoration provision | | 64 | 194 |
| Finance income | | (1) | (1) |
| Accrual of cash settled share-based payments | | 238 | 169 |
| Addition/ (reversal) of employees' end of service benefits | | (281) | 176 |
| Gain on termination of lease contract | | (9) | (19) |
| Reversal of impairment loss on non-financial assets | | (70) | - |
| Movement in long term prepayment | | - | 84 |
| Operating profit before working capital changes | | 21,676 | 23,388 |
| Working capital changes: | | | |
| Inventories | | (444) | (1,769) |
| Trade and other receivables | | (1,321) | (9,665) |
| Contract assets and other non-current assets | | (149) | (1,810) |
| Contract costs | | 144 | (557) |
| Trade and other payables | | (30,766) | (21,837) |
| Contract liabilities and deferred income | | 3,546 | 848 |
| Cash used in operations | | (7,314) | (11,402) |
| Interest paid | | (197) | (275) |
| Interest paid – lease | | (370) | (639) |
| Income tax paid | | (43) | - |
| Cash settled share-based payments paid | | - | (9) |
| Employees' end of service benefits paid | | (31) | (45) |
| Net cash used in operating activities | | (7,955) | (12,370) |
| INVESTING ACTIVITIES | | | |
| Payments for property, plant and equipment | | (109) | (13,431) |
| Payment for licence renewal | | - | (12,500) |
| Payments for intangible assets | 9A | (2,619) | (1,970) |
| Interest income | | 1 | 1 |
| Net cash used in investing activities | | (2,727) | (27,900) |
| FINANCING ACTIVITIES | | | |
| Proceeds from loans and borrowings | 10 | 41,000 | 64,000 |
| Repayment of loans and borrowings | 10 | (16,545) | (5,586) |
| Dividends paid | 13 | (9,569) | (13,019) |
| Repayment of lease principal | | (1,378) | (1,979) |
| Net cash generated from financing activities | | 13,508 | 43,416 |
| Net increase in cash and cash equivalents | | 2,826 | 3,146 |
| Cash and cash equivalents at the beginning of the period | | 3,422 | 2,388 |
| Cash and cash equivalents at the end of the period | | 6,248 | 5,534 |

The accompanying notes on pages 7 to 19 form an integral part of these condensed consolidated interim financial statements.

The review report of the independent auditor is set out on page 1.

OMANI QATARI TELECOMMUNICATIONS. COMPANY SAOG
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024 (continued)**
Non-cash investing and financing activities

| | Note | 31 March 2024 (Unaudited) RO'000 | 31 March 2023 (Unaudited) RO'000 |
|---|-------------|---|---|
| Acquisition of right-of-use leased assets | 8 | <u>1,868</u> | <u>240</u> |

The accompanying notes on pages 7 to 19 form an integral part of these condensed consolidated interim financial statements.

The review report of the independent auditor is set out on page 1.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024 (UNAUDITED)****1 Legal status and principal activities**

Omani Qatari 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. In accordance with Royal Decree 17/2005, effective 19 February 2005, the Company was granted a licence to provide mobile telecommunication services in the Sultanate of Oman for a period of 15 years ending 18 February 2020. The Company’s mobile licence has been renewed for another period of 15 years starting from 19 February 2020 by the issuance of Royal Decree No. 3/2020 in February 2020.

In accordance with Royal Decree 34/2009, effective 6 June 2009, the Company was also awarded a licence to provide fixed line telecommunication services in the Sultanate of Oman for a period of 25 years. The Company’s activities under this licence will be installation, operation, maintenance and exploitation of fixed public telecommunications systems in the Sultanate of Oman.

The Company’s current principal activities are the operation, maintenance and development of mobile and fixed telecommunications services in the Sultanate of Oman.

The Company is a subsidiary of Seyoula International Investment W.L.L whose registered address is Ooredoo Building 25th Floor, 100 West Bay Center Diplomatic Area, P.O. Box 217 Doha, Qatar. The ultimate parent of the Company is Ooredoo Q.P.S.C. (formerly known as Qatar Telecom (Qtel) QSC) whose registered address is P.O. Box 217, Doha, Qatar. The ultimate controlling party of the Group is Qatar Investment Authority – the sovereign wealth fund of the State of Qatar.

During 2015, the Company acquired a 51% shareholding in Duqm Data Centre SAOC (“the Subsidiary”). The Subsidiary is registered in the Sultanate of Oman. The Subsidiary’s principal activities are data collection, management and operation of data preparation of other agencies on permanent basis. During December 2018 and 2019, the Company subscribed to additional shares in the Subsidiary. Because of this, the shareholding of the Company in the Subsidiary was increased to 71% as at 31 December 2019. The Subsidiary has started its commercial operations during 2019.

On 7 November 2021, the Company invested 100% shareholding in Gulf Tower Company SPC (“the Tower Co”). The Subsidiary is registered in the Sultanate of Oman and its principal activities are carry business relating to wired telecommunications, maintenance of networks and renting of communication equipment. The Tower Co has not commenced operations as of 31 March 2024.

The Parent Company and its subsidiaries together is hereafter referred as “the Group” and individually as “the Parent Company” or the “Company” and “the Subsidiaries”, respectively.

2(a) Basis of preparation

These condensed consolidated interim financial statements (“the interim financial statements”) of the Group are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting and the minimum disclosure requirements issued by the Capital Market Authority (“CMA”), now known as Financial Services Authority. The accounting policies used in the preparation of the interim financial statements are consistent with those used in the preparation of the annual financial statements of the Group for the year ended 31 December 2023 except for the adoption of new and amended standards as disclosed in note 2.1 below.

The interim financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

The interim financial statements are prepared in Rial Omani (RO), rounded to the nearest thousand except when otherwise indicated.

The interim financial statements are prepared under the historical cost convention, except for the measurement at fair value of the cash settled share-based payments.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024 (UNAUDITED) (continued)**

2(b) Change in accounting policy

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2023.

The policy for recognising and measuring income taxes in the interim period is disclosed in Note 5 and is consistent with that applied in the comparative interim period.

2.1 New and amended standards adopted by the Group

Following are the standards that are effective from 01 January 2024.

- Amendment to IAS 7 and IFRS 7, Supplier Finance Arrangements.
- Amendments to IFRS 16, Lease liability in a sale and leaseback.

The Group has adopted Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1, as issued in 2020 and 2022. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024. They clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current liabilities that are subject to covenants within 12 months after the reporting period. Despite the change in policy, there is no current period or retrospective impact on the comparative statement of financial position as of 31 December 2023 and for the three months period ended 31 March 2024.

The change in accounting policy will also be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2024.

2.2 Impact of new standards (issued but not yet adopted by the Group)

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended accounting standards in preparing these condensed consolidated interim financial statements.

The Group is currently assessing the impact of the below not yet effective amendments on consolidated financial statements:

| New standards or amendments | Effective date |
|--|--|
| <ul style="list-style-type: none"> • Lack of Exchangeability – Amendments to IAS 21 • Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) | <p>01 January 2025</p> <p>Available for optional adoption/effective date deferred indefinitely</p> |

3 Use of judgement and estimate

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Measurement of fair values

A number of the Group's accounting policies require the measurement of fair values, for both financial assets and liabilities and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024 (UNAUDITED) (continued)****3 Use of judgement and estimate (continued)****Measurement of fair values (continued)**

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Accounting Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group audit committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in 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 the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024 (UNAUDITED) (continued)**

4 Revenue

| | 31 March 2024 (Unaudited) RO'000 | 31 March 2023 (Unaudited) RO'000 |
|-------------------------------------|---|---|
| Revenue from rendering of services | 58,815 | 60,664 |
| Sale of telecommunication equipment | 5,277 | 5,206 |
| | 64,092 | 65,870 |

| | 31 March 2024 (Unaudited) RO'000 | 31 March 2023 (Unaudited) RO'000 |
|--|---|---|
| Timing of the revenue recognition | | |
| Over time | 58,815 | 60,664 |
| At a point in time | 5,277 | 5,206 |
| | 64,092 | 65,870 |

5 Income tax

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Taxation is provided in accordance with Omani regulations.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carried forward unused tax assets and unused tax losses can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Current and deferred tax for the year

Current and deferred tax are recognised in statement of profit or loss, except when they relate to items that are recognised in statement of profit or loss or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

| | 31 March 2024 (Unaudited) RO'000 | 31 March 2023 (Unaudited) RO'000 |
|------------------------------------|---|---|
| Statement of profit or loss | | |
| Current tax expenses | 689 | 668 |
| Deferred tax expenses | (94) | (254) |
| | 595 | 414 |

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024 (UNAUDITED) (continued)**

5 Income tax (continued)

| | 31 March 2024 (Unaudited) RO'000 | 31 December 2023 (Audited) RO'000 |
|---|---|--|
| The movement in the current taxation liability as follows: | | |
| At 1 January | 338 | 51 |
| Charge for the period/ year | 689 | 287 |
| Payment | (43) | - |
| At 31 March/ December | 984 | 338 |
| Deferred tax liability | | |
| At 1 January | (2,773) | (1,100) |
| Movement for the period/year through statement of profit or loss | 94 | (1,673) |
| At 31 March/31 December | (2,679) | (2,773) |

The tax rate applicable to the Group is 15% (2023: 15%). Deferred tax asset/liability is recorded at 15% (2023: 15%). For the purpose of determining the taxable results for the period, the accounting profit of the Group has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. The adjustments are based on the current understanding of the existing laws, regulations and practices.

The income tax assessment of the Parent Company has been finalised by the Oman Taxation Authorities up to 2019. Income tax assessments for the years 2020 to 2023 are yet to be completed by the Oman Taxation Authorities. With regard to tax assessment for the year 2019, there were no adjustments (disallowances) to the taxable income declared by the Parent Company in the return of income filed. The assessment has been completed in line with the return of income submitted.

6 Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributable to ordinary equity holder of the Parent Company by the weighted average number of shares outstanding during the period as follows:

| | 31 March 2024 (Unaudited) | 31 March 2023 (Unaudited) |
|---|--------------------------------------|--------------------------------------|
| Profit for the period (RO'000) attributable to equity holders of the Parent Company | 2,783 | 2,772 |
| Weighted average number of shares outstanding for the period (number in thousand) | 650,944 | 650,944 |
| Basic and diluted earnings per share (RO) | 0.004 | 0.004 |

No figure for diluted earnings per share has been presented as the Company has not issued any instruments which would have an impact on earnings per share when exercised.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024 (UNAUDITED) (continued)

7 Property, plant and equipment

| | Mobile / fixed exchange and network equipment RO'000 | Subscriber apparatus and other equipment RO'000 | Buildings RO'000 | Capital work in progress RO'000 | Total RO'000 |
|---|--|---|---------------------|---------------------------------------|-----------------|
| Cost | | | | | |
| 1 January 2024 | 737,228 | 106,195 | 10,137 | 16,977 | 870,537 |
| Transfers | 1,916 | 1,053 | 15 | (2,984) | - |
| Additions | - | - | - | 1,199 | 1,199 |
| Reversal of impairment loss | - | 62 | - | - | 62 |
| 31 March 2024 (unaudited) | 739,144 | 107,310 | 10,152 | 15,192 | 871,798 |
| Accumulated Depreciation | | | | | |
| 1 January 2024 | 527,643 | 97,325 | 9,220 | - | 634,188 |
| Charge for the period | 9,383 | 1,954 | 130 | - | 11,467 |
| 31 March 2024 (unaudited) | 537,026 | 99,279 | 9,350 | - | 645,655 |
| Net book value 31 March 2024 (unaudited) | 202,118 | 8,031 | 802 | 15,192 | 226,143 |

| | Mobile / fixed exchange and network equipment RO'000 | Subscriber apparatus and other equipment RO'000 | Buildings RO'000 | Capital work in progress RO'000 | Total RO'000 |
|--|--|---|---------------------|---------------------------------------|-----------------|
| Cost | | | | | |
| 1 January 2023 | 702,340 | 101,636 | 9,971 | 19,147 | 833,094 |
| Transfers | 36,089 | 5,036 | 166 | (41,291) | - |
| Additions | - | - | - | 39,121 | 39,121 |
| Reversal of impairment loss | - | 3 | - | - | 3 |
| Write off | (1,201) | (480) | - | - | (1,681) |
| 31 December 2023 (audited) | 737,228 | 106,195 | 10,137 | 16,977 | 870,537 |
| Accumulated Depreciation | | | | | |
| 1 January 2023 | 485,079 | 90,031 | 8,926 | - | 584,036 |
| Charge for the year | 43,823 | 7,774 | 294 | - | 51,891 |
| Write off | (1,259) | (480) | - | - | (1,739) |
| 31 December 2023 (audited) | 527,643 | 97,325 | 9,220 | - | 634,188 |
| Net book value 31 December 2023 (audited) | 209,585 | 8,870 | 917 | 16,977 | 236,349 |

Capital work in progress includes advances given to suppliers towards purchase of property and equipment amounting to RO 4,111,386 (31 December 2023: RO 3,897,791).

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024 (UNAUDITED) (continued)**

8 Right-of-use assets

| | Mobile network sites RO'000 | Transmission RO'000 | Retail outlets RO'000 | Vehicles RO'000 | Buildings and warehouses RO'000 | Total RO'000 |
|---|-----------------------------------|------------------------|--------------------------|--------------------|---------------------------------------|-----------------|
| Net book value as at 1 January 2024 | 26,456 | 6,077 | 537 | 48 | 1,041 | 34,159 |
| Additions during the period | 598 | 211 | 302 | - | 833 | 1,944 |
| Depreciation for the period | (1,409) | (127) | (114) | (23) | (185) | (1,858) |
| Reversal of Impairment loss | - | - | - | - | 8 | 8 |
| Termination contract for the period - cost | (95) | (12) | - | - | (90) | (197) |
| Termination contract for the period – depreciation | 25 | 4 | - | - | 84 | 113 |
| Expired contract for the year – cost | - | - | (530) | - | (971) | (1,501) |
| Expired contract for the year – depreciation | - | - | 530 | - | 971 | 1,501 |
| Net book value as at 31 March 2024 (unaudited) | 25,575 | 6,153 | 725 | 25 | 1,691 | 34,169 |

| | Mobile network sites RO'000 | Transmission RO'000 | Retail outlets RO'000 | Vehicles RO'000 | Buildings and warehouses RO'000 | Total RO'000 |
|--|-----------------------------------|------------------------|--------------------------|--------------------|---------------------------------------|-----------------|
| Net book value as at 1 January 2023 | 29,642 | 6,363 | 662 | 61 | 1,944 | 38,672 |
| Additions during the year | 2,483 | 212 | 291 | 93 | - | 3,079 |
| Depreciation for the year | (5,520) | (498) | (414) | (106) | (798) | (7,336) |
| Expired contract for the year – cost | (8) | - | (666) | (479) | - | (1,153) |
| Expired contract for the year – depreciation | 8 | - | 666 | 479 | - | 1,153 |
| Reversal of Impairment loss | - | - | - | - | 32 | 32 |
| Terminated contract for the year – cost | (381) | - | (19) | - | (137) | (537) |
| Terminated contract for the year - depreciation | 183 | - | 17 | - | - | 200 |
| Modification during the year | 49 | - | - | - | - | 49 |
| Net book value as at 31 December 2023 (audited) | 26,456 | 6,077 | 537 | 48 | 1,041 | 34,159 |

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024 (UNAUDITED) (continued)**

9 Licences

| | Mobile licence RO'000 | Fixed line licence RO'000 | Total RO'000 |
|---|--------------------------------------|--------------------------------------|-------------------------|
| <i>Cost</i> | | | |
| Balance at 1 January 2024 and at 31 March 2024 (unaudited) | 135,137 | 21,847 | 156,984 |
| <i>Amortisation</i> | | | |
| Balance at 1 January 2023 | 73,798 | 12,892 | 86,690 |
| Amortisation during the period | <u>1,383</u> | <u>212</u> | <u>1,595</u> |
| Balance at 31 March 2024 (unaudited) | <u>75,181</u> | <u>13,104</u> | <u>88,285</u> |
| <i>Net book value</i> | | | |
| At 31 March 2024 (unaudited) | <u>59,956</u> | <u>8,743</u> | <u>68,699</u> |
| <i>Cost</i> | | | |
| Balance at 1 January 2023 (audited) | 135,137 | 21,847 | 156,984 |
| <i>Amortisation</i> | | | |
| Balance at 1 January 2023 | 68,250 | 12,041 | 80,291 |
| Amortisation during the period | <u>5,548</u> | <u>851</u> | <u>6,399</u> |
| Balance at 31 December 2023 (audited) | <u>73,798</u> | <u>12,892</u> | <u>86,690</u> |
| <i>Net book value</i> | | | |
| At 31 December 2023 (audited) | <u>61,339</u> | <u>8,955</u> | <u>70,294</u> |

9.1 Licences represent the amount paid to the Telecommunication Regulatory Authority (TRA) of the Sultanate of Oman for obtaining the licence to operate as fixed and mobile telecommunication service provider. Licences are stated at cost less accumulated amortisation and impairment losses.

In accordance with the terms of the mobile and fixed line licences, granted to the Company, royalty is payable to the Government of the Sultanate of Oman based on 12% (2023: 12%) for the mobile licence and 10% (2023: 10%) for the fixed licence. These rates are to be applied on the net of predefined sources of revenue and expenses as per the TRA guidelines and the latest guidelines was issued on 29 December 2020.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024 (UNAUDITED) (continued)**

9A Other intangible assets

| | Cable capacity RO'000 | Software RO'000 | Total RO'000 |
|--------------------------------|--------------------------|--------------------|-----------------|
| <i>Cost</i> | | | |
| At 1 January 2024 | 12,312 | 29,713 | 42,025 |
| Additions | - | 2,619 | 2,619 |
| At 31 March 2024 (unaudited) | 12,312 | 32,332 | 44,644 |
| <i>Amortisation</i> | | | |
| At 1 January 2024 | 2,431 | 24,859 | 27,290 |
| Amortisation during the period | 216 | 1,244 | 1,460 |
| At 31 March 2024 (unaudited) | 2,647 | 26,103 | 28,750 |
| <i>Net book value</i> | | | |
| At 31 March 2024 (unaudited) | 9,665 | 6,229 | 15,894 |

| | Cable capacity RO'000 | Software RO'000 | Total RO'000 |
|--------------------------------|--------------------------|--------------------|-----------------|
| <i>Cost</i> | | | |
| At 1 January 2023 | 11,148 | 24,930 | 36,078 |
| Additions | 1,164 | 4,783 | 5,947 |
| At 31 December 2023 (audited) | 12,312 | 29,713 | 42,025 |
| <i>Amortisation</i> | | | |
| At 1 January 2023 | 1,674 | 21,156 | 22,830 |
| Amortisation during the period | 757 | 3,703 | 4,460 |
| At 31 December 2023 (audited) | 2,431 | 24,859 | 27,290 |
| <i>Net book value</i> | | | |
| At 31 December 2023 (audited) | 9,881 | 4,854 | 14,735 |

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024 (UNAUDITED) (continued)**

10 Loans and borrowings

| | 31 March 2024 (Unaudited) RO'000 | 31 December 2023 (Audited) RO'000 |
|------------------------------|---|--|
| Long-term loan – non current | 338 | 338 |
| Short-term loan – current | 38,565 | 14,036 |
| | 38,903 | 14,374 |

Long-term loan is obtained by subsidiary company, Duqm Data Centre SAOC, from a commercial bank at interest rate of 6.5% per annum and is repayable in 15 equal quarterly instalments.

The term loan is secured against the negative lien on all assets of the subsidiary company amounting to RO 1,846,105.

As of 31 March 2024, the Group has available funds for drawdown of RO 56.6 million (31 December 2023: RO 71.287 million) with facility maturing in October 2026. The facilities are unsecured and carry an effective interest rates of fixed deposit rate + 1.75%.

The Group has complied with all the financial covenants of its borrowing facilities which relate to 'Debt to EBITDA' and 'Interest coverage' ratios as at 31 March 2024 and 31 December 2023. The Group expects to comply with the covenants for at least 12 months after the reporting date.

11 Lease liabilities

| | 31 March 2024 (Unaudited) RO'000 | 31 December 2023 (Audited) RO'000 |
|--|---|--|
| Maturity analysis - contractual undiscounted cash flow | | |
| Less than one year | 13,556 | 10,146 |
| One to five years | 18,165 | 20,722 |
| More than five years | 14,911 | 15,116 |
| Total undiscounted lease liabilities at period end | 46,632 | 45,984 |
| Lease liabilities included in the statement of financial position at period end | | |
| Current | 11,722 | 8,312 |
| Non-current | 26,124 | 28,901 |
| Total lease liabilities | 37,846 | 37,213 |

12 Employee benefits

| | 31 March 2024 (Unaudited) RO'000 | 31 December 2023 (Audited) RO'000 |
|---|---|--|
| Employees' end of service benefits | 1,783 | 2,095 |
| Cash settled share-based payments | 927 | 689 |
| Total employee benefits as at the end of the period/year | 2,710 | 2,784 |
| Less: current liability for cash settled share-based payments | (927) | (689) |
| Non-current liability as at the end of the period/year | 1,783 | 2,095 |

13 Dividend

The Directors proposed a dividend of baiza 14.7 per share for year ended 31 December 2023 amounting to RO 9.569 million. This was approved by the Company's shareholders at the Annual General Meeting held on 19 March 2024, and was paid in March 2024.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024 (UNAUDITED) (continued)**

14 Related party transactions

Related parties comprise the shareholders, directors, key management personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions. Pricing policies and the terms of these transactions are approved by the Group's management.

Details regarding transactions with the related parties included in the financial statements are set out below:

| | 31 March 2024 (Unaudited) RO'000 | | 31 March 2023 (Unaudited) RO'000 | |
|--|---|-------------------------------------|---|-------------------------------------|
| | Other related parties | Directors and key management | Other related parties | Directors and key management |
| Directors' and key management remuneration | - | 490 | - | 350 |
| Revenue | | | | |
| Telecom revenues | 2,850 | - | 3,345 | - |
| Expenses / (reimbursements) | | | | |
| Telecom costs | 356 | - | 258 | - |
| Service fees | 1,908 | - | 1,967 | - |
| Brand licence fee | 953 | - | 983 | - |
| Other expenses | 32 | - | 15 | - |
| Reimbursement from related party for expenses incurred | (29) | - | - | - |

Trade payable and receivable balances with related parties included in the statement of financial position are as follows:

| | 31 March 2024 (Unaudited) RO'000 | 31 December 2023 (Audited) RO'000 |
|-------------------------------|---|--|
| Payables | | |
| Entities under common control | 3,813 | 3,437 |
| | | |
| Receivables | | |
| Entities under common control | 1,272 | 553 |

Compensation of key management personnel

The remuneration of members of key management and directors during the period was as follows:

| | 31 March 2024 (Unaudited) RO'000 | 31 March 2023 (Unaudited) RO'000 |
|--------------------------------------|---|---|
| Salaries / remuneration and benefits | 382 | 305 |
| Share-based payments | 66 | 38 |
| Directors' remuneration | 40 | 1 |
| Employees' end of service benefits | 2 | 6 |
| | 490 | 350 |

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024 (UNAUDITED) (continued)**

15 Capital commitments

| | 31 March 2024 (Unaudited) RO'000 | 31 December 2023 (Audited) RO'000 |
|--|---|--|
| Capital commitments | | |
| Estimated capital expenditure contracted for at the reporting date but not provided for: | | |
| Property and equipment | <u>24,911</u> | <u>10,040</u> |

16 Contingent liabilities

Guarantees

At 31 March 2024, the Group had contingent liabilities in respect of bank guarantees amounting to RO 2,503,150 (31 December 2023: RO 2,503,150) and performance bonds amounting to RO 580,709 (31 December 2023: RO 435,163). It is anticipated that no material liabilities are expected to arise from these.

17 Segment information

Information regarding the Group's operating segments is set out below in accordance with the IFRS 8 – Operating Segments.

Segment revenue that are reported to the Group's Chief Operating Decision Maker ("CODM"), which is the Board of Directors, include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

For management purpose, the Group is organised into business units based on their product and services and has two reportable operating segments as follows:

1. Operation of Global System for Mobile Communication (GSM) for prepaid and post-paid services, sale of telecommunication equipment and other associated services i.e. mobile segment.
2. Provision of international and national voice and data services from fixed line, sale of telecommunication equipment and other associated services i.e. fixed line segment.

Management monitors the revenue of its business for the purpose of making decisions about resource allocation and performance assessment.

Segment revenue

Segment information represents only revenue by each segment, as revenue is the only specific segmental information regularly provided to the chief operating decision maker.

The Parent Company commenced its fixed line services in May 2010 and its operations are mainly confined to the Sultanate of Oman.

Segmental revenue for the three months period ended 31 March 2024 are as follows:

| | Mobile RO'000 | Fixed line RO'000 | Total RO'000 |
|----------------------|--------------------------|------------------------------|-------------------------|
| Revenue | | | |
| External sales | <u>45,681</u> | <u>18,411</u> | <u>64,092</u> |
| Total revenue | <u>45,681</u> | <u>18,411</u> | <u>64,092</u> |

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024 (UNAUDITED) (continued)**

17 Segment information (continued)

Segmental revenue for the three-month period ended 31 March 2023 are as follows:

| | Mobile RO'000 | Fixed line RO'000 | Total RO'000 |
|----------------|------------------|----------------------|-----------------|
| Revenue | | | |
| External sales | 47,256 | 18,614 | 65,870 |
| Total revenue | <u>47,256</u> | <u>18,614</u> | <u>65,870</u> |