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

This condensed consolidated interim financial information is prepared in accordance with IAS 34: Interim Financial Reporting.

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.

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, Group believes that there is no definitive basis to apply IAS 29 at this stage. However, Group will review it on an ongoing basis, accordingly it has not quantified the impact of applying IAS 29 as of 31 March 2022.

This condensed consolidated interim financial information does not contain all of the information and disclosures required for complete 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 2022, 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 2021.

Changes in accounting policy and disclosures

The accounting policies used in the preparation of the condensed consolidated interim financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2021. Certain amendments and interpretations apply for the first time in 2022, but do not have an impact on the condensed consolidated interim financial information of the Group.

Financial support to Group companies

The Group has committed to provide working capital and other financial support to certain subsidiaries including Mobile Telecommunications Company Saudi Arabia (“SMTC”), Zain Jordan, Al Khatem and Zain South Sudan 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.

Acquisition of additional shares in a subsidiary

In January 2021, the Company purchased additional shares representing 9.6% of share capital of Zain Bahrain B.S.C ("MTCB"), increasing Group's effective holding in MTCB to 65%. The difference between the consideration transferred and the carrying amount of MTCB's net assets attributable to the additional interest acquired, was transferred to the retained earnings.

3. Cash and bank balances

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

	Unaudited 31 March 2022	Audited 31 December 2021
Cash on hand and at banks	**321,365**	351,464
Short-term deposits with banks	**77,794**	59,324
Government certificates of deposits held by subsidiaries	**-**	14
	399,159	410,802
Expected credit loss	**(20,585)**	(20,588)
	378,574	390,214
Cash at bank under lien	**(2,160)**	(2,662)
Government certificates of deposits with maturities exceeding three months held by subsidiaries	**-**	(14)
Cash and cash equivalent in the condensed consolidated statements of cash flows	**376,414**	387,538

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 – Kuwait, KSA and Oman

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

During the period, Zain KSA (SMTC) has received board of directors' approval of the final offers (the "Final Offers") from the Public Investment Fund (PIF), HRH Prince Saud Bin Fahad, and Sultan Holding Company after completing the due diligence and internal approvals of all parties. The approved final offers were to acquire stakes in Zain KSA's towers infrastructure comprising of 8,069 towers, valuing these assets at USD 807 million (RO 302.5 million). Pursuant to the Final Offers SMTC will own 20% stake in newly formed Tower Company. PIF's Final Offer also includes a call option that will grant PIF the right to buy the remaining 20% stake from Zain KSA for a certain amount. Under the terms of the offers, Zain KSA will sell its passive, physical towers infrastructure and retain all other wireless communication antennas, software, technology, and intellectual property (IPs).

During the year 2020 and 2021 the Company completed the sale and lease back of 1,355 telecom towers in Kuwait.

On 11 May 2021, Parent Company entered into an agreement with Helios Towers PLC for the sale and lease back of 2890 telecom towers in Oman for a consideration of USD 575 Million. Towers sold will be leased back for a period of 15 years.

The disposal is consistent with the Group's long-term policy to focus its activities on the Group's other businesses. These operations, which are expected to be sold within 12 months, have been classified as a disposal group held for sale and presented separately in the statement of financial position. The proceeds of disposal are expected to substantially exceed the carrying amount of the related net assets and accordingly no impairment losses have been recognised on the classification of these operations as held for sale.

The sale and leaseback facilitates transfer of residual value risk and also provides flexibility in managing the asset ageing and Group's liquidity.

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

	RO'000				
				Total	
	Kuwait	KSA	Oman	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Telecom tower assets	**2,014**	**136,566**	**25,428**	**164,008**	25,632
Right of use of assets	**4,364**	**101,554**	**3,578**	**109,496**	5,957
	6,378	**238,120**	**29,006**	**273,504**	31,589
Lease liabilities	**896**	**102,011**	**2,613**	**105,520**	1,924
Other liabilities	**-**	**-**	**947**	**947**	1,325
	896	**102,011**	**3,560**	**106,467**	3,249

These are expected to be sold during the year 2022.

5. Investments in associates and joint venture

	Unaudited	Audited
	31 March 2022	31 December 2021
	RO'000	RO '000
Oman Fibre Optic Co SAOG	**7,773**	7,809
Majan Telecommunications LLC	**5,070**	5,326
Equinix Muscat LLC	**3,426**	3,546
Block chain Solutions LLC (refer note (i) below)	**665**	519
IHS Kuwait Ltd	**1,405**	908
	18,339	18,108

i) In December 2021, Group purchased additional shares representing 21% of share capital of Block Chain Solutions LLC (BSS), increasing Group's effective holding in Blockchain Solution LLC to 51%. Consequently the Group controls Block Chain Solutions LLC effective December 2021. Since the financial statements are not available as at 31 March 2022 the entity is not consolidated. Group believes that the impact of non-consolidation is not material to the results of the Group.

ii) Investments in joint venture

This includes Group's RO 97.609 million (31 December 2021 - RO 96.180 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).

6. Property and equipment

	Unaudited	Audited
	31 March 2022	31 December 2021
	RO'000	RO'000
Net fixed assets	**1,640,097**	1,779,983
Capital work in progress	**171,230**	203,007
	1,811,327	1,982,990

During the three-months period ended 31 March 2022, the Group acquired property and equipment amounting to RO 43.7 million (31 March 2021: RO 37.3 million). Depreciation charged for the period amounted to RO 81.7 million (31 March 2021: RO 66 million).

7. Intangible assets and goodwill

	Unaudited	Audited
	31 March 2021	31 December 2020
	RO'000	RO'000
Intangible assets	**2,356,676**	2,390,867
Goodwill	**1,063,024**	1,060,120
	3,419,700	3,450,987

During the three-months period ended 31 March 2022, the Group acquired intangible assets amounting to RO 3.619 million (31 March 2021: RO 131.72 million). Amortization charged for the period amounted to RO 42.77 million (31 March 2021: RO 61.379 million).

8. Income tax payables

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

Tax assessments for Parent Company (Sultanate of Oman) are finalized till tax years 2017. For tax year 2017, tax authority Oman raised a demand for RO 6.2 million disallowing certain write offs with respect to an investment in an erstwhile subsidiary. The Company has filed an objection against the order with head of tax authority and believes that it has strong grounds for reversal of the tax demand.

At Atheer Iraq, income tax assessment orders for the years 2004 to 2011 are contested and are currently under the consideration of Iraq General Commission for Taxes (IGCT) (refer note 16). Income tax assessment for the years 2012to 2018 is paid and settled.

Atheer has booked the income tax expenses for the year from 2019 to 2021 to date based on self-assessment, considering most likely outcome. No assessment order has yet been received.

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

9. Borrowings

	Unaudited	Audited
	31 March 2022	31 December 2021
	RO'000	RO '000
Parent Company		
Long term loan	**87,896**	87,597
Other long term loans	**12,685**	12,551
	100,581	100,148
Oztel		
Long term loan	**104,894**	104,537
Bonds	**586,180**	576,827
	691,074	681,364
Oman Data Park		
Long term loans	**7,843**	8,608
Finance lease obligations	**6**	9
	7,849	8,617
Mobile Telecommunications Company-Kuwait		
Short term loans	**48,722**	48,509
Long term loans	**614,077**	615,206
	662,799	663,715

SMTC		
Long term loans	**566,434**	583,794
	566,434	583,794
Zain Jordan		
Long term loans	**59,957**	59,706
	59,957	59,706
Atheer		
Bank overdrafts	**8,880**	8,756
Long term loans	**297,960**	296,658
	306,840	305,414
Others		
Bank Overdrafts	**354**	154
	2,395,888	2,402,912

The current and non-current amounts are as follows:

	Unaudited 31 March 2022	Audited 31 December 2021
	RO'000	RO '000
Current liabilities	**538,969**	**579,725**
Non-current liabilities	**1,856,919**	**1,823,187**
	2,395,888	**2,402,912**

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

	Unaudited 31 March 2022	Audited 31 December 2021
	RO'000	RO '000
US Dollar	**1,854,045**	1,846,578
Kuwaiti Dinar	**30,873**	30,880
Saudi Riyals	**502,769**	516,684
Omani Rial	**8,201**	8,770
	2,395,888	2,402,912

The effective interest rate as at 31 March 2022 was 0.76% to 7.09% (31 March 2021 – 0.855% 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

Term loan

The Parent Company acquired a term loan of USD 800 million in year 2017 from a consortium of banks for financing the acquisition of shares in Mobile Telecommunication Company (Zain Group). The Parent company transferred USD 435.225 Million representing the offshore part of the term loan to its wholly owned subsidiary Oztel Holding SPC. The remaining amount of USD 364.775 million is retained by the Parent company. The term loan was payable in five equal annual installments for an amount of 15% of the principal amount and the remaining amount of 25% is payable at the end of the term loan period. The first interest period for the loan is set at 8 months from the date of drawdown and thereafter at 3-month intervals until the date of repayment.

On 22 October 2019 the Parent company and Oztel signed an amendment to the term loan whereby the term on the loan was extended by 2 years with a corresponding relief on the instalment payment for years 2019 and 2020. From year 2021 the loan is repayable in four annual instalments of USD 170 million. The margin on the term loan was also reduced to 2.55% from the earlier rate of 2.90%.
The loan is secured by way of a pledged on the acquired shares. A portion of the loan has been hedged using a interest rate swap.

Other long term loans

Export credit loan with an outstanding balance of USD 33 million (RO 12.7 million) (2021-USD 33.2 million (RO 12.6 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 and was utilized in the following tranches:

a) Tranche 1 with an outstanding balance of USD 9.1 million (RO 3.5 million) [2021- USD 9.6 million (RO 3.7 million)] is repayable in semiannual instalments commencing from November 2018.
b) Tranche 2 with an outstanding balance of USD 8.8 million (RO 3.4 million) [2021-USD 8.7 million (RO 3.3 million)] is repayable in semiannual instalments commencing from May 2019.
c) Tranche 3 with an outstanding balance of USD 15.1 million (RO 5.8 million) [2021-USD 14.9 million (RO 5.6 million)] is repayable in semiannual instalments commencing from May 2019.

Bonds

The issued bonds are denominated in US Dollars, listed on the Irish stock exchange and consists of the following tranches:

a) 5.5 years tranche USD 600 million with coupon rate of 5.63% per annum. The bonds are due for payment in year 2023. The effective interest rate on the bond is 6.05% per annum. The fair value of the bond is USD 615.3 million (2021: USD 624 million)

b) 10 years tranche USD 900 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 945.9 million (2021: USD 982.9 million)

c) The bonds are secured by way of a pledge on the acquired shares in Zain Group and is guaranteed by the Parent company.

Mobile Telecommunications Company K.S.C.P

During the period, the Company has:

- not drawn down any amount from the existing and new facilities (31 December 2021 - RO 202.7 million).
- repaid loans amounting to RO 3.7 million (31 December 2021 – RO 340.3 million). This includes:

  - US$ 4.076 million (RO 1.53 million) of a long-term facility amounting to US$ 100 million

  - US$ 2.946 million (RO 1.1 million) of a long-term facility amounting to US$ 100 million

The above facilities carry a fixed margin over three or six month London Inter-Bank Offer Rate (LIBOR) or over Central Bank Discount rate.

SMTC

Long-term loans include:

1) SAR 2,962 million (RO 296.4 million) (31 December 2021: SAR 2,955 million equivalent to RO 295 million) syndicated murabaha facility and SAR 450 million (RO 45 million) (31 December 2021: SAR 650 million equivalent to RO 34.928 million) working capital 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:

   - Includes a Total Term Murabaha Facility of SAR 6,000 million (RO 604.46 million), consisting of SAR 4.880 billion (RO 0.448 billion) and US$ portion of SAR 1.120 billion (RO 0.12 billion) for refinancing of the existing Term Murabaha Facility amounting to SAR 3.48 billion (RO 0.35 billion) and balance for future specified business purposes.

   - Includes a revolving working capital facility of SAR 1,000 million (RO 100.74 million) consisting of SAR 813.393 million (RO 81.94 million) and a US$ portion totaling to SAR 186.607 million (RO 18.8 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.

A portion of above syndicated loan has been hedged through a profit rate swap contract.

2) SAR 2,249 million (RO 225 million) (31 December 2021: SAR 2,247 million equivalent to RO 224 million) syndicated junior murabaha facility signed in June 2019 from a consortium of banks with a two year tenure with an option to extend for one more year. This facility is fully secured by a guarantee by the Company.

Zain Jordan

Long term loans include:

US$ 160 million (RO 59.9 million) (31 December 2021 – US$ 160 million equivalent to RO 59.7 million) term loan from a commercial bank that is repayable by 2025.

Atheer

Long term loans include:

1) US$ 90 million (RO 33.7 million) (31 December 2021 – US$ 90 million equivalent to RO 33.58 million) term loan from a commercial bank that is repayable by 17 December 2024.
2) US$ 105 million (RO 39.3 million) (31 December 2021 – US$ 105 million equivalent to RO 39.18 million) term loan from a commercial bank which is repayable by 30 June 2023.
3) US$ 150 million (RO 56.2 million) (31 December 2021 – US$ 150 million equivalent to RO 55.97 million) revolving credit facilities from a commercial bank repayable by 17 December 2022.
4) US$ 100 million (RO 37.5 million) (31 December 2021 – US$ 100 million equivalent to RO 37.3 million) term loan from a commercial bank repayable by 31 July 2023
5) US$ 50 million (RO 18.7 million) (31 December 2021 – US$ 50 million equivalent to RO 18.6 million) term loan from a commercial bank repayable by 14 April 2024.

6) US$ 75 million (RO 28.1 million) (31 December 2021 – US$ 75 million equivalent to RO 27.98 million) term loan from a commercial bank repayable by 28 April 2025.
7) US$ 125 million (RO 46.85 million) (31 December 2021 – US$ 125 million equivalent to RO 46.65 million) term loan from a commercial bank repayable by 03 May 2025.
8) US$ 100 million (RO 37.47 million) (31 December 2021 – US$ 100 million equivalent to RO 37.3 million) term loan from a commercial bank repayable by 25 May 2024.

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

10. Other non-current liabilities

	Unaudited	Audited
	31 March 2022	31 December 2020
	RO'000	RO '000
Payable to Ministry of Finance – KSA (refer below)	**306,202**	305,256
Due for acquisition of spectrum	**111,392**	169,798
Customer deposits	**9,947**	9,860
Post-employment benefits	**56,973**	56,012
Others	**91,033**	65,967
	575,547	606,893

During 2013, SMTC signed an agreement with the Ministry of Finance – KSA to defer payments that are due until 2021. These amounts are being repaid in seven installments starting June 2021. The current portion of these payables is recorded under trade and other payables.

11. Share capital

Share capital (par value of RO 0.100 per share)

	Unaudited	Audited
	31 March 2022	31 December 2021
	No. of shares	No. of shares
Authorised, Issued and fully paid up	**750,000,000**	750,000,000
	RO'000	RO'000
Authorised, Issued and fully paid up	**750,000**	750,000

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

	2022	2021
	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 – 2021

The annual general meeting of shareholders for the year ended 31 December 2021 held on 27 March 2022 approved distribution of cash dividends of 55 baiza per share for the year 2021 (31 December 2020 – 55 baiza).

12. Investment income

	Three months ended 31 March (Unaudited)	
	2022	**2021**
		RO'000
Dividend income	**204**	205
Profit from investment securities at FVTPL	**1,959**	607
	2,163	812

13. 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 31 March (Unaudited)	
	2022	**2021**
	RO'000	**RO'000**
Profit for the period attributable to shareholders of the Company - from continuing and discontinued operations	18,495	16,899
	Shares	**Shares**
Weighted average number of shares in issue outstanding during the period	750,000,000	750,000,000
	RO	RO
Earnings per share – basic and diluted from continuing and discontinued operations	0.0247	0.0226

14. 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.

	31 March 2022 (Un audited)								
	Oman	Kuwait	Jordan	Sudan	Iraq	Bahrain	KSA	Others	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)	122,341	77,522	44,598	36,473	71,803	13,814	186,207	5,944	558,702
Segment revenues - trading income (Point in time)	10,935	27,359	1,982	210	698	3,266	31,635	17	76,102
Net profit before interest and tax	22,596	17,544	9,583	19,441	7,201	1,568	20,243	1,257	99,433
Interest income	583	464	296	382	1	31	46	4	1,807
Finance costs	(519)	(238)	(1,980)	(51)	(4,548)	(226)	(11,813)	(10)	(19,385)
Income tax expenses	(3,204)	-	(2,427)	(2,155)	(2,135)	-	-	-	(9,921)
	19,456	17,770	5,472	17,617	519	1,373	8,476	1,251	71,934
Unallocated items:									
Investment income									2,163
Share of results of associates and joint venture									1,951
Others (including unallocated income tax and finance costs net of elimination)									(13,559)
Profit for the year									62,489
Segment assets including allocated goodwill	966,237	927,662	645,171	48,591	953,418	123,755	3,198,058	103,354	6,966,246
ROU asset	22,559	12,535	10,339	1,003	32,020	13,748	34,517	329	126,750
Unallocated items:									
Investment securities at FVTPL									70,553
Investment securities at FVOCI									23,882
Investment securities at amortised cost									1,000
Investment in associates and joint venture									115,948
Others (net of eliminations)									205,955
Consolidated assets									7,510,334
Segment liabilities	296,551	205,756	186,931	40,219	161,707	36,751	1,215,330	84,354	2,227,599
Lease liabilities (Current & non-current)	21,978	21,059	12,558	526	30,400	13,705	47,120	15	147,361
Borrowings	20,888	-	59,957	-	306,841	-	566,434	-	954,120
	339,416	226,815	259,446	40,745	498,948	50,456	1,828,884	84,369	3,329,080
Unallocated items:									
Borrowings									1,441,768
Others (net of eliminations)									39,291
Consolidated liabilities									4,810,139
Net consolidated assets									2,700,195
Capital expenditure incurred during the year	17,007	3,240	1,317	1,721	5,516	276	12,365	2,702	44,144
Unallocated (net of eliminations)									489
Total capital expenditure									44,633
Depreciation and amortization	22,255	19,463	10,824	761	20,194	3,124	46,461	1,348	124,430
Amortization of ROU assets	1,881	1,951	445	54	1,992	914	5,286	11	12,534
Unallocated									(187)
Total depreciation and amortization									136,777

	31 March 2021 (Unaudited)								
	Oman	**Kuwait**	**Jordan**	**Sudan**	**Iraq**	**Bahrain**	**KSA**	**Others**	**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)	114,601	74,001	44,177	34,159	68,581	12,687	171,573	12,194	531,973
Segment revenues - trading income (Point in time)	16,774	24,497	2,284	386	581	3,745	22,449	20	70,736
Net profit before interest and tax	21,389	12,885	9,647	7,536	11,422	1,549	15,726	2,850	83,004
Interest income	873	521	513	434	33	27	17	4	2,422
Finance costs	(661)	(198)	(2,282)	(305)	(4,607)	(248)	(12,144)	(25)	(20,470)
Income tax expenses	(2,530)	-	(2,470)	(978)	(2,532)	-	-	(1)	(8,511)
	19,071	13,208	5,408	6,687	4,316	1,328	3,599	2,828	56,446
Unallocated items:									
Investment income									812
Share of results of associates and joint venture									376
Others (including unallocated income tax and finance costs net of elimination)									(1,599)
Profit for the period									56,035
Segment assets including allocated goodwill	980,290	992,663	629,981	18,559	1,015,171	120,405	3,076,428	100,357	6,933,855
ROU asset	21,868	11,693	24,433	540	33,638	12,464	132,544	154	237,334
Unallocated items:									
Investment securities at FVTPL									47,875
Investment securities at FVOCI									21,132
Investment securities at amortised cost									2,000
Investment in associates and joint venture									111,022
Others (net of eliminations)									294,425
Consolidated assets									7,647,643
Segment liabilities	296,166	233,535	212,296	42,418	270,188	35,227	1,177,764	92,070	2,359,665
Lease liabilities (Current & non-current)	19,535	19,364	24,985	387	31,457	12,432	146,375	142	254,677
Borrowings	24,287	-	35,634	-	248,033	-	519,412	-	827,366
	339,988	252,899	272,915	42,805	549,678	47,659	1,843,551	92,212	3,441,707
Unallocated items:									
Borrowings									1,592,950
Others (net of eliminations)									(66,346)
Consolidated liabilities									4,968,311
Net consolidated assets									2,679,334
Capital expenditure incurred during the period	10,839	4,770	69,444	5,284	65,510	24	6,989	2,332	165,192
Unallocated (net of eliminations)									1,294
Total capital expenditure									166,486
Depreciation and amortization	26,164	18,963	10,299	1,701	19,411	3,024	46,599	1,240	127,401
Amortization of ROU assets	1,877	1,728	1,071	72	2,067	863	11,709	88	19,475
Unallocated									(130)
Total depreciation and amortization									146,746

15. 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

	Three months ended 31 March (Unaudited)	
	2022	**2021**
	RO'000	**RO'000**
Revenue	**2,817**	2,945
Cost of sales	**2,539**	1,677
Purchase of property plant and equipment	**23**	24

Key management compensation

	Three months ended 31 March (Unaudited)	
	2022	**2021**
	RO'000	**RO'000**
Salaries and other short term employee benefits	**1,000**	469
Post-employment benefits	**35**	34

Balances

	Unaudited	**Audited**
	31 March 2022	**31 December 2021**
	RO'000	**RO'000**
Trade receivables	**2,411**	2,632
Trade payables	**3,126**	58

16. Commitments and contingencies

	Unaudited	**Audited**
	31 March 2022	**31 December 2021**
	RO'000	**RO'000**
Capital commitments	**179,284**	150,105
Uncalled share capital of investee companies	**2,416**	2,609
Letters of guarantee and credit	**109,778**	114,841

Royalty in Sultanate of Oman

The 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.

Income taxes in Iraq

Atheer received additional income tax claims for the years 2004 to 2010 from Iraq General Commission for Taxes (IGCT). In November 2016, Atheer signed an agreement with Iraq's Ministry of Finance under which it obtained the right to submit its objection to these additional income tax claimed by the IGCT amounting to US$ 196 million (RO 73.4 million) and submitted its objections against the tax claim.

On 15 October 2019, the Appeals Committee of IGCT issued its decision to reduce the amount of claim to US$ 88.8 million (RO 33.28 million). IGCT had the option to challenge this decision before the Court of Cassation within 15 days of Appeals Committee decision. The challenge period has elapsed and Atheer did not receive any notification from the Cassation Court or the IGCT about challenging the decision. Atheer has petitioned the Cassation Court to direct IGCT to send the case dossier and is awaiting a response. On the basis of the report of its attorneys, Atheer believes that the possibility of further appeals is remote and that the final settlement order will be received by Atheer.

Atheer received additional income tax claim of US$ 19.3 million (RO 7.23 million) from IGCT for the year 2011 on 9 March 2020. On 12 March 2020, Atheer submitted its objection to this additional income tax claim which was rejected by the IGCT on 15 March 2020. This additional tax claim is now under appeal procedures before the Appeals Committee of IGCT. Atheer believes that it has adequate provisions to meet this liability, if it arises.

Pella - Jordan

a. Pella has initiated legal proceedings against a claim of RO 12.06 million (31 December 2021 - RO 12 million) by the regulatory authority relating to revenue share for the years 2002 - 2005 on the grounds that it has already paid the amount that it was obligated to pay for those years. On June 9, 2021 the court of appeal dismissed the case and obliged the Group to pay the claimed amount plus the related fees, and the Group challenged this court decision and the case now is before the court of cassation.

   In the opinion of the legal advisor, the Group's position is still good, and reference to the court's decision made on June 9, 2021, the Group has a good opportunity to challenge the same before the court of cassation. A request has been made to defer the ruling on the case due to ongoing negotiations between the Group and TRC. However, in case the lawsuit is lost by the Group, it is expected that the claim is going to be significantly higher considering similar claims in the years from 2006 to 2021 and the interest and/or penalties that may arise as a result of lapse of time.

   During Q1 2022, a letter was issued by the Telecommunications Regulatory Commission that included an extract from a decision that was issued by the cabinet of the Hashemite Kingdom of Jordan aiming to reform the telecom sector and boost the operators' appetite to introduce 5G technology in Jordan. The extract included certain recommendations and directions to the TRC to initiate the negotiations with the operators in Jordan to reform the deformity in the telecom sector through several motivational packs, including extending the term of the licenses, adding neutrality capacity to all frequencies, and settling the current disputes between the operators and the TRC, to name a few. The cabinet was also advised to hire a consultant to calculate the settlement figures, in addition to a law firm which is going to be involved in the negotiation process. Further, during Q1 2022, the negotiations with government continued in this regard, where management expects its share of the settlement to be around JD 55 million (RO 29 million) in total (relating to both the settlement of outstanding disputes with TRC relating to revenue share and the extension of current licenses terms and the possible split between them). Management believes that there are still several variables which have to be taken into consideration before making a final decision on the possible outcome of the above, and thus has concluded that the portion of the settlement that relates to the pending litigation with the TRC cannot be reliably estimated at this stage.

b. Pella has also initiated legal proceedings against the regulatory authorities claiming refund of excess revenue share paid amounting to RO 11.92 million (31 December 2021 - RO 11.87 million) for the years 2002 to 2010. The court of cassation decided to dismiss the case and Pella challenged the court decision and the case is pending at the appeal court.

c. Pella is a defendant in lawsuits amounting to RO 27.6 million (31 December 2021 – RO 27.5 million). Based on the report of its attorneys, the Group expects the outcome of these proceedings to be favorable to Pella.

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.

17. Financial instruments

17.1 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
31 March 2022 (Unaudited)			
Cash and bank balances	**378,574**	**-**	**-**
Trade and other receivables	**849,716**	**-**	**-**
Investment securities	**1,000**	**70,553**	**23,882**
	1,229,290	**70,553**	**23,882**
31 December 2021 (Audited)			
Cash and bank balances	390,214	-	-
Trade and other receivables	779,761	-	-
Investment securities	1,000	68,851	22,438
	1,170,975	68,851	22,438

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

17.2 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.

31 March 2022 (Un audited)

	Level 1	Level 2	Level 3	Total
	RO'000	RO'000	RO'000	RO'000
Financial assets at fair value:				
Investments at fair value through profit or loss	**8,237**	**32,854**	**29,462**	**70,553**
Investments at fair value through other comprehensive income	**2,924**	**3,527**	**17,431**	**23,882**
Total assets	**11,161**	**36,381**	**46,893**	**94,435**

31 December 2021 (Audited)

	Level 1	Level 2	Level 3	Total
	RO'000	RO'000	RO'000	RO'000
Financial assets at fair value:				
Investments at fair value through profit or loss	8,510	30,984	29,357	68,851
Investments at fair value through other comprehensive income	1,744	3,339	17,355	22,438
Total assets	10,254	34,323	46,712	91,289

Measurement at fair value

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

18. 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 have been expressed in terms of the measuring unit current at the reporting date in accordance with IAS 29 Financial Reporting. The impact of Net monetary loss for the period is not material to the interim financial information.

19. Derivative financial instruments

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

	Notional amounts by term to maturity		
	Positive fair value	**Negative fair value**	**Notional amount**
At 31 March 2022 (Un audited)	**RO'000**	**RO'000**	**RO'000**
Derivatives held for hedging:			
Cash flow hedges - Receive 3-month LIBOR/ SIBOR, pay fixed interest rate			
Interest rate swaps (maturing after one year)	**1,074**	**-**	**475,824**
At 31 December 2021 (Audited)			
Derivatives held for hedging:			
Cash flow hedges - Receive 3-month LIBOR/ SIBOR, pay fixed interest rate			
Interest rate swaps (maturing after one year)	-	14,544	474,835

20. Impact of Covid-19

The Group's operating environment has moderately rebound and signs of economic recovery is visible across the region and globally. The key assumptions about the future and other key sources of estimation that may have a significant risk of causing material adjustments to the consolidated financial statements is disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2021.

21. Events subsequent to the Statement of Financial Position date

On April 13 2022 Parent Company (Omantel in collaboration with Oman Investment Authority (OIA) established a Real Estate Investment Fund called Pearl REIF Fund ("Pearl REIF") a special purpose REIF company approved by the Capital Market Authority. Omantel's contribution to the Pearl REIF is in-kind and to this effect that has entered into a definitive agreement with Pearl REIF for a sale and lease back of its Head quarter building located in Madinat Al Irfan. In consideration of its in-kind contribution, Omantel will receive 279,086,867) units (Two hundred seventy-nine million, eighty six thousand and eight hundred sixty seven unit) of RO 0.100 (one hundred Baisa) each in the Pearl REIF and cash in the amount of RO 27,091,313 (Twenty seven million, ninety one thousand, and three hundred thirteen Rials) for the total value of its in-kind contribution.

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