OMAN TELECOMMUNICATIONS COMPANY SAOG

Consolidated Annual Financial Statements and Independent Auditor's Report

31 December 2023

C O N T E N T S

Building a better working world

Ernst & Young LLC
P.O. Box 1750, Ruwi 112
5th Floor, Landmark Building
Opposite Al Ameen Mosque
Bowsher, Muscat
Sultanate of Oman

Tax Card No. 8218320

Tel: +968 22 504 559
Fax: +968 22 060 810
muscat@om.ey.com
ey.com

C.R. No. 1224013
PR No. HMH/15/2015; HMA/9/2015

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

Report on the audit of the consolidated financial statements

Qualified opinion

We have audited the consolidated financial statements of Oman Telecommunications Company SAOG (the "Company") and its subsidiaries (collectively "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, except for the possible effect of the matters described in the Basis for qualified opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for qualified opinion

a) As disclosed in Note 2.1 to the consolidated financial statements, the Group has excluded the effects reported therein of applying International Accounting Standard (IAS) 29: Financial Reporting in Hyperinflationary Economies with respect to its subsidiaries in the Republic of Sudan. It is not possible to determine with reasonable certainty the exact impact of applying hyperinflationary accounting for these subsidiaries as the Group has not performed the required calculations. In these circumstances, we are unable to quantify the effect of the departure from IAS 29. Our audit opinion in the prior year was also modified in respect of this matter.

b) As disclosed in Note 34 to the consolidated financial statements, the Group is using US Dollar (USD), instead of Iraqi Dinar (IQD), as the functional currency for reporting its operations in Iraq, which, in our view, is a departure from the requirements of IAS 21 - The Effects of Changes in Foreign Exchange Rates. In the absence of a detailed assessment from management, we were unable to ascertain the impact of using USD as functional currency instead of IQD. Consequently, we are not able to determine necessary adjustments to the consolidated financial statements.

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

Building a better working world

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

Emphasis of matter

We draw attention to note 2.1 of the consolidated financial statements, which describe that the Group's operations in Sudan have been affected as a result of the military operations taking place in Sudan since 15 April 2023. Our opinion is not further modified in respect of this matter.

Key audit matters

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

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

Key audit matter	*How our audit addressed the key audit matter*
1. Revenue recognition and related IT systems The Group reported revenue of RO 2,943 million (2022: RO 2,683 million) for the year ended 31 December 2023. There is an inherent risk around telecom services revenue recognition because of the complexity of the related Information Technology ("IT") environment, the processing of large volumes of data through a number of different IT systems and the combination of different products and prices. Due to the complexities and dependencies on different IT systems in the revenue recognition process, we have considered this as a key audit matter. The accounting policy for revenue recognition is set out in note 2.3.15 and the related disclosures are made in note 19 and note 25 to the consolidated financial statements.	For significant revenue streams, our audit procedures included the following, among others, on a sample basis: • Testing of controls, assisted by our IT specialists including those over set-up of customer accounts, pricing data, segregation of duties, and the linkage to usage data that results in revenue recognition; • Testing the IT environment relating to billing, rating and other relevant support systems, including the change control procedures in place around systems that bill significant revenue streams; • Testing the end-to-end reconciliation from business support systems to billing and rating systems to the general ledger; • Performed tests on the accuracy of customer bill generation process on a sample basis and testing of a sample of the credits and discounts applied to such customer bills; • Performed substantive analytical procedures over the significant revenue streams;

Building a better working world

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

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

Key audit matters (continued)

Key audit matter	*How our audit addressed the key audit matter*
	• Assessed transactions taking place before and after year-end to ensure that revenue was recognized in the appropriate period; • Assessed the appropriateness of the Group's revenue recognition accounting policies including compliance with the relevant IFRS. • Reviewing the key reconciliations performed by management. • Further, we instructed and monitored that the component auditors of the Group's significant entities have performed consistent audit procedures as detailed above, as applicable.
2. Impairment of goodwill As at 31 December 2023, the carrying value of goodwill amounted to RO 1,005 million (2022 RO 1,039 million) as disclosed in Note 12 to the consolidated financial statements. In accordance with IAS 36 Impairment of Assets, an entity is required to test goodwill acquired in a business combination for impairment at least annually irrespective of whether there is any indication of impairment. We considered the impairment of goodwill to be a key audit matter, given the method for determining the recoverable amount and the significance of the amount in the Group's consolidated financial statements. In addition, the recoverable amounts are based on the use of important assumptions, estimates or assessments made by management, in particular future cash flow projections, the estimate of the discount rates and long-term growth rates. The accounting policy for impairment of goodwill is set out in note 2.3.8 and the related disclosures are made in note 12 to the consolidated financial statements.	We tested the goodwill impairment models and the key assumptions used by management with the involvement of our internal valuation specialists. Our audit procedures included, but were not limited to, the following: • understanding the business process for the impairment assessment, evaluating the design and testing the implementation of the key controls over the impairment assessment process; • evaluating whether the cash flows in the models used by management to calculate the recoverable value are in accordance with the requirements of IAS 36 Impairment of Assets; • comparing actual historical cash flow results with previous forecasts to assess reasonableness of forecasts; • with the support of our internal valuation experts, benchmarking and challenging key assumptions used in the Group's value-in-use calculation including the cash flow projections, discount rates and terminal growth rate. • assessing the methodology used by the Group to estimate the Weighted Average Cost of Capital (WACC) and benchmarking that with discount rates used by other similar businesses and market data, as available;

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

Key audit matters (continued)

Key audit matter	*How our audit addressed the key audit matter*
	• benchmarking assumptions on long term growth rates of long-term inflation expectations with external sources of data published by global monetary agencies; • performing sensitivity analysis on the key assumptions used by management to understand the extent to which these assumptions need to be adjusted before resulting in additional impairment loss; and assessing the disclosures in the consolidated financial statements relating to impairment of goodwill against the requirements of IFRS.

Other information included in the Group's 2023 Annual Report
Other information consists of the information included in the Group's 2023 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. We obtained the following information prior to the date of our auditor's report, and we expect to obtain the published 2023 Annual Report after the date of our auditor's report:

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

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

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

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

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

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

Responsibilities of management and Board of Directors for the consolidated financial statements (continued)

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

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

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

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

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

EY
Building a better working world

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

Ernst + Young

Mohamed Al Qurashi
Muscat
12 March 2024

ارنست ويونغ ش م م
س ت ١٢٢٤٠١٣
ص.ب : ١٧٥٠ روي - ١١٢ ، سلطنة عمان
EY ERNST & YOUNG LLC
C.R. No. 1224013
P.O. Box 1750 - P.C. 112 Sultanate of Oman

OMAN TELECOMMUNICATIONS COMPANY SAOG
Consolidated Statement of Financial Position as at 31 December 2023

	Note(s)	2023 RO '000	2022 RO '000
ASSETS			
Current assets			
Cash and bank balances	4.1	**428,635**	441,192
Bank balances held in customers account	4.2	**15,975**	10,132
Trade receivables and other current assets	5	**1,276,006**	1,122,000
Contract assets	19.2	**125,754**	108,940
Inventories	6	**81,006**	69,573
Investment securities at fair value through profit or loss	7	**49,040**	50,708
Investment securities at amortised cost	7	**-**	1,000
		1,976,416	1,803,545
Assets of disposal group classified as held for sale	8.1	**6,254**	322,956
Total Current assets		**1,982,670**	2,126,501
Non-current assets			
Contract assets	19.2	**70,037**	65,983
Investment securities at fair value through profit or loss	7	**25,357**	24,528
Investment securities at FVOCI	7	**14,412**	21,794
Investment securities at amortised cost	7	**1,000**	-
Investments in associates and joint venture	9	**239,848**	150,027
Other non-current assets	11	**75,454**	59,752
Deferred tax asset		**28,428**	29,269
Right of use of assets	10	**257,787**	206,539
Property and equipment	11	**1,828,373**	1,761,504
Intangible assets and goodwill	12	**3,232,476**	3,389,546
Total Non-current assets		**5,773,172**	5,708,942
Total Assets		**7,755,842**	7,835,443
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	13	**1,566,444**	1,466,164
Contract liabilities	19.2	**120,235**	122,772
Income tax payables	14	**32,182**	38,652
Borrowings	15	**487,100**	547,584
Lease liabilities	16	**45,653**	33,078
		2,251,614	2,208,250
Liabilities of disposal group classified as held for sale	8.1	**1,244**	109,318
Total Current liabilities		**2,252,858**	2,317,568
Non-current liabilities			
Borrowings	15	**1,880,046**	1,740,067
Lease liabilities	16	**309,574**	210,914
Other non-current liabilities	17	**406,216**	679,958
Total Non-current liabilities		**2,595,836**	2,630,939
Total liabilities		**4,848,694**	4,948,507
Equity			
Share capital	18	**75,000**	75,000
Legal reserve	18	**25,000**	25,000
Voluntary reserve	18	**49,875**	49,875
Capital contribution	18	**7,288**	7,288
Capital reserve	18	**36,893**	36,893
Foreign currency translation reserve	18	**(103,843)**	(90,719)
Investment fair valuation reserve	18	**(4,932)**	(3,653)
Other reserves	18	**822**	5,204
Retained earnings		**560,200**	530,408
Attributable to the Company's shareholders		**646,303**	635,296
Non controlling interest		**2,260,845**	2,251,640
Total equity		**2,907,148**	2,886,936
Total Liabilities and Equity		**7,755,842**	7,835,443

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

CHAIRMAN **DIRECTOR** **CHIEF EXECUTIVE OFFICER**

OMAN TELECOMMUNICATIONS COMPANY SAOG

Consolidated Statement of Profit or Loss – Year ended 31 December 2023

	Note(s)	2023	2022
			RO ’000
Continuing operations			
Revenue	19.1	**2,942,717**	2,682,776
Cost of sales		**(1,016,298)**	(930,161)
Gross profit		**1,926,419**	1,752,615
Operating and administrative expenses	20	**(839,531)**	(707,380)
Allowance for expected credit loss on financial assets		**(47,070)**	(46,383)
Depreciation, amortization and impairment	10,11,12	**(565,948)**	(551,536)
Operating profit		**473,870**	447,316
Interest income		**19,869**	8,567
Investment income	21	**15,627**	6,598
Share of results of associates and joint venture	9	**4,373**	5,466
Other (expense)/ income		**(42,062)**	(8,251)
Gain on disposal of units in associate	23	**-**	755
Gain on sale and lease back transactions	8	**70,084**	495
Gain on disposal of a subsidiary	8	**686**	-
Impairment of goodwill	12	**-**	(34,458)
Finance costs	22	**(199,906)**	(157,352)
Gain/ (loss) from currency revaluation		**7,636**	2,448
Profit before tax from continuing operations		**350,177**	271,584
Income tax expenses	23	**(34,693)**	(20,690)
Profit for the year from continuing operations		**315,484**	250,894
Discontinued operations			
Profit for the year after tax from discontinued operations	8	**-**	28,030
Profit for the year		**315,484**	278,924
Attributable to:			
Shareholders of the Company		**74,792**	91,316
Non-controlling interests		**240,692**	187,608
		315,484	278,924
Earnings per share (EPS)			
Basic and diluted – RO	24		
From continuing operations		**0.100**	0.084
From discontinued operations		**-**	0.037

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income – Year ended 31 December 2023

	2023	2022
		RO ’000
Profit for the year	**315,484**	278,924
Other comprehensive income:		
Items that may be transferred or reclassified to consolidated statement of profit or loss in subsequent periods:		
Exchange differences on translating foreign operations	**(56,566)**	1,367
Less: Gain reclassified to profit or loss on disposal of foreign operation	**(98)**	-
	(56,664)	1,367
Other reserves	**(7,718)**	28,906
	(64,382)	30,273
Items that will not be reclassified to consolidated statement of profit or loss:		
Changes in the fair value of equity investments at FVOCI	**(8,785)**	(5,783)
Other reserves	**685**	-
	(8,100)	(5,783)
Total comprehensive income for the year	**243,002**	303,414
Total comprehensive income attributable to:		
Shareholders of the Company	**56,007**	97,341
Non-controlling interests	**186,995**	206,073
	243,002	303,414

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

OMAN TELECOMMUNICATIONS COMPANY SAOG
Consolidated Statement of Changes in Equity – Year ended 31 December 2023

	Attributable to equity holders of the parent											
	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 2023	**75,000**	**25,000**	**49,875**	**7,288**	**36,893**	**(90,719)**	**(3,653)**	**5,204**	**530,408**	**635,296**	**2,251,640**	**2,886,936**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**74,792**	**74,792**	**240,692**	**315,484**
Other comprehensive (loss) for the year	**-**	**-**	**-**	**-**	**-**	**(13,124)**	**(1,279)**	**(4,382)**	**-**	**(18,785)**	**(53,697)**	**(72,482)**
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**-**	**(13,124)**	**(1,279)**	**(4,382)**	**74,792**	**56,007**	**186,995**	**243,002**
On acquisition of subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**205**	**205**
Capital introduced by minority shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**890**	**890**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(45,000)**	**(45,000)**	**(178,885)**	**(223,885)**
At 31 December 2023	**75,000**	**25,000**	**49,875**	**7,288**	**36,893**	**(103,843)**	**(4,932)**	**822**	**560,200**	**646,303**	**2,260,845**	**2,907,148**

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

OMAN TELECOMMUNICATIONS COMPANY SAOG
Consolidated Statement of Changes in Equity – Year ended 31 December 2023

	Attributable to equity holders of the parent											
	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 2022	75,000	25,000	49,875	7,288	36,893	(88,590)	(2,375)	(4,217)	480,331	579,205	2,187,848	2,767,053
Profit for the year	-	-	-	-	-	-	-	-	91,316	91,316	187,608	278,924
Other comprehensive income/(loss) for the year	-	-	-	-	-	(2,129)	(1,267)	9,421	-	6,025	18,465	24,490
Total comprehensive income/(loss) for the year	-	-	-	-	-	(2,129)	(1,267)	9,421	91,316	97,341	206,073	303,414
Realised loss on equity securities at FVOCI	-	-	-	-	-		(11)	-	11		-	-
Capital introduced by minority shareholders	-	-	-	-	-	-	-	-	-	-	1,051	1,051
Dividends paid	-	-	-	-	-	-	-	-	(41,250)	(41,250)	(143,332)	(184,582)
At 31 December 2022	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

	Notes	2023 RO'000	2022 RO'000
Cash flows from operating activities			
Profit for the year before tax from continuing operations		**350,177**	271,584
Profit for the year before tax from discontinuing operations		**-**	33,094
Profit for the year before tax		**350,177**	304,678
Adjustments for:			
Depreciation, amortization and impairment	10,11,12	**565,948**	551,536
Expected Credit Loss on financial assets		**47,070**	46,383
Interest income		**(19,869)**	(8,567)
Investment income	21	**(15,627)**	(6,598)
Share of results of associates and joint venture	9	**(4,373)**	(5,466)
Gain on sale and lease back transactions	8	**(70,084)**	(495)
Gain on disposal of discontinued operations and sale of subsidiary	8	**(686)**	(33,094)
Gain on disposal of units in associate		**-**	(755)
Impairment of goodwill	12	**-**	34,458
Finance costs	22	**199,906**	157,352
Gain from currency revaluation		**(7,637)**	(2,448)
(Gain)/loss on sale of property and equipment		**1,062**	(480)
Cash flows from operating activities before working capital changes		**1,045,887**	1,036,504
Increase in bank balances held in customers account		**(5,881)**	(10,080)
Increase in trade and other receivables		**(214,804)**	(167,240)
(Increase)/Decrease in inventories		**(12,563)**	10,641
Increase/(Decrease) in trade and other payables and deferred revenue		**80,825**	(90,082)
Cash generated from operations		**893,464**	779,743
Income tax		**(22,643)**	(28,305)
Net cash from operating activities		**870,821**	751,438
Cash flows from investing activities			
Deposits maturing after three months and cash at banks under lien	4	**17,674**	(16,333)
Purchase of financial instruments		**(1,331)**	(6,292)
Proceeds from sale of financial instruments		**77,422**	926
Investment in associate		**(2,976)**	(142)
Acquisition of property and equipment (net)		**(362,338)**	(285,111)
Acquisition of intangible assets (net)		**(98,449)**	(99,927)
Proceeds from sale of telecom assets (Discontinued operations)	8	**-**	99,816
Proceeds from sale of telecom assets (sale and lease back)	8	**246,502**	726
Proceeds from sale of building and units of PEARL REIF	9(i)	**-**	41,771
Acquisition of subsidiaries	3	**(13,535)**	-
Investment in subsidiaries (net)		**-**	(2,553)
Interest received		**6,952**	5,971
Dividends received		**3,153**	2,189
Net cash used in investing activities		**(126,926)**	(258,959)
Cash flows from financing activities			
Proceeds from borrowings		**436,944**	566,214
Repayment of borrowings		**(681,987)**	(722,427)
Sale and lease back-Impact at above market terms-Financing		**(8,690)**	87,851
Repayment of lease liabilities		**(70,188)**	(90,462)
Dividends paid to Company's shareholders		**(45,000)**	(41,250)
Dividends paid to minority shareholders of subsidiaries		**(179,121)**	(138,066)
Share capital introduced by minority shareholder in subsidiary		**480**	191
Finance costs paid		**(156,971)**	(113,539)
Net cash used in financing activities		**(704,533)**	(451,488)
Net increase in cash and cash equivalents		**39,362**	40,991
Effects of exchange rate changes on cash and cash equivalents		**(34,229)**	(6,378)
Cash and cash equivalents at beginning of year		**422,152**	387,539
Cash and cash equivalents at end of year	4	**427,285**	422,152

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

1. Incorporation and activities

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

The principal activities of the Company are establishment, operation, maintenance and development of telecommunication services in the Sultanate of Oman. The Company and its subsidiaries ("the Group") along with its associates provides telecommunications services in Sultanate of Oman and 8 other countries (refer note 3 for details).

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

These consolidated financial statements were authorized and approved for issue by the Board of Directors of the Company on 10 March 2024 and are subject to approval of the shareholders at their forthcoming Annual General Meeting.

2. Basis of preparation and material accounting policies

2.1 Basis of preparation

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

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

In 2015, the Group noted that the economy of the Republic of Sudan, where the Group has subsidiaries, may be hyperinflationary from the beginning of 2015. This was based on the general price index showing the cumulative three-year rate of inflation exceeding 100% at that time. However, International Accounting Standard, IAS 29: Financial Reporting in Hyperinflationary Economies, does not establish an absolute rate at which hyperinflation is deemed to arise and states that it is a matter of judgment when restatement of financial statements in accordance with this Standard becomes necessary. In addition, the Group noted that in the 2014 International Monetary Fund (IMF) Sudan country report, the cumulative projected three year inflation rate outlook for Sudan in 2016 to be around 57% and thus, applying IAS 29 in 2015, could have entailed going in and out of hyperinflation within a short period which was confirmed when the Republic of Sudan went out of hyperinflation in 2016. The Republic of Sudan has been again declared as hyperinflationary in 2018. The consumer price index information is not available from Feb 2023. Based on the above matters, Group believes that there is no definitive basis to apply IAS 29 at this stage. However, Group will review it on an ongoing basis, accordingly it has not quantified the impact of applying IAS 29 in 2023.

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

Political uncertainty in Sudan

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

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

Since 15 April 2023, continuous monitoring of network and base station equipment has been in place, particularly in areas experiencing significant downtime. Various actions, such as reallocation of network traffic, capacity expansion, and other measures aimed at restoring network coverage and ensuring satisfactory network performance, are being implemented. Zain Sudan is actively involved in performing essential network maintenance, repairs, and optimizations utilizing both its current equipment and external resources. Zain Sudan currently holds agreements with suppliers of network equipment, and transportation routes for its delivery are accessible in all regions of Sudan, except for North Darfur, North Kordofan, Wad-Madani and Khartoum, which are facing the most significant impact from the ongoing hostilities.

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

- there will be no substantial increase in the intensity of hostilities, thereby not adversely impacting the number of active sites, significantly.
- Zain Sudan will have the capability to conduct maintenance and repair tasks in the affected territories of Sudan, ensuring a satisfactory level of network performance in regions where it is feasible while considering the physical security of technical specialists;
- there will be no significant fluctuations in the fuel rate, foreign exchange rates and other major costs during the course of the conflict;
- Zain Sudan will be able to ensure the uninterrupted functioning of its crucial IT infrastructure, aligning with management's implemented measures and incident response and disaster recovery plans;
- the generated revenue from service and product sales will be sufficient for Zain Sudan to meet both operating expenses and essential capital investments.

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

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

The management of Zain Sudan has concluded that it is appropriate to prepare the consol'dated 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 due to the ongoing conflict mainly in the main warehouse, Zain Sudan has recorded an impairment loss of SDG 25.51 billion (RO 16.67 million) on its property and equipment and a provision for obsolescence on its inventories amounting to SDG 2.31 billion (RO 1.51 million) respectively during the current year.

Due to security concerns in certain locations, Zain Sudan is not able to exercise control over some of its property and equipment with a net book value of SDG 4.57 billion (RO 2.08 million) representing 703 network sites as of 31 December 2023. 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.

The Zain Sudan's management estimate such losses are fully covered under the Political Violence Insurance Policy and has submitted an initial provisional claim of USD 47.980 million (RO 18.26 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 also have a claim for Business Interruption loss over a twelve-month period. 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 consolidated financial statements as the Zain Sudan management consider this unrest to be temporary and expects it to be resolved on a priority basis.

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, Zain Sudan has restored its services in Port Sudan and other neighboring states by setting up a new switch and data center in Port Sudan.

Going concern

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

2.2 New and revised accounting standards

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

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

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

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

- IFRS 17, 'Insurance contracts' – This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
- Amendments to IAS 1 and IFRS Practice statement 2 – Disclosure of accounting policies – The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material' accounting policy information. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.
- Amendments to IAS 8 – The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

- Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.
- Amendment to IAS 12 – International tax reform – pillar two model rules – These amendments give companies temporary exception from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. Following the amendments, an entity is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

The application of this amendment did not have a significant impact on the Group's consolidated financial statements.

2.2.2 Standards issued but not effective

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

Standard, interpretation, amendments	**Description**	**Effective date**
Amendment to IAS 1 – Current and Non-current liabilities	Classification of liabilities as current or non-current: The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.	1 January 2024
Non-current liabilities with covenants	Non-current liabilities with covenants – The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent).	
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024
Amendment to IFRS 16 – Leases on sale and leaseback	The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could	1 January 2024

	have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.	
IFRS S1 – General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	1 January 2024 subject to endorsement from the regulator
IFRS S2 – Climate-related disclosures	This standard sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.	1 January 2024 subject to endorsement from the regulator
Amendments to IAS 21 – Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	Annual periods beginning on or after 1 January 2025 (early adoption is available)

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

2.3 Material accounting policies

2.3.1 Business combinations

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

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

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

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

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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

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

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

2.3.2 Basis of consolidation

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

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

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

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

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

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

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

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

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

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

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

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

2.3.3 Financial instruments

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

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

Financial assets

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

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

Classification of financial assets

(i) Debt instruments designated at amortised cost

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

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

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

Amortised cost and effective interest rate method

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

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

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

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

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

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

(ii) Equity instruments designated as at FVTOCI

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

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

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

(iii) Financial assets at FVTPL

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

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

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

Impairment of financial assets

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

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

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

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

(i) Significant increase in credit risk

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

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

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

(1) The financial instrument has a low risk of default,

(2) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and

(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

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

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event (see (ii) above);

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

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

(v) Measurement and recognition of expected credit losses

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

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

Derecognition of financial assets

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

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

Financial liabilities

Financial liabilities measured subsequently at amortised cost.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

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

Financial guarantee contract liabilities

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

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

• The amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above)

• The amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derivative financial instruments and hedging activities

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

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

Hedge accounting

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

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

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

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

Fair value hedges

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

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

Cash flow hedges

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

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

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

Hedges of net investments in foreign operations

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

Offsetting financial assets and financial liabilities

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

2.3.4 Cash and cash equivalents

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

2.3.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.3.6 Investments in associates and joint ventures

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

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

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

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

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

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

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

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

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

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

2.3.7 Property and equipment

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

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

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

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

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

IRUs

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

2.3.8 Intangible assets and goodwill

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

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

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

De-recognition of intangible assets

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

Goodwill

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

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

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

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

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

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

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use of assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

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

2.3.10 Fair value measurement

Fair values

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

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

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

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

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

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

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

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

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

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

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

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

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

2.3.11 Taxation

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

Current tax

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

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

Deferred tax

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

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

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

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

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

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

Current tax and deferred tax for the year

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

2.3.12 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

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

2.3.13 Post-employment benefits

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

2.3.14 Leases

The Group as lessee

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sale and leaseback

The Group enters into sale and leaseback transactions whereby it sells certain assets to a third-party and immediately leases them back. Where sale proceeds received are judged to reflect the fair value, any gain or loss arising on disposal is recognised in the statement of profit or loss, to the extent that it relates to the rights that have been transferred. Gains and losses that relate to the rights that have been retained are included in the carrying amount of the right of use asset recognised at commencement of the lease. Where sale proceeds received are not at the fair value, any below market terms are recognised as a prepayment of lease payments, and above market terms are recognised as additional financing provided by the lessor.

The Group as lessor

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

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

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

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

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

2.3.15 Revenue

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

Handsets and telecommunication services

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

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

Value added services - Principal vs. agent

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

Significant financing component

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

Commissions and other contract costs

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

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

Customer loyalty programs

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

Installation and maintenance contracts

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

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

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

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

2.3.16 Government grants

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

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

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

2.3.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.3.18 Foreign currencies

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

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

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

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

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

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

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

2.3.19 Financial reporting in hyperinflationary economies

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

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

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

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

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

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

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

2.3.20 Non-current assets held for sale

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

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

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

2.3.21 Contingencies

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

2.3.22 Current versus non-current classification

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

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

Or

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

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
The Group classifies all other liabilities as non-current.

2.3.23 Directors' remuneration

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

2.3.24 Dividend distribution

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

3. Subsidiaries and Associates/Joint Venture

The principal subsidiaries and associates are:

Subsidiary	Country of incorporation	Percentage of ownership		Nature of business
		2023	2022	
Oztel Holdings SPC Limited	UAE	100%	100%	Special purpose vehicle for acquiring shares in Zain group
Omantel International Limited	Cayman Island	100%	100%	Engaged in International Wholesale business
Mobile Telecommunications K.S.C.P (Zain Group-MTC) (Refer note (i) below)	Kuwait	21.9%	21.9%	Mobile telecommunication services in Kuwait and eight other countries
Oman Data Park LLC	Oman	100%	100%	Engaged in the provision of data services
Omantel France SAS	France	100%	100%	Engaged in provision of wholesale services
Infoline LLC	Oman	100%	100%	Engaged in provision of IT enabled and outsourced services
Internet of Things LLC	Oman	100%	100%	Engaged in developments of app and services for smart and M2M communication
Frontier Technology LLC	Oman	51%	51%	Engaged in provision of ICT solutions
Global Financial Technology LLC	Oman	55%	55%	Engaged in management and operations of data processing facilities
Future Cities SAOC (Refer note (ii) below)	Oman	51%	51%	Engaged in provision of Smart IOT solutions
Associate				
Oman Fibre Optic Company SAOC	Oman	40.96%	40.96%	Engaged in the manufacture and design of optical fibre and cables
Equinix Muscat LLC	Oman	50%	50%	Engaged in the provision of Data centre services
Majan Telecommunications LLC (Renna)	Oman	40%	40%	Mobile telecommunication services in Sultanate of Oman
Pearl REIF Fund (note 9 (i))	Oman	28.01%	33.5%	Real Estate investment Trust Fund

i) Acquisition of Zain group

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

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

As of 31 December 2023 the fair value of the Group's investment in Zain Group being its quoted market share price on the Kuwait stock exchange amounted to RO 592.3 million (2022: RO 661.0 million)

ii) Acquisition of a subsidiary

In July 2022, the Company acquired shares representing a 51% ownership in Future Cities SAOC for a cash consideration of RO 4.9 Mn (including a contingent consideration of RO 1.3 Mn) that is engaged in the business of providing Internet of Things (IOT) solutions. The excess of the consideration over the fair value of the assets and liabilities is RO 4.5 million which is classified as Customer relationships under Intangible assets and is amortised over the life of the customer contract.

Shareholding directly held by Zain Group

	Country of incorporation	Percentage of ownership	
Subsidiary		**2023**	**2022**
Zain International B.V. ("ZIBV")	The Netherlands	100%	100%
Pella Investment Company ("Pella")	Jordan	96.516%	96.516%
Zain Bahrain B.S.C ("MTCB")	Bahrain	65.11%	65.11%
Mobile Telecommunications Company Lebanon ("MTCL")	Lebanon	100%	100%
Sudanese Mobile Telephone (Zain) Company Limited ("Zain Sudan")	Sudan	100%	100%
Kuwaiti Sudanese Holding Company ("KSHC")	Sudan	100%	100%
South Sudanese Mobile Telephone ("Zain South Sudan")	South Sudan	100%	100%
Al Khatem Telecoms Company ("Al Khatem")	Iraq	76%	76%
Atheer Telecom Iraq Limited ("Atheer")	Cayman Islands	76%	76%
Mobile Telecommunications Company Saudi Arabia ("SMTC")	Kingdom of Saudi Arabia	37.045%	37.045%
Al Mouakhaa Lil Kadamat Al-Logistya Wal Al-Itisalat ("Mada Jordan")	Jordan	99.1%	99.1%
ZainTech Solutions FZ-LLC ("Zain Tech") (previously knowr as Nexgen Advisory Group FZ LLC)	UAE	100%	100%
Associate			
TASC Towers Holding Limited	UAE	92.87%	69.1%
IHS Kuwait Limited	Kuwait	30%	30%
Joint venture			
Zain Al Aijal S.A	Morocco	50%	50%

Pella owns 100% of Jordan Mobile Telecommunications Services Co. JSC – "JMTS". Al Khatem owns 100% of Atheer. Zain Tech owns 100% of BIOS and 65% of Adfolks.

JMTS, MTCB, Zain Sudan, Zain South Sudan, Atheer and SMTC operate the cellular mobile telecommunications network in Jordan, Bahrain, Sudan, South Sudan, Iraq and the Kingdom of Saudi Arabia (KSA) respectively. MTCL managed the state owned cellular mobile telecommunications network in Lebanon. Mada Jordan provides WiMAX services in Jordan.

SMTC

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

Zain Tech

In January 2023, the Group, through Zain Tech, acquired the entire equity interest of BIOS for a purchase consideration of AED 158.161 million (RO 16.29 million) of which an amount of AED 126.056 million (RO 12.93 million) was paid during the period. The net cash outflow (net of cash and cash equivalents acquired) on acquisition amounts to AED 120.167 million (RO 12.32 million). BIOS is a company incorporated in UAE having multiple subsidiaries engaged in business of IT related activities and cloud services.

In May 2023, the Group, through Zain Tech, acquired 65% equity interest of Adfolks for a purchase consideration of AED 14.184 million (RO 1.47 million) of which an amount of AED 10.554 million (RO 1.09 million) was paid during the period. The net cash outflow (net of cash and cash equivalents acquired) on acquisition amounts to AED 8.782 million (RO 0.91 million). Adfolks is a company incorporated in UAE engaged in cloud and related services.

The Group completed the purchase price allocation (PPA) in respect of these acquisitions during the year. The amounts assigned to the identifiable assets acquired and liabilities assumed are as set out below.

	BIOS	Adfolks
		RO ‘000
Consideration transferred	16,287	1,471
Non-controlling interest share	-	66
	16,287	1,537
Recognized amounts of identifiable assets acquired and liabilities assumed:		
Cash and cash equivalents	607	183
Trade and other receivables	904	438
Property and equipment	960	31
Intangible assets*	3,542	291
Other assets	140	-
Trade and other payables	(1,391)	(458)
Due to banks	-	(254)
Other non-current liabilities	(518)	(41)
Total identifiable net assets	4,244	190
Goodwill arising from business combination	12,043	1,347
Net cash outflow arising on acquisition:		
Cash consideration	12,930	1,093
Less: cash and cash equivalent balances acquired	(607)	(183)
	12,323	910

* Intangible assets recognized represents the value of the Customer Relationship that the Group acquired as part of the business combination.

Bookeey

During the year, the Group acquired 83.39% equity interest of Bookeey for a purchase consideration of RO 3 million, which was paid during the period. The net cash outflow (net of cash and cash equivalents acquired) on acquisition amounts to RO 0.25 million. The recognized amounts of net assets of Bookeey as at the date of acquisition was RO

0.83 million, resulting in a goodwill of RO 2.31 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). Bookeey is a company incorporated in Kuwait engaged in electronic payment and settlement systems services.

Others

In October 2023, the Group entered into an agreement for acquisition of 100 % equity interest of Specialized Technical Services Company ("STS"), a company engaged in providing digital transformation solutions in the Middle East and North Africa, for a purchase consideration of US$ 32 million (RO 12.19 million) (including contingent consideration). This acquisition is subject to regulatory approvals.

Financial support to Group companies

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

4.1 Cash and bank balances

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

	2023	2022
		RO '000
Cash on hand and at banks	**276,999**	356,844
Short-term deposits with banks	**185,248**	121,766
Government certificates of deposits held by subsidiaries	**7**	10
	462,254	478,620
Allowance for expected credit loss (refer note 29)	**(33,619)**	(37,428)
	428,635	441,192
Cash at banks under lien	**(1,343)**	(7,477)
Short term deposits with bank exceeding three months	**-**	(11,553)
Government certificates of deposits with maturities exceeding three months held by subsidiaries	**(7)**	(10)
Cash and cash equivalents	**427,285**	422,152

The weighted average interest rate on short term deposits with bank is 4.07% (2022: 1.73%).

4.2 Bank balances held in customers' account

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

During current year Group management decided to present these Bank balances held in customers account separately from the other bank balances in order to achieve better presentation.

The comparative amounts in respect of this adjustment has been reclassified in line with the current year presentation. The impact in respect of this reclassification is not material to the consolidated financial statement of the Group.

This resulted in reclassification of an amount of RO 10.132 million from Cash and cash equivalent to Bank balances held in customers' account in the consolidated statement of financial position and the consolidated statement of cash flow of the Group.

5. Trade receivables and other current assets

	2023	2022
		RO ’000
Trade receivables:		
Customers	**716,405**	617,240
Distributors	**97,126**	83,638
Other operators (interconnect)	**143,115**	133,151
Roaming partners	**20,998**	16,851
Allowance for expected credit loss (refer note 29)	**(286,585)**	(279,840)
	691,059	571,040
Other current assets:		
Accrued income	**27,486**	43,517
Staff	**2,882**	2,229
Deposits and other receivables	**203,373**	133,413
Prepayments and advances	**164,004**	180,215
Others (refer note below)	**195,226**	195,330
Allowance for Expected credit loss (refer note 29)	**(8,024)**	(3,744)
	584,947	550,960
	1,276,006	1,122,000

For receivable from related parties refer note 27

In 2011, MTC paid US$ 473 million (equivalent to RO 179.2 million) to settle the guarantees provided by the MTC to lending banks for loans to a founding shareholder of SMTC. The Group has been pursuing legal action for its recovery and in November 2016 the London Arbitration Court upheld the Group’s right to recover the US$ 473 million paid in addition to interest and costs. These amounts are secured by an agreement to transfer to the Group, the founding shareholder's shares in SMTC, which is currently pledged to the murabaha lenders of SMTC, and the shareholder loan in SMTC owed to the founding shareholder. The MTC has initiated the legal procedures necessary to enforce the arbitration award in and outside KSA. During the previous year, the courts in KSA rejected the MTC’s application to enforce the arbitral award in KSA. During 2021 the MTC wrote to Supreme Judicial Counsel requesting that the matter be referred back to the enforcement court for reconsideration. The Supreme Judicial Counsel recommended that MTC file a second reconsideration motion with the Riyad Appeal Court. On 21 June 2022, MTC filed its third reconsideration motion with the Riyadh Appeal Court. On 29 November 2022, the Riyadh Appeal Court dismissed MTC's motion for reconsideration. MTC is considering its strategy and options for proceeding with enforcement of the award.

In 2010, MTC paid US$ 40 million (equivalent to RO 15.1 million) to settle guarantees provided by the MTC to lending bank for loans to a founding shareholder of SMTC. In 2013, the Group won a legal action for the recovery of that amount and is currently pursuing further legal action for its implementation in KSA at the High Supreme Court.

On 27 July 2023, MTC filed a petition before the Supreme Judicial Counsel objecting the rejection of Riyadh Enforcement Court to enforce the Award. As a result, a study by judicial committee has been made with a conclusion that the Company has the right to enforce the Award after segregating the interest from the principal debit, the study suggest to the Minister of Justice, President of the Supreme Judicial Counsel (final signatory) that the Company should submit to the court of appeal a petition for reconsideration as to this regard.

Subsequently on 15 January 2024, MTC were informed by Supreme Judicial Council that Minister of Justice signed the study ordering the court of appeal to accept a request for reconsideration by the Company and hire an expert to segregate the interest from the principal debit then enforce the latter.

Both the above amounts are secured by an agreement to transfer to the Group, the founding shareholder's shares in SMTC.

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

	2023	2022
		RO '000
Omani Riyals	**109,949**	92,085
Kuwaiti Dinar	**69,801**	73,239
US Dollar	**340,762**	344,383
Bahraini Dinar	**14,891**	16,094
Sudanese Pound	**15,614**	7,800
Jordanian Dinar	**43,467**	55,912
Iraqi Dinar	**115,420**	131,369
Saudi Riyals	**541,895**	393,819
Others	**24,207**	7,299
	1,276,006	1,122,000

6. Inventories

	2023	2022
		RO '000
Handsets and accessories	**94,103**	79,736
Provision for obsolescence	**(13,097)**	(10,163)
	81,006	69,573

7. Investment securities

	2023	**2022**
		RO'000
Current investments		
At amortised cost		
Debt securities	**-**	1,000
At fair value through profit or loss		
Unquoted equities	**1,136**	1,209
Quoted equities	**5,760**	8,445
Funds -mandatorily at FVTPL	**3,733**	4,031
Other funds	**38,411**	37,023
	49,040	50,708
Noncurrent investments		
At fair value through profit or loss		
Funds -mandatorily at FVTPL	**18,739**	18,330
Unquoted equities- designated at inception	**6,618**	6,198
	25,357	24,528
At fair value through other comprehensive income		
Quoted equities- designated at inception	**2,715**	2,300
Funds	**3,585**	3,470
Unquoted equities - designated at inception	**8,112**	16,024
	14,412	21,794
Debt securities at amortised costs	**1,000**	-

Investment securities are denominated in the following currencies:

	2023	2022
		RO '000
Omani Rial	**15,654**	14,794
Kuwaiti Dinar	**6,422**	6,277
US Dollar	**60,158**	69,159
Other currencies	**7,575**	7,800
	89,809	98,030

8. Assets and liabilities of disposal group classified as held for sale and Discontinued operations

8.1 Assets and liabilities of disposal group classified as held for sale – Oman, Kuwait, KSA and Iraq

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

KSA

In 2022, SMTC has received board of directors' approval on the final offers (the "Final Offers") from the Public Investment Fund (PIF), HRH Prince Saud bin Fahd Bin Abdulaziz, and Sultan Holding Company after completing the due diligence and internal approvals of all parties. The approved final offers were to acquire stakes in SMTC's towers infrastructure comprising of 8,069 towers, valuing these assets at USD 807 million (RO 309.6 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 SMTC for a certain amount. Under the terms of the offers, SMTC will sell its passive, physical towers infrastructure and retain all other wireless communication antennas, software, technology, and intellectual property (IPs).

On 28 May 2022, SMTC received a letter from the Communications and Information Technology Commission ("CITC"), which included the CITC's Board of Directors approval for "Zain Business Limited" Company (a subsidiary of SMTC) to acquire aforementioned telecom tower sites owned by SMTC.

In September 2022, PIF acquired Zain Business Limited and changed the name to Golden Lattice Investment Company (GLI).

In October 2022, SMTC entered into a Shareholders' Agreement "SHA" with the shareholders of GLI. Simultaneously in October 2022, SMTC also entered into an Asset Purchase Agreement ("APA") with GLI to transfer aforementioned sites for an aggregate value as mentioned above. Under the APA, upon "Financial Completion" SMTC will receive a cash proceed of SAR 2,421 million (RO 244.45 million) along with a 20% equity stake in GLI.

On 9th of January 2023, the group completed all the conditions to the "Financial Completion" under the APA, and received the cash proceed of SAR 2,421 million (RO 244.45 million) along with a 20% equity stake in GLI.

During the first quarter ended 31 March 2023 financial completion date was triggered and all respective conditions were completed, consequently the passive infrastructure of all the sites were derecognized from the books of the Group. Additionally, and in accordance with the terms and conditions of the Mobile Tower Space use Agreement ("MTSA") with Golden Lattice Investment Company (" GLI"), the Group leased back the right to use specified spaces on each site recognizing the Right of Use Assets ("ROU") and Lease Liability ("LL") on the same. The total gain recorded from the above transaction was SAR 676.99 million (RO 68.76 million) and includes the impact of reallocating goodwill of SAR 338.47 million (RO 34.09 million) attributable to tower operations.
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 ROU and LL have been derecognized with any resulting gain or loss recognized in the income statement. For all other cases, the related carrying amounts of ROU and LL have been retained. The total loss on termination due to the above accounting for ground leases amounted to SR 177 million (RO 17.93 million) recorded in the year 2023.

On 19 October 2023 SMTC received a request from PIF to exercise unconditional call option as per SHA. The investment in these unquoted equity shares were classified as investment securities at FVTPL in the consolidated statement of financial position. The Group sold this investment to PIF as PIF exercise the call option attached to issuance of the shares. The call option was exercised on 20 November 2023. The gain realized on this sale amounts to SAR 121 million (RO 12.30 million).

Due to the significant judgements and estimations involved in assessing transfer of control the accounting of the transaction was revisited in the fourth quarter of 2023 resulting in the above accounting treatment which could have a consequential impact on the reported figures for the respective quarterly financial information of 2023.

Iraq

During 2022, Atheer Telecom Iraq Limited received approval from its board of directors for the sale of its passive tower infrastructure. Under the terms of the offer received, Atheer was to sell and leaseback its passive physical towers infrastructure comprising of 4,604 towers.

In January 2023, Atheer sold and leased back from TTI Holding Limited (TTI, a subsidiary of the Group) 4,604 towers, for an aggregate value of US$ 180 million (RO 68.03 million). This intercompany transaction was eliminated at the Group level.

In July 2023, the Group sold its controlling stake in TTI (including tower infrastructure) to TASC Towers Holding Limited ("TASC") (an associate of the Group), for a consideration of US$ 238 million (RO 90.51 million). This resulted in a gain of US$ 0.56 million (RO 0.22 million) after elimination of loss resulting from downstream transaction. This includes the impact of reallocating goodwill of US$ 32.63 million (RO 12.36 million) attributable to tower operations and recycling of US$ 0.26 million (RO 0.1 million) FCTR to income statement.

Kuwait

Between 2020 and 2022 the Company completed the sale and lease back of 1,398 telecom towers in Kuwait.

During August 2023, the Company completed sale and lease back of additional 101 telecom towers in Kuwait for a total sale consideration of US$ 6.409 million (RO 2.43 million). Total gain from this transaction was RO 1.33 million which is recognized in the statement of profit or loss during the period.
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 Oman and Kuwait as follows.

				RO'000
	Oman	**Kuwait**	**31 December 2023**	31 December 2022
Telecom tower assets	**1,296**	**1,053**	**2,349**	187,719
Right of use of assets	**-**	**3,905**	**3,905**	135,237
	1,296	**4,958**	**6,254**	322,956
Lease liabilities	**-**	**1,244**	**1,244**	109,318

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 December2022, 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. Total gain from the transaction is RO 28 million (net of income taxes of RO 5.1 million) recognized in the statement of profit or loss.

9. Investments in associates and joint venture

Investments in associates

	2023	2022
		RO'000
Oman Fibre Optic Co SAOC	**8,945**	8,264
Majan Telecommunications LLC	**5,419**	5,334
Equinix Muscat LLC	**2,443**	2,160
Pearl REIF Fund (refer note (i) below)	**15,528**	14,736
TASC Towers Holding Limited (refer note (ii) below)	**98,406**	16,543
IHS Kuwait Ltd	**1,300**	1,341
Others	**1,374**	201
	133,415	48,579

i) On April 13,2022, Parent company in collaboration with Oman Investment Authority (OIA) established a Real estate Fund called Pearl REIF Fund (" Pearl REIF") approved by the Capital Market Authority Oman. The Parent Company transferred its Headquarters to the funds for a value of RO 55 Mn which was settled by Pearl REIF by issuing units in Pearl REIF which is equivalent to RO 27.9 Mn (representing an ownership interest of 65.7%) and cash of RO 27.1 Mn. The Parent Company simultaneously entered into a lease agreement with Pearl REIF for the lease If its Head quarter building. Subsequently on 7 November 2022, Pearl REIF completed an Initial public offering (IPO) where in the Parent company disposed off units amounting to RO 13.8 Mn (representing an ownership interest of 32.2%) for a value of RO 15 Mn resulting in a gain of RO 0.755 Mn . During the year PEARL REIF alloted new units to an investor in lieu of a property contribution to the fund. This resulted in dilution of the Parent company's shareholding in the PEARL REIF to 28.01% (31 December 2022: 33.51%)

ii) The Group's hold 92.87% (31 December 2022 – 69.10%) interest in the equity shares of TASC Towers Holding Limited ("TASC"), a company incorporated in UAE.

During the year the Group increased its' holding in TASC from 69.10% to 92.87% as a result of issuing of additional shares to settle the consideration on sale of TTI as disclosed in note 8.

The Group determines that it does not have the control over TASC on the basis that the Group does not have ability to have majority representation in the Board under the terms agreed in the agreement between TASC shareholders.In December 2023, the Group signed definitive agreements with Ooredoo Group Q.P.S.C ("Ooredoo") for a merger transaction to combine both company's passive infrastructures (towers) via a cash and share deal. The Group and Ooredoo will contribute assets and cash to retain a 49.3% stake each in TASC. The transaction (initial market closings) is expected to be completed by 2024.
Summarised financial information in respect of TASC is set out below based on the management accounts.

	2023	2022
		RO '000
Current assets	**20,847**	6,188
Non-current Assets	**186,453**	61,661
Current liabilities	**34,145**	24,451
Non-current liabilities	**48,457**	30,930
Equity attributable to owners of the parent company	**106,201**	12,467
Non-controlling interest	**18,497**	-
Revenue	**33,409**	9,696
Total comprehensive loss	**(3,683)**	(3,588)

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

	2023	2022
		RO '000
Net assets of associate	**106,201**	12,467
Group's interest	**92.87%**	69.10%
Proportion of the group's ownership interest in the associate	**98,629**	8,615
Others	**(223)**	7,928
Carrying amount of the group's interest in the associate	**98,406**	16,543

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

Investments in joint venture

This includes Group's RO 106.433 million (31 December 2022 - RO 101.448 million) interest in the joint venture, Zain Al Ajial S.A. that owns 31% of the equity shares and voting rights of Wana Corporate (a Moroccan joint stock company that is specialized in the telecom sector in that country). The carrying value of this joint venture and its results for the year are determined by Group management using the equity method based on management information provided by Wana Corporate.

10. Right of use of assets

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

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

31 December 2022		RO'000	
	Land and building	Cellular and other equipment	Total
As at 1 January 2022	207,824	18,036	225,860
Add: Additions	133,783	23,152	156,935
Less: Amortisation	(37,235)	(10,500)	(47,735)
Less: Retirement	(1,311)	(2,353)	(3,664)
Transfers to assets of disposal group classified as held for sale	(128,156)	-	(128,156)
Reclassification from intangible assets	464	-	464
Exchange adjustments	2,598	237	2,835
Closing balance as at 31 December 2022 (excluding assets of disposal group classified as held for sale)	177,967	28,572	206,539

Land and building comprises mainly of telecommunication sites on lease.

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

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

The Group mostly leases indoor and outdoor spaces for installation of its telecommunications sites. Rental contracts are typically made for fixed periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

11. Property and equipment

	Land and buildings and leasehold improvements	Telecomm and other equipment	Projects in progress	Total
				RO '000
Cost				
As at 1 January 2022	212,829	5,228,648	203,007	5,644,484
Acquisition of subsidiaries	-	180	-	180
Additions	1,458	69,140	269,412	340,010
Transfers/Reclassification	2,786	270,551	(285,716)	(12,379)
Transfer to assets held for sale	-	(421,607)	(21)	(421,628)
Disposals/write off (including disposal of subsidiary)	(42,434)	(29,912)	(349)	(72,695)
Exchange adjustments	(118)	34,428	(2,025)	32,285
As at 1 January 2023	**174,521**	**5,151,428**	**184,308**	**5,510,257**
Acquisition of subsidiaries (note 3)	**-**	**3,384**	**-**	**3,384**
Additions	**1,200**	**65,666**	**376,338**	**443,204**
Transfers/Reclassification	**3,294**	**208,124**	**(214,495)**	**(3,077)**
Disposals/write off (including disposal of subsidiary)	**(476)**	**(75,120)**	**(2,062)**	**(77,658)**
Exchange adjustments	**(1,699)**	**(26,134)**	**(13,621)**	**(41,454)**
As at 31 December 2023	**176,840**	**5,327,348**	**330,468**	**5,834,656**
Accumulated depreciation				
As at 1 January 2022	91,881	3,569,613	-	3,661,494
Charge for the year	6,200	314,921	-	321,121
Transfers/reclassification	(306)	2,569	-	2,263
Related to disposals/write off (including disposal of subsidiary)	(6,704)	(20,341)	-	(27,045)
Transfer to assets held for sale	-	(238,157)	-	(238,157)
Exchange adjustment	601	28,476	-	29,077
As at 1 January 2023	**91,672**	**3,657,081**	**-**	**3,748,753**
Acquisition of subsidiaries (note 3)	**-**	**1,226**	**-**	**1,226**
Charge for the year	**5,265**	**312,434**	**-**	**317,699**
Transfers/reclassification	**-**	**10,555**	**-**	**10,555**
Disposals/write off (including disposal of subsidiary)	**(473)**	**(68,647)**	**-**	**(69,120)**
Impairment (note 2.1)	**-**	**-**	**16,670**	**16,670**
Exchange adjustment	**(288)**	**(14,377)**	**(4,835)**	**(19,500)**
As at 31 December 2023	**96,176**	**3,898,272**	**11,835**	**4,006,283**
Net book value				
As at 31 December 2023	**80,664**	**1,429,076**	**318,633**	**1,828,373**
As at 31 December 2022	**82,849**	**1,494,347**	**184,308**	**1,761,504**

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

Other non-current assets include advances of RO 52.28 million (2022: RO 27.78 million) paid for project in progress.

12. Intangible assets and goodwill

	Goodwill	Licences and spectrum fees	Others	CWIP	Total
					RO '000
Cost					
As at 1 January 2022	1,060,120	3,601,285	1,072,481	-	5,733,886
On acquisition of subsidiaries	302	-	5,355	-	5,657
Additions	-	75,698	20,602	7,759	104,059
Disposals	-	-	(256)	-	(256)
Transfers/reclassification	-	-	7,922		7,922
Impairment	(34,458)	-	-	-	(34,458)
Exchange adjustments	12,543	47,493	6,456	26	66,518
As at 1 January 2023	**1,038,507**	**3,724,476**	**1,112,560**	**7,785**	**5,883,328**
On acquisition of subsidiaries (note 3)	**15,712**	**611**	**3,583**	**-**	**19,906**
Additions	-	**35,415**	**17,592**	**6,528**	**59,535**
Disposals	**(46,442)**	**(7,779)**	**(533)**	**-**	**(54,754)**
Transfers/reclassification	-	**-**	**2,334**	**(1,561)**	**773**
Exchange adjustments	**(2,781)**	**(11,168)**	**(5,950)**	**(30)**	**(19,929)**
As at 31 December 2023	**1,004,996**	**3,741,555**	**1,129,586**	**12,722**	**5,888,859**
Accumulated amortization					
As at 1 January 2022	-	1,763,565	519,334		2,282,899
Charge for the year	-	116,960	63,764	-	180,724
Disposals	-	-	(256)	-	(256)
Transfers/reclassification	-	-	(2,278)	-	(2,278)
Exchange adjustments	-	22,512	10,181	-	32,693
As at 1 January 2023	-	1,903,037	590,745	-	2,493,782
On acquisition of subsidiaries (note 3)	-	**32**	**-**	**-**	**32**
Charge for the year	-	**116,167**	**62,295**	**-**	**178,462**
Disposals	-	**(7,779)**	**(294)**	**-**	**(8,073)**
Transfers/reclassification	-	**-**	**(111)**	**-**	**(111)**
Exchange adjustments	-	**(4,992)**	**(2,717)**	**-**	**(7,709)**
As at 31 December 2023	**-**	**2,006,465**	**649,918**	**-**	**2,656,383**
Net book value					
As at 31 December 2023	**1,004,996**	**1,735,090**	**479,668**	**12,722**	**3,232,476**
As at 31 December 2022	1,038,507	1,821,439	521,815	7,785	3,389,546

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

	2023	2022
		RO'000
Zain Kuwait	**194,857**	195,853
Zain Jordan (Pella)	**179,393**	179,477
Atheer	**227,844**	255,422
SMTC	**386,521**	407,084
Zain Tech (note 3)	**13,403**	-
Others	**2,978**	671
	1,004,996	1,038,507

Impairment testing

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

Group management used the following approach to determine values to be assigned to the following key assumptions, in the value in use calculations:

Key assumption	**Basis used to determine value to be assigned to key assumption**
Growth rate	Increase in competition expected but no significant change in market share of any CGU as a result of ongoing service quality improvements and expected growth from technology and license upgrades. The growth rates are consistent with forecasts included in industry and country reports. Compounded annual growth within the four to five year period in revenue of up to 1.58% (2022: 1.81%) for Zain Kuwait, 8.76% (2022: 8.3%) for Atheer 2.73% (2022: 2.73%) for Pella and SMTC 3.55% (2022:6%) during the projected five year period. Value assigned reflects past experience and changes in economic environment. Cash flows beyond the four to five year period have been extrapolated using a growth rate of upto of 4.7% (2022:2.5%) for Zain Kuwait, 4.7% (2022:2.5%) for Atheer 4.7% (2022:3.3%) for Pella and SMTC 4.7% (2022:3%). This growth rate does not exceed the long-term average growth rate of the market in which the CGU operates.
Capital expenditure	The cash flow forecasts for capital expenditure are based on experience and include the ongoing capital expenditure required to continue rolling out networks to deliver target voice and data products and services and meeting license obligations. Capital expenditure includes cash outflows for the purchase of property, plant and equipment and other intangible assets.
Discount rate	Discount rates of 8.5% (2022: 8.3%) for Zain Kuwait, 15.7% (2022: 16.4%) for Atheer 12.4% (2022: 12.7%) for Pella and SMTC 8.4% (2022: 8.2%). Discount rates reflect specific risks relating to the relevant CGU.

The Group has performed a sensitivity analysis by varying these input factors by a reasonably possible margin and assessing whether the change in input factors results in any of the goodwill allocated to appropriate cash generating units being impaired. These calculations use cash flow projections based on financial budgets approved by management covering a five year period. The recoverable amounts of all CGUs were higher than the carrying amount of the CGUs.

License and spectrum

	End of amortisation period	**2023**	2022
			RO '000
Mobile licence and Spectrum-Sultanate of Oman	2034	**55,547**	60,980
Fixed licence and Spectrum-Sultanate of Oman	2029	**2,311**	3,277
License – SMTC	2047	**1,201,227**	1,257,905
License – Atheer	2030	**138,637**	158,855
License – Pella	2026 to 2036	**171,789**	165,776
Spectrum – SMTC	2032 to 2034	**126,016**	139,189
Spectrum-Atheer	2027	**16,190**	16,598
Others		**23,373**	18,859
		1,735,090	1,821,439

Atheer

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

Pella

In 2021, the Pella agreed to renew the new dynamic Telecom license from TRC for a period of 15 years at an amount of JD 156.4 million (RO 82.5 million) with payment terms being three equal instalments over a ten-year period without any interest charges.

In September 2022, JMTS a subsidiary of Pella, entered into a settlement agreement with TRC, to end all the disputes related to revenue sharing and to extend the useful lives of existing licenses, and grant of 5G license. Under this agreement all the existing spectrum licenses will be extended for 10 years, in addition to another 5 years to be evaluated after 3 years based on specific criteria.

The Group allocated the total amount of the settlement agreement of JD 85.9 million between telecom license extensions, 5G license and to the dispute related to the revenue share based on the relative fair value. The amount allocated to the 5G, existing licenses and the dispute amounted to JD 26.9 million (RO 14.36million), JD 36.1 million (RO 19.27 million) and JD 22.9 million (RO 12.16 million) respectively.

Others

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

13. Trade and other payables

	2023	2022
		RO ’000
Trade payables and accruals	**1,130,385**	1,026,856
Due to roaming partners	**28,278**	24,371
Due to other operators (interconnect)	**64,592**	45,812
Dues to regulatory authorities (refer below)	**74,102**	165,852
Taxes payable	**125,758**	87,576
Dividend payable	**31,179**	30,939
Other payables	**112,150**	84,758
	1,566,444	1,466,164

Dues to regulatory authorities includes amount of SAR 148 million (RO 14.91 million) (2022: SAR 975.869 million, RO 98.7 million) payable by SMTC to Ministry of Finance KSA, RO Nil (2022: RO 13.88 million) payable by Atheer to CMC Iraq for the renewal of existing license.

14. Income tax payables

	2023	2022
		RO’000
Oman	**8,629**	15,615
Atheer – Iraq	**7,083**	12,419
Pella – Jordan	**7,064**	3,543
Other	**9,406**	7,075
	32,182	38,652

Tax assessments for Parent Company (Sultanate of Oman) are finalized till tax years 2019. During the year, 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. The Company is in the process of filing an objection against the order.

For tax year 2019, Oman tax authority raised a demand for RO 2.6 million disallowing certain write offs on debtors and inventory. The Company is in the process of filing 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

Income tax assessment for 2011 is contested and is currently under the consideration of Iraq General Commission for Taxes (IGCT).

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.

15. Borrowings

	2023	2022
	RO'000	RO '000
Parent Company		
Short term loan	**25,000**	-
Long term loan	**-**	58,816
Bridge loan	**177,146**	-
Other long term loans	**7,684**	10,130
	209,830	68,946
Oztel		
Long term loan	**-**	70,172
Bonds	**264,988**	441,487
	264,988	511,659
Oman Data Park		
Long term loans	**9,400**	8,045
Mobile Telecommunications Company-Kuwait		
Short term loans	**30,278**	26,507
Long term loans	**692,836**	667,268
	723,114	693,775
SMTC		
Long term loans	**527,319**	607,662
Payable to Ministry of Finance-KSA (Murhaba facility)	**261,154**	-
	788,473	607,662
Pella		
Long term loans	**98,406**	98,452
Atheer		
Bank overdrafts	**633**	3,116
Long term loans	**266,347**	289,209
	266,980	292,325
Future cities SAOC		
Long term loan	**4,728**	5,834
Others		
Bank Overdrafts	**1,227**	953
	2,367,146	2,287,651

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

	2023	2022
		RO '000
Opening balance	**2,287,651**	2,402,908
Acquisition of a subsidiary	**-**	6,439
Accretion of interest	**30,134**	44,600
Reclassification from other liabilities-Payable to Ministry of Finance-KSA	**309,463**	-
Proceeds from bank borrowings	**436,669**	566,214
Repayment of bank borrowings	**(681,987)**	(722,417)
Payment of interest	**(27,707)**	(41,632)
Effect of change in foreign exchange rates	**12,923**	31,539
	2,367,146	2,287,651

The current and non-current amounts are as follows:

	2023	2022
		RO '000
Current liabilities	**487,100**	547,584
Non-current liabilities	**1,880,046**	1,740,067
	2,367,146	2,287,651

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

	2023	2022
		RO '000
US Dollar	**1,127,542**	1,411,388
Kuwaiti Dinar	**509,178**	366,962
Saudi Riyals	**690,072**	494,469
Omani Rial	**40,354**	14,832
	2,367,146	2,287,651

The effective interest rate as at 31 December 2023 was 0.76% to 7.09% (2022 – 0.76% to 7.09%) per annum.

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

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

Parent Company and Oztel

Short term loan

During the period the Company drawn down RO 80 million (31 December 2022: Nil) and repaid RO 55 million from a revolving credit facility

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

Long 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. During the year the Company prepaid the entire loan amount.

Other long term loans

Export credit loan with an outstanding balance of USD 20.0 million (RO 7.7 million) (2022-USD 26.3 million (RO 10.1 million) from a consortium of banks to finance the procurement of capital equipment. The loan is unsecured. The facility carries an interest of 2.28% p.a.

Bridge loan

On 19 October 2023 the Parent company acquired a bridge loan of USD 460 million 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 due on 23 January 2032 with coupon rate of 5.375%. The proceeds were utilized to repay the bridge loan of USD 460 million. The Sukuk is listed on Irish Stock exchange.

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 Nil (2022: USD 457.1 million) with coupon rate of 5.63% per annum. The bonds which were due for repayment in year 2023 were repaid out of a bridge loan facility for USD 460 million from Arab Banking Corporation. The effective interest rate on the bond is 6.05% per annum. The fair value of the bond is USD Nil (2022: USD 453.9 million)

b) 10 years tranche USD 688.1 million (2022: USD 688.9 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 720 million (2022: USD 691.5 million)

c) The bonds are guaranteed by the Parent company.

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

During the year, the Company has;

- drawn down loans amounting to RO 185.55 million from the existing facilities (31 December 2022 - RO 177.63 million). This includes:

  - US$ 80 million (RO 30.23 million) of a revolving credit facility amounting to US$ 130 million.
  - RO 124.43 million of a revolving credit facility amounting to RO 246.4 million.
  - RO 18.48 million of a revolving credit facility amounting to RO 123.2 million.

repaid loans amounting to RO 154.59 million (31 December 2022 – RO 157.8 million). This includes:

- US$ 70 million (RO 26.47 million) of a revolving credit facility amounting to US$ 130 million
- US$ 30.514 million (RO 11.52 million) of export credit agency financing, amounting to US$ 194.117 million
- US$ 107.692 million (RO 40.65 million) of export credit agency financing amounting to US$ 200 million
- US$ 21.176 million (RO 7.99 million) of export credit agency financing amounting to US$ 87.705 million
- US$ 65 million (RO 24.60 million) of a term loan facility amounting to US$ 100 million
- US$ 30 million (RO 11.42 million) of a long-term facility amounting to US$ 317 million

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

SMTC

Long-term loans include:

1) SAR 5,233 million (RO 527.32 million) (31 December 2022: SAR 5.488 million equivalent to RO 555.06 million) syndicated murabaha facility and SAR Nil (RO 52.59 million) (31 December 2022: SAR 520 million equivalent to RO 52.59 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:

   a. Includes a Total Term Murabaha Facility of SAR 6,000 million (RO 606.7 million), consisting of SAR 4.880 billion (RO 0.494 billion) and US$ portion of SAR 1.120 billion (RO 0.1127 billion) for refinancing of the existing Term Murabaha Facility amounting to SAR 3.48 billion (RO 0.351 billion) and balance for future specified business purposes.

   b. Includes a revolving working capital facility of SAR 1,000 million (RO 101.2 million) consisting of SAR 813.393 million (RO 82.25 million) and a US$ portion totaling to SAR 186.607 million (RO 18.86 million).

   The Murabaha Facility continues to be secured partially by a guarantee from MTC and a pledge of the Company's and some of the founding shareholders' shares in SMTC and assignment of certain contracts and receivables. Under the Murabaha Financing Agreement, SMTC can declare dividend or other distribution in cash or in kind to shareholders, provided SMTC is in compliance with all its obligations under the agreement. A portion of above syndicated loan has been hedged through a profit rate swap contract.

2) During 2013, SMTC signed an agreement with the Ministry of Finance – KSA to defer payments that are due until 2021. The amounts are repayable in seven years starting from June 2021.
   In February 2023, SMTC has signed a revised agreement with the Ministry of Finance ("MOF"), Kingdom of Saudi Arabia under which the existing deferral of payment to MOF along with commercial commission payable is converted into a Murabaha facility with MOF and Al Rajhi Banking & Investment Corporation has been appointed as the Murabaha Facility Agent.

Pella

Long term loans include:

1) US$ 160 million (RO 60.55 million) (31 December 2022 – US$ 160 million equivalent to RO 60.09 million) term loan from a commercial bank which is repayable by 2025.
2) US$ 100 million (RO 37.84 million) (31 December 2022 – US$ 100 million equivalent to RO 38.36 million) term loan from a commercial bank which is repayable by 30 April 2027.

The loans are unsecured and are guaranteed by MTC.

Atheer

Long term loans include:

1) US$ 50 million (RO 18.92 million) (31 December 2022 – US$ 70 million equivalent to RO 26.5 million) term loan from a commercial bank which is repayable by 17 December 2024.
2) US$ 105 million (RO 39.74 million) (31 December 2022 – US$ 105 million equivalent to RO 39.75 million) term loan from a commercial bank which is repayable by 30 June 2026.
3) US$ 125 million (RO 47.31 million) (31 December 2022 – US$ 150 million equivalent to RO 56.8 million) revolving credit facilities from a commercial bank which is repayable by 17 December 2025.
4) US$ 100 million (RO 37.85 million) (31 December 2022 – US$ 100 million equivalent to RO 37.3 million) term loan from a commercial bank which is repayable by 30 July 2026.
5) US$ 50 million (RO 18.92 million) (31 December 2022 – US$ 50 million equivalent to RO 18.93 million) term loan from a commercial bank which is repayable by 14 April 2024.
6) US$ 48.75 million (RO 18.45 million) (31 December 2022 – US$ 63.75 million equivalent to RO 24.14 million) term loan from a commercial bank which is repayable by 28 April 2025.
7) US$ 125 million (RO 47.31 million) (31 December 2022 – US$ 125 million equivalent to RO 47.43 million) term loan from a commercial bank which is repayable by 03 May 2025.
8) US$ 100 million (RO 37.84 million) (31 December 2022 – US$ 100 million equivalent to RO 37.86 million) term loan from a commercial bank which is repayable by 25 May 2024.

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

Future cities SAOC

Long term loans include RO 4.728 million term loan (2022- RO 5.834 million) from a commercial bank which is repayable by 31 July 2027. The loan is secured by assignment of receivables.

16. Lease liabilities

	2023	2022
		RO '000
Balance as of 1 January	**243,992**	248,656
Additions	**203,805**	178,302
Accretion of interest	**20,141**	10,434
Payments	**(77,177)**	(83,322)
Retirements	**(6,745)**	(4,932)
Transfers to liabilities of disposal group classified as held for sale	**(26,250)**	(107,352)
Exchange adjustments	**(2,539)**	2,206
Closing balance as at 31 December (excluding liabilities of disposal group classified as held for sale)	**355,227**	243,992
Current	**45,653**	33,078
Non-current	**309,574**	210,914
	355,227	243,992

Maturity analysis of lease liability is given in note 31 to the consolidated financial statements.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities was in the range of 3.8% to 21% (2022: 3.5% to 21%).

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

	2023	2022
		RO ’000
Omani Rials	**138,517**	114,219
Saudi Riyals	**124,263**	68,760
US Dollar	**16,069**	14,909
Jordanian dinar	**15,375**	14,946
Bahraini dinar	**17,512**	15,616
Kuwaiti Dinar	**8,740**	7,067
Others	**34,751**	8,475
	355,227	243,992

17. Other non-current liabilities

	2023	2022
		RO ‘000
Payable to Ministry of Finance – KSA (refer note (i) below)	**-**	251,563
Due for acquisition of spectrum	**193,678**	207,092
Payable towards Sale and Lease back-Financing	**90,930**	83,554
Customer deposits	**5,567**	9,827
Post-employment benefits	**70,386**	63,107
Others	**45,655**	64,815
	406,216	679,958

(i)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. Following this the amount is now reclassified to Borrowings (refer note 15)

18. Share capital and reserves

Share capital (par value of RO 0.100 per share)

	2023	2022
	No. of shares	No. of shares
Authorised, Issued and fully paid up	**750,000,000**	750,000,000
	RO'000	RO'000
Authorised, Issued and fully paid up	**75,000**	75,000

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

	2023	2022
	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 Telecommunication Regulatory Authority, Oman in year 2004 is recognised as a non-distributable capital contribution within equity.

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

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

Other reserves
Other reserves mainly includes hedge reserves gain amounting to RO 0.5 million (2022- RO 5.2 million).

Dividend – 2022

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

Proposed dividend for year 2023

The Board of Directors, subject to the approval of shareholders, recommends distribution of a final dividend of 55 baiza per share (2022 - 55 baiza per share) to the registered shareholders, after obtaining the approval at AGM. This is in addition to interim dividend of 5 baiza per share distributed earlier in 2023 totaling 60 baiza per share for the year 2023.

Unclaimed dividend

During the year unclaimed dividends of RO 116,130 (2022-RO 132,950) was transferred to Investor protection trust fund.

19. Revenue

19.1 Disaggregated revenue information

The total revenue disaggregated by major service lines is:

	2023	2022
	RO'000	RO '000
Airtime, data, subscription and other services	**2,595,620**	2,396,766
Trading income	**347,097**	286,010
	2,942,717	2,682,776

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

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

19.2 Contract balances

Contract assets

	2023	2022
		RO '000
Assets relating to sale of handsets		
Current and non-current	**203,591**	181,606
Loss allowance	**(7,800)**	(6,683)
	195,791	174,923

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

	2023	2022
		RO '000
Current	**125,754**	108,940
Non current	**70,037**	65,983
	195,791	174,923

Contract liabilities

	2023	2022
		RO'000
Deferred revenue-Prepaid customers	**87,299**	89,802
Billing in advance-others	**32,936**	32,970
	120,235	122,772

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

20. Operating and administrative expenses

a. Operating and administrative expenses also includes staff costs of RO 294.24 million (2022 – RO 265.87 million).

b. A part of the regulatory tariff levied on mobile telecommunication operators in Kuwait by the Ministry of Communication (MOC) since 26 July 2011 was invalidated by the Kuwait Court of Cassation in April 2017. Accordingly, the Group's claim amounted to KD 24.680 million.

- In June 2022 and in February 2023 the Courts of First Instance and the Court of Appeal respectively, issued judgements in favor of the Group.

- In April 2023 MOC appealed to the Court of Cassation against the above ruling and to suspend its execution. The request to suspend the execution of order of Court of Appeal was rejected on 30 May 2023.

Based on the above, the Group received the above claim amounting to RO 30.53 million and has recognized an amount of RO 30.53 million in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023.

21. Investment income

	2023	2022
	RO'000	RO '000
Gain on investments at fair value through profit or loss	**14,843**	5,809
Dividend income	**784**	789
	15,627	6,598

22. Finance cost

	2023	2022
		RO '000
Borrowings	**141,267**	118,012
Gain on bond buyback	**-**	(846)
Lease liabilities	**27,125**	16,754
License and spectrum	**11,974**	11,410
Communications, Space and Technology commission (KSA)	**16,437**	10,976
Others	**3,103**	1,046
	199,906	157,352

23. Income tax expenses

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

	2023	2022
		RO '000
Income tax expense-Continued operations		
Corporate income tax	**32,962**	24,987
Reversal of corporate income taxes in respect of previous years	**-**	(6,184)
Other taxes	**1,731**	1,887
	34,693	20,690
Income tax expense-Discontinued operations		
Corporate income tax on profit for the year from discontinued operations	**-**	5,064
	34,693	25,754

The tax rate applicable to the taxable subsidiary companies is in the range of 7% to 26% (2022: 7% to 26%) whereas the effective income tax rate for the year ended 31 December 2023 is in the range of 4% to 24% (2022: 4% to 24%). For the purpose of determining the taxable results for the year, the accounting profits were adjusted for tax purpose. The adjustments are based on the current understanding of the existing laws, regulations and practices of each overseas subsidiary companies' jurisdiction.

Pillar 2 Income Taxes

In 2021, the OECD's Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS) reached an agreement on a two-pillar approach to tackle tax challenges arising from the digitalization of the economy. Under Pillar 2, Multinational Entities (MNEs) with revenues exceeding EUR 750 million are liable to pay a minimum effective corporate income tax rate of 15% in each jurisdiction where they operate.

Omantel Group operates in jurisdictions that have joined the IF, including Oman. The Global Minimum Tax under Pillar 2 is applicable for all jurisdictions effective 2025 except Zain Sudan (held via ZIBV in the Netherlands) and Oman France in France, where this Global Minimum Tax is applicable effective 2024.

Currently, the Group is assessing its exposure to additional income taxes under Pillar 2 regulations. However, providing a reasonable estimate of the additional tax burden is challenging at this stage, as the relevant tax legislation has yet to be introduced in Oman and some other jurisdictions.

24. Earnings per share

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

	2023	2022
	RO'000	RO '000
Profit for the year attributable to shareholders of the Company		
From continuing operations	**74,792**	63,286
From discontinued operations	**-**	28,030
		No of Shares
Weighted average number of shares in issue	**750,000,000**	750,000,000
	RO	RO
Basic and diluted earnings per share		
From continuing operations	**0.100**	0.084
From discontinued operations	**-**	0.037

25. Segment information

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

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

31 December 2023	**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)	**539,658**	**314,871**	**189,679**	**209,167**	**367,442**	**59,108**	**880,095**	**35,600**	**-**	**2,595,620**
Segment revenues - trading income (Point in time)	**66,805**	**131,023**	**9,877**	**2,688**	**2,966**	**13,805**	**119,174**	**759**	**-**	**347,097**
Net profit before interest and tax	**70,244**	**93,829**	**50,875**	**88,363**	**56,815**	**5,669**	**98,193**	**(12,274)**	**-**	**451,714**
Interest income	**2,492**	**3,666**	**846**	**4,221**	**860**	**409**	**7,043**	**278**	**-**	**19,815**
Gain from discontinued operations and sale and leaseback transactions	**-**	**1,327**	**-**	**-**	**12,252***	**-**	**68,757**	**-**	**(12,252)**	**70,084**
Dividend income from Zain group	**41,531**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(41,531)**	**-**
Finance costs	**(42,968)**	**(971)**	**(16,196)**	**(1,816)**	**(33,209)**	**(999)**	**(72,856)**	**(353)**	**-**	**(169,368)**
Income tax expenses	**(8,036)**	**-**	**(9,787)**	**(8,548)**	**(5,803)**	**-**	**-**	**(1,830)**	**-**	**(34,004)**
	63,263	**97,851**	**25,738**	**82,220**	**30,915**	**5,079**	**101,137**	**(14,179)**	**(53,783)**	**338,241**
Unallocated items:										
Investment income										**15,627**
Share of results of associates and joint venture										**4,373**
Others (including unallocated income tax and finance costs net of elimination)										**(42,757)**
Profit for the year										**315,484**
Segment assets including allocated goodwill	**1,686,794**	**950,566**	**637,086**	**151,018**	**949,765**	**129,473**	**3,086,514**	**180,862**	**(854,545)**	**6,917,533**
ROU asset	**99,856**	**14,586**	**12,322**	**2,787**	**23,685**	**17,416**	**84,928**	**2,207**	**-**	**257,787**
Unallocated items:										
Investment securities at FVTPL										**74,397**
Investment securities at FVOCI										**14,412**
Investment securities at amortised cost										**1,000**
Investment in associates and joint venture										**239,848**
Others (net of eliminations)										**250,865**
Consolidated assets										**7,755,842**
Segment liabilities	**459,382**	**210,034**	**207,370**	**58,123**	**178,745**	**34,661**	**780,727**	**194,332**	**(4,209)**	**2,119,165**
Lease liabilities (Current & non-current)	**138,517**	**22,393**	**15,054**	**2,043**	**33,365**	**17,512**	**124,262**	**2,081**	**-**	**355,227**
Borrowings	**490,175**	**-**	**98,406**	**-**	**266,982**	**-**	**788,472**	**-**	**-**	**1,644,035**
										4,118,427
Unallocated items:										
Borrowings										**723,110**
Others (net of eliminations)										**7,156**
Consolidated liabilities										**4,848,694**
Net consolidated assets										**2,907,148**
Capital expenditure incurred during the year	**115,815**	**57,383**	**61,995**	**41,613**	**74,302**	**12,887**	**96,613**	**32,260**	**-**	**492,868**
Unallocated (net of eliminations)										**1,334**
Total capital expenditure										**494,202**
Depreciation and amortization	**92,299**	**84,607**	**30,556**	**17,064**	**76,857**	**12,992**	**187,109**	**7,907**	**-**	**509,391**
Amortization of ROU assets	**10,298**	**8,497**	**1,572**	**949**	**3,452**	**4,176**	**24,740**	**(565)**	**-**	**53,119**
Unallocated										**3,438**
Total depreciation and amortization										**565,948**

*Eliminated at Group level

31 December 2022	Oman	Kuwait	Jordan	Sudan	Iraq	Bahrain	KSA	Others	Elimination	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO '000
Segment revenues – airtime, data & subscriptions (Over time)	516,154	314,919	184,499	182,067	302,588	55,973	802,747	28,259	-	2,387,206
Segment revenues - trading income (Point in time)	49,351	106,592	8,517	2,658	3,005	11,410	112,663	1,374	-	295,570
Net profit before interest and tax	74,236	69,197	36,363	92,310	26,687	5,785	108,761	(4,987)	-	408,352
Interest income	2,628	2,231	1,454	1,981	73	145	1042	96	-	9,650
Gain from discontinued operations and sale and leaseback transactions	33,094	495	-	-	-	-	-	-	-	33,589
Dividend income from Zain Group	39,456	-	-	-	-	-	-	-	(39,456)	-
Impairment of goodwill	-	-	(34,458)	-	-	-	-	-	-	(34,458)
Finance costs	(48,559)	(936)	(10,605)	(346)	(24,217)	(983)	(57,793)	(137)	-	(143,576)
Income tax expenses	(15,142)	-	(8,226)	(4,966)	615	-	-	(176)	-	(27,895)
	85,713	70,987	(15,472)	88,979	3,158	4,947	52,010	(5,204)	(39,456)	245,662
Unallocated items:										
Investment income										6,598
Share of results of associates and joint venture										5,466
Others (including unallocated income tax and finance costs net of elimination)										21,198
Profit for the year										278,924
Segment assets including allocated goodwill	1,747,303	943,443	613,723	113,418	980,620	134,171	3,279,117	123,820	(850,336)	7,085,279
ROU asset	74,708	12,555	12,042	3,164	7,243	15,570	79,890	1,367	-	206,539
Unallocated items:										
Investment securities at FVTPL										75,236
Investment securities at FVOCI										21,794
Investment securities at amortised cost										1,000
Investment in associates and joint venture										150,027
Others (net of eliminations)										295,568
Consolidated assets										7,835,443
Segment liabilities	433,662	165,258	181,695	63,291	219,019	41,092	1,213,793	121,175	-	2,438,985
Lease liabilities (Current & non-current)	114,219	20,790	14,613	2,025	6,694	15,616	68,759	1,276	-	243,992
Borrowings	595,439	-	98,452	-	292,325	-	607,662	-	-	1,593,878
										4,276,855
Unallocated items:										
Borrowings										693,773
Others (net of eliminations)										(22,121)
Consolidated liabilities										4,948,507
Net consolidated assets										2,886,936
Capital expenditure incurred during the year	85,553	39,111	76,001	35,548	68,105	14,235	91,348	28,596	-	438,497
Unallocated (net of eliminations)										1,173
Total capital expenditure										439,670
Depreciation and amortization	91,147	82,364	41,440	3,392	82,196	12,433	185,433	6,865	-	505,270
Amortization of ROU assets	7,414	7,735	1,837	1,078	5,012	3,858	20,780	22	-	47,736
Unallocated										(1,470)
Total depreciation and amortization										551,536

26. Subsidiaries with significant non-controlling interests

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

	Zain Group	
	2023	2022
	RO'000	RO'000
Current assets	**1,712,429**	1,779,816
Non-current assets	**4,442,269**	4,349,161
Current liabilities	**(1,689,793)**	(1,718,016)
Non-current liabilities	**(2,049,899)**	(2,063,318)
Equity attributable to:		
- Owners of the Company	**1,528,546**	1,522,918
- Non-controlling interests	**886,461**	824,725
Revenue	**2,361,361**	2,129,037
Profit for the year	**359,704**	276,461
Other comprehensive income	**(62,127)**	5,496
Total comprehensive income	**297,577**	281,957
Total comprehensive income attributable to:		
- Company's shareholders	**207,261**	225,714
- Non-controlling interests	**90,316**	56,243
	297,577	281,957
Cash dividend paid to non-controlling Interests	**(220,652)**	(174,792)
Net cash from operating activities	**670,589**	614,793
Net cash used in investing activities	**(48,786)**	(326,366)
Net cash flow used in financing activities	**(480,053)**	(276,022)
Net increase/(decrease) in cash flows	**141,750**	12,405

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

	SMTC		Al Khatem, Iraq	
	2023	**2022**	**2023**	**2022**
	RO'000	RO'000	**RO'000**	RO'000
Current assets	**680,583**	717,953	**235,103**	252,239
Non-current assets	**2,078,528**	2,157,172	**885,100**	885,366
Current liabilities	**(799,572)**	(910,954)	**(265,086)**	(296,027)
Non-current liabilities	**(892,164)**	(977,961)	**(210,405)**	(217,995)
Non-controlling interests		-	**-**	-
Equity attributable to:				
- Owners of the Company	**395,412**	365,342	**489,973**	473,914
- Non-controlling interests	**671,966**	620,868	**154,738**	149,670
Revenue	**995,229**	920,061	**368,911**	307,145
Profit for the year	**133,082**	50,639	**33,473**	5,862
Other comprehensive income	**(2,872)**	21,306	**-**	-
Total comprehensive income	**130,210**	71,945	**33,473**	5,862

Total comprehensive income attributable to:				
- Company's shareholders	**48,236**	26,652	**25,440**	4,455
- Non-controlling interests	**81,974**	45,293	**8,033**	1,407
	130,210	71,945	**33,473**	5,862
Cash dividend paid to non-controlling Interests	**(28,369)**	-	**-**	-
Net cash flow from operating activities	**113,198**	195,488	**129,491**	105,336
Net cash flow from used in investing activities	**162,991**	(135,368)	**(63,703)**	(41,955)
Net cash flow used in financing activities	**(192,543)**	(70,968)	**(59,676)**	(46,128)
Effects of exchange rate changes on cash and cash equivalents	**418**	(139)	**443**	92
Net (decrease)/ increase in cash flows	**55,277**	(10,987)	**6,112**	17,253

27. Related party transactions

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

	2023	2022
	RO'000	RO '000
Transactions with associate companies		
Revenue	**10,780**	13,289
Cost of sales and operating and maintenance expenses	**30,302**	10,872
Dividend income from associate	**2,369**	1,147
Sale of Head quarter building	**-**	55,000
Key management compensation		
Salaries and other short term employee benefits	**1,909**	2,074
Post-employment benefits	**79**	105
Director's remuneration	**331**	319
Balances with associate companies		
Trade receivables	**6,648**	787
Other receivables	**10,515**	17,244
Trade payables	**4,421**	5

Government of Sultanate of Oman (the Government), owns 51% (2022: 51%) of the Company's shares. The Company has applied the exemptions in IAS 24: Related Parties – related to transaction with the Government and other entities controlled, jointly controlled or significantly influenced by the Government. In this respect, the Company is disclosed the below information, to meet the disclosure requirements of IAS 24:

Revenues related to transactions with government and government entities for the year ended 31 December 2023 amounted to RO 26.5 million (2022:RO 30.2 million). As of 31 December 2023 trade receivables from government and government entities amounted to RO 35.5 million (2022: RO 31.6 million).

28. Commitments and contingencies

	2023	2022
	RO'000	RO '000
Capital commitments	**152,237**	134,217
Uncalled share capital of investee companies	**451**	785
Letters of guarantee and credit	**77,263**	86,448

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.

Atheer- Iraq

Atheer received additional income tax claim of US$ 19.3 million (RO 7.3 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.

On 10 September 2023, the Communication and Media Commission of Iraq ("CMC") imposed a fine of US$ 75 million (RO 28.36 million) on Atheer for failing to meet 4G QoS ('Quality of Service') KPIs for the year 2022. Atheer's position is that the penalties are not assessed in line with license agreement with CMC and did not comply with existing regulations. On 9 October 2023, Atheer challenged the decision before the Appeals Board. Based on the report from its attorneys, Atheer believes that the prospects of this matter being resolved in Atheer's favor are good.

Pella - Jordan

Pella is a defendant in lawsuits amounting to RO 27.86 million (31 December 2022 – RO 27.94 million). Based on the report of its attorneys, the Group expects the outcome of these proceedings to be favorable to Pella.

SMTC

SMTC received withholding tax assessments from Zakat, Tax and Customs Authority ("ZATCA") for an additional amount of SAR 252 million (RO 22.43 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 SMTC has sufficient provisions to cover these amounts.

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.

29. Financial risk management

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

	Amortized costs	At fair value through profit or loss	Fair value through other comprehensive income
	RO'000	RO'000	RO '000
31 December 2023			
Cash and bank balances	**428,635**	**-**	**-**
Bank balances held in customer account	**15,975**	**-**	**-**
Trade and other receivables	**1,129,465**	**-**	**-**
Contract assets	**195,791**	**-**	**-**
Investment securities	**1,000**	**74,397**	**14,412**
Other assets	**17,649**	**-**	**-**
	1,788,515	**74,397**	**14,412**
31 December 2022			
Cash and bank balances	441,192	-	-
Bank balances held in customer account	10,132	-	-
Trade and other receivables	968,291	-	-
Contract assets	174,293	-	-
Investment securities	1,000	75,236	21,794
Other assets	19,771	-	-
	1,614,679	75,236	21,794

Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

Currency	2023	2022
		RO '000
US Dollar	**19,737**	26,487
Euro	**1,965**	1,684
Other	**7,677**	7,660

(ii) Equity price risk

This is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market. The Group is exposed to equity securities price risk because of investments held by the Group and classified in the consolidated statement of financial position as FVOCI. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
The effect on the consolidated profit as a result of changes in fair value of equity instruments classified as 'at fair value through profit or loss' and the effect on equity of equity instruments classified as 'fair value through other comprehensive income' arising from a 5% increase/ decrease in equity market index, with all other variables held constant is as follows:

	2023		2022	
Market indices	**Impact on net profit**	**Effect on equity**	Impact on net profit	Effect on Equity
				RO '000
Increase/decrease in market index	**±1,412**	**±1,361**	±1,539	±1,453

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

(iii) Cash flow and fair value interest rate risk

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

The Group's interest rate risk arises from short-term bank deposits and bank borrowings carried at amortized cost. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's borrowings at variable rates are denominated mainly in US Dollars.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on consolidated statement of profit or loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions. The Group manages interest rate risk by monitoring interest rate movements and by using Interest Rate Swaps to hedge interest rate risk exposures. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

At 31 December 2023, if interest rates at that date had been 50 basis points higher/lower with all other variables held constant, consolidated profit for the year would have been lower/higher by RO 7.182 million (2022: RO 8.446 million).

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the Group to credit risk, consist principally of fixed and short notice bank deposits, trade and other receivables, contract assets and loans to associates.
The Group manages the credit risk on bank balances by placing fixed and short term bank deposits with high credit rating financial institutions. Credit risk with respect to trade receivables and contract assets is limited due to dispersion across large number of customers. Group manages credit risk of customers by continuously monitoring and using experienced collection agencies to recover past due outstanding amounts. Credit risk of distributors, roaming and interconnect operators, due from associates and others including third parties on whose behalf financial guarantees are issued by the Group is managed by periodic evaluation of their credit worthiness or obtaining bank guarantees in certain cases.

Expected credit loss (ECL) measurement

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

Significant increase in credit risk

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

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

Financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,

- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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

Credit impaired assets

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

Incorporation of forward looking information

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

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

	ECL staging				
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	
					RO '000
	12-month	**Lifetime**	**Lifetime**	**Lifetime**	**Total**
At 31 December 2023					
Cash and bank balances	**311,220**	**115,596**	**35,437**	**-**	**462,253**
Less: ECL	**(217)**	**(1,679)**	**(31,724)**	**-**	**(33,620)**
	311,003	**113,917**	**3,713**	**-**	**428,633**
Customers	-	-	-	**716,405**	**716,405**
Distributors	-	-	-	**97,126**	**97,126**
Contract assets	-	-	-	**203,590**	**203,590**
Less: ECL	-	-	-	**(283,680)**	**(283,680)**
				733,441	**733,441**
Roaming partners	-	-	-	**20,998**	**20,998**
Other operators (interconnect)	-	-	-	**143,115**	**143,115**
Less: ECL	-	-	-	**(10,704)**	**(10,704)**
	-	**-**	**-**	**153,409**	**153,409**
Other receivables	-	**201,488**	-	**3,850**	**205,338**
Less: ECL	-	**(7,082)**	-	**(942)**	**(8,024)**
	-	**194,406**	-	**2,908**	**197,314**
At 31 December 2022					
Cash and bank balances	218,427	231,376	38,949	-	488,752
Less: ECL	(156)	(2,219)	(35,053)	-	(37,428)
	218,271	229,157	3,896	-	451,324
Customers	-	-	-	617,240	617,240
Distributors	-	-	-	83,638	83,638
Contract assets	-	-	-	181,606	181,606
Less: ECL	-	-	-	(275,476)	(275,476)
	-	-	-	607,008	607,008
Roaming partners	-	-	-	16,851	16,851
Other operators (interconnect)	-	-	-	133,151	133,151
Less: ECL	-	-	-	(11,047)	(11,047)
	-	-	-	138,955	138,955
Other receivables	-	140,219	-	3,536	143,755
Less: ECL	-	(2,615)	-	(1,129)	(3,744)
	-	137,604	-	2,407	140,011

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

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

	31 December 2023	31 December 2022
		RO '000
Collectively assessed	**283,146**	275,001
Individually assessed	**19,262**	15,269
	302,408	290,270

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

	Collectively assessed	Individually assessed	Total
			RO '000
1 January 2022	275,004	14,367	289,371
On acquisition of subsidiary	-	37	37
Amounts written off	(30,875)	(655)	(31,530)
Foreign exchange gains and losses	2,065	1,153	3,218
Net increase in loss allowance	28,807	367	29,174
31 December 2022	**275,001**	**15,269**	**290,270**
On acquisition of subsidiary	**119**	**-**	**119**
Amounts written off	**(35,747)**	**(684)**	**(36,431)**
Foreign exchange gains and losses	**(2,345)**	**(83)**	**(2,428)**
Net increase in loss allowance	**46,118**	**4,760**	**50,878**
31 December 2023	**283,146**	**19,262**	**302,408**

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

	31 December 2023			31 December 2022		
Aging brackets of postpaid trade receivables	Estimated total gross carrying amount at default	Expected credit loss rate	Lifetime ECL	Estimated total gross carrying amount at default	Expected credit loss rate	Lifetime ECL
	RO '000	**%**	**RO '000**	**RO '000**	**%**	**RO '000**
Not due /< 30 days	**394,837**	**3%**	**12,186**	399,599	3%	10,249
31 – 60 days	**36,179**	**7%**	**2,464**	29,601	7%	2,138
61 – 90 days	**40,765**	**9%**	**3,787**	23,866	18%	4,351
91 – 180 days	**78,364**	**26%**	**20,602**	47,354	24%	11,467
> 181 days	**462,067**	**53%**	**244,107**	382,064	65%	246,796
	1,012,212		**283,146**	882,484		275,001

Credit quality of roaming, interconnect and other balances:

	31 December 2023	31 December 2022
		RO '000
Credit quality – Performing	**364,583**	288,662
Impaired	**4,868**	5,094
Expected credit loss	**(18,729)**	(13,664)
	350,722	280,092

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

(c) Liquidity risk

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

The Group has committed to provide working capital and other financial support to some of its affiliates (refer note 3). Other than the total cash and bank balances of RO 76.46 million (2022 – RO 62.8 million) equivalent held in Sudan, South Sudan and Lebanon, all other cash and bank balances are maintained in freely convertible currencies.

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

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
	RO'000	**RO'000**	**RO'000**	**RO'000**
At 31 December 2023				
Borrowings	**597,985**	**1,059,822**	**1,053,752**	**275,329**
Trade and other payables	**1,447,148**	**-**	**-**	**-**
Other non-current liabilities	**34,941**	**61,465**	**158,581**	**138,341**
Lease liabilities	**163,948**	**32,202**	**80,268**	**151,801**
At 31 December 2022				
Borrowings	595,912	958,422	788,102	278,688
Trade and other payables	1,378,588	-	-	-
Other non-current liabilities	115,168	194,833	331,406	167,614
Lease liabilities	113,636	49,475	116,641	133,525

30. Derivative financial instruments

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

The table below shows the positive and negative fair values of derivative financial instruments, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured.

The notional amounts indicate the volume of transactions outstanding at the year end and are not indicative of either market or credit risk. All derivative contracts are fair valued based on observable market data.

	Notional amounts by term to maturity		
	Positive fair value	**Negative fair value**	**Notional amount**
At 31 December 2023	**RO'000**	**RO'000**	**RO'000**
Derivatives held for hedging:			
Cash flow hedges - Receive 3-month LIBOR/ SIBOR, pay fixed interest rate	**6,187**	**-**	**209,408**
Interest rate swaps (maturing after one year)			
At 31 December 2022			
Derivatives held for hedging:			
Cash flow hedges - Receive 3-month LIBOR/ SIBOR, pay fixed interest rate			
Interest rate swaps (maturing after one year)	15,364	-	398,065

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

31. Capital risk management

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

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

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

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

	2023	2022
	RO'000	RO'000
Total borrowings including lease liabilities (refer note 15 and 16)	**2,722,373**	2,531,643
Less: Cash and bank balances (refer note 4)	**(428,635)**	(441,192)
Net debt	**2,293,738**	2,090,451
Total equity	**2,907,148**	2,886,936
Total capital	**5,200,886**	4,977,387
Gearing ratio	**44.1%**	42.0%

32. Fair value of financial instruments

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

31 December 2023

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

31 December 2022	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	8,445	33,213	33,578	75,236
Investments at fair value through other comprehensive income	2,300	3,471	16,023	21,794
Derivative asset held for hedging	-	15,364	-	15,364
Total assets	10,745	52,048	49,601	112,394

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

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

33. Net monetary gain – South Sudan

Net monetary gain/ (loss)

The Republic of South Sudan economy had become hyperinflationary in 2016. Accordingly, the results, cash flows and financial position of the Group's subsidiary in South Sudan have been expressed in terms of the measuring unit current at the reporting date in accordance with IAS 29 Financial Reporting. The impact of Net monetary loss for the period is not material to the Consolidated financial information.

34. Significant accounting judgments and estimates

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

Judgments

Business combinations

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

Consolidation of entities in which the Group holds less than a majority of voting right (de facto control)
Management have concluded that the parent company controls Zain Group even though it holds less than half of the voting rights of the subsidiary based on the rights acquired under the transaction. Management reviewed the size and the dispersion of voting rights of other dominant shareholders in relation to its size and concluded that it

will not be possible for them to act in concert to outvote the Parent company on key matters at shareholders meeting. While reaching this conclusion, Management has reviewed the voting pattern of the other dominant shareholder who owns 24.6% of the voting rights as passive in nature based on their voting pattern at prior shareholders meeting. Management also held discussions with the dominant shareholders to confirm their understanding.

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

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

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

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

Principal versus agent considerations

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

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

Consideration of significant financing component in a contract

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

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

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

Assets held for sale

In 2018 the Board of Directors announced its decision to sell some of the telecom tower assets in Kuwait. Part of these telecom towers were sold during the year and the remaining towers are recorded under “assets and liabilities of disposal group classified as held for sale”. This is considered to have met the criteria as held for sale for the following reasons:

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

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

Classification of equity investments

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

Contingent liabilities

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

Hyperinflation

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

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

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

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

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. Extension options (or periods after termination options) are only included in the lease term if the lessee is reasonably certain to extend (or not to terminate) the lease. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Sale and leaseback

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

Discounting of lease payments

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

Determination of functional currency

The devaluation of the Iraqi Dinar (IQD) against the USD in December 2020 resulted in a reconsideration of the functional currency of Atheer. Previously the financial statements indicated that the functional currency was IQD however, since the IQD was pegged to the USD there was no material impact on the reported figures whichever currency had been identified as the functional currency. In consideration of the primary indicators in IAS 21: 9, following the devaluation the Company has immediately decided on an increase in tariffs to customers and is implementing those increases in order to follow its long term strategy to maintain a relatively consistent USD margin which is driven by its predominantly USD cost base. This provides a strong evidence that USD is the currency that mainly influences sales prices for goods and services and USD is also the currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services. Furthermore, in consideration of the secondary indicators in IAS 21:10, the majority of the Company's financing is generated in USD and the majority of the Company's funds from operating activities are retained in USD. Therefore, in accordance with IAS 21:12, the Company determined that, in its judgement, all the factors described above provide sufficient evidence that the USD is the functional currency that most faithfully reflect the underlying transactions, events and conditions relevant to the Company.

Sources of estimation uncertainty

Fair values - unquoted equity investments and business combinations

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

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

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

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

Tangible and intangible assets

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

Taxes

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

Impairment of goodwill

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

35. Subsequent event

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.