# Oman Telecommunications Co (S.A.O.G)
# Half Yearly Results - 2007

## Respected Shareholders,

On behalf of the Board of Directors of Omantel, I am pleased to present a summary of the results of the operations covering 6 months period ending 30th June 2007.

## Group operating performance:

The group has achieved a Net Profit after Tax (excluding minority interest) of RO 48.475 Mn during the first half of the year 2007 compared to the Net Profit after Tax of RO 42.936 Mn of the corresponding period of year 2006, a growth of 12.9%.

The total group revenue as of June'07 rose by 11.6% to RO 175.918 Mn compared to RO 157.579 Mn of the corresponding period of the previous year.

The operating expenses increased by 13.4% to RO 121.360 Mn compared to RO 107.016 Mn for the same period of last year. The major increase in operating expenditure came from interconnection expenses, depreciation, commission and royalty charges.

The Earning per Share (EPS) as of June'07 is RO 0.065, which is 12.9% higher than the corresponding period of previous year.

Total subscriber base (all services) increased to 1.73 Mn as of June'07 compared to 1.54 Mn of the corresponding period of previous year, a growth of 12.4%.

## Major Group Achievements during the 2nd Qtr of Year 2007:

I. **Corporate Private Network (CPN):** Oman Mobile has launched CPN on 9th April 2007 mainly for business communities. The subscribers have to pay a monthly rental of RO 2.990 per line for unlimited calls within the company lines in addition to normal rental of RO 3 per month per line.

II. **Post-Paid WiFi**: Omantel has launched Post-paid WiFi on 1st of May 2007. With this service, post-paid customers can access the internet at any hotspot by using the same ID and password which they use at home and can enjoy all the benefits of surfing the Internet without purchasing a pre-paid card.

III. Oman Mobile on May 22nd has launched the new registration system for the Higher Education Admission Centre using SMS, in addition to the currently in use internet system.

IV. Oman Mobile continues to sign up with other service operators to enhance its roaming service. As of June'07, it has signed up with 314 service operators across 136 countries.

V. Omantel as well as Oman Mobile have launched attractive and innovative consumer promotions during the Comex and specially unveiled Value for Money Mobile offers as part of its "Summer Promotions"

## Subsidiary Companies:

**Oman Mobile Telecommunications Co (LLC)**: Omantel has 99% shareholding in Oman Mobile. As of June'07, total number of Oman Mobile customers is 1.35 Mn compared to 1.16 Mn customers of the corresponding period, a growth of 16%.

Oman Mobile gross revenue has recorded a growth of 9% and reached RO 122.5 Mn as of June'07 compared to the corresponding period revenue of RO 112.8 Mn.

**Associate Companies:**

1) **Oman Fibre Optic Co SAOG (OFOC):** Omantel has 25.96% shareholding in the OFOC. The Company's net profit after tax for the 1st half 2007 is RO 332 K, compared to the previous years corresponding period net profit of RO 133 K.

2) **Infoline LLC:** Omantel has 45% shareholding in the company. The Company's net profit after tax for the 1st half 2007 is RO 140 K compared to the corresponding previous years period profit of RO 96 K.

3) **Omania e-commerce LLC**: Omantel has 40% shareholding in the company and it has started operation from 4th Qtr of year 2005. The company has incurred a loss of RO (131) K for the 1st half 2007 compared to the previous years corresponding period loss of RO (160) K.

## Affects of exceptional climate disturbances, which hit Oman:

We would like to note that the exceptional climate disturbances, which hit Oman, had partially disrupted the communication services in some areas in the Sultanate. We take this opportunity to express our appreciation to the management and the staff, whose dedicated involvement resulted in restoring the communication services within a short period of time. Also, realising its social commitment, the Board has decided to set-off 3 days of all calls made from the Oman Mobile network amounting to RO 1.5 Mn, distributed 20,000 pre-paid Hayyak kits and 4,000 handsets free of cost in the affected areas.

As part of the damage and destruction caused by the cyclone GONU on 6 June 2007, some properties of the company were damaged and destroyed. It is to be noted that the company's properties are insured against damages and destructions. An insurance consultant has been engaged by the group to pursue insurance claims and obtain appropriate settlement from the insurance company.

## Future outlook:

In view of impending competition in Internet and Value Added Services, Omantel is in the process of finalizing "*Fixed Competitive Readiness*" strategy with the assistance of an internationally renowned consultant. The strategy is expected to be implemented soon.

Omantel consortium has been pre-qualified for the 2nd Mobile license in Qatar. Final Bidding process is in progress. Also, acquisition of majority shareholding of Worldcall Telecom Ltd, Pakistan is progressing well. Other opportunities are also pursued in parallel as part of its diversification strategy.

On behalf of the Board of Directors, I would like to express our sincere gratitude to His Majesty Sultan Qaboos bin Said for His visionary leadership and we pray to the Almighty to grant him all strength to continue to lead the country on the path of development.

**CHAIRMAN, OMANTEL BOARD OF DIRECTORS**