

# **Oman Telecommunications Co (S.A.O.G)**

## **Half Yearly Results - 2008**

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### **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 30<sup>th</sup> June 2008.

### **Group operating performance:**

The group has achieved a Net Profit after Tax (excluding Minority Interest) of RO 74.777 million during the first half of the year 2008 compared to the Net Profit after Tax of RO 48.475 million of the corresponding period of year 2007, a growth of 54.3%.

The main reason for the exceptionally good growth in net profit is due to continuous double digit revenue growth with lower spending in operating expenses compared to the corresponding period of last year. The total group revenue as of June'08 rose by 14.3% to RO 201.08 million compared to RO 175.918 million of the corresponding period of the previous year.

The operating expenses declined by 2.4% to RO 118.391 million compared to RO 121.360 million for the same period of last year. The major reason for decline in operating expenditure is due to reduction in Royalty charges, and on adjustment of impairment of receivables and Depreciation.

The Earning per Share (EPS) for the period ended June'08 is RO 0.1, which is 54.3% higher than the corresponding period of previous year.

Total subscriber base (all services) increased to 2,002 K as of June'08 compared to 1,727 K of the corresponding period of previous year, a growth of 16.0%.

### **Major Group Achievements:**

#### **New Service Launches / Consumer promotions:**

- (i) **International call Promotions** to 5 selected destinations (India, Pakistan, Bangladesh, Sri Lanka and Philippines) was launched on 19<sup>th</sup> April 2008. The promotion offers discount up to 67%, with the call rates as low as 100 bz / minute. The promotion will be effective till 17<sup>th</sup> October 2008 and covers calls from fixed line and mobile services.
- (ii) **ADSL New Service Portfolio** was launched on 26<sup>th</sup> April 08. The portfolio includes 5 home packages (starting from 512 Kbps and 1, 2, 4 & 8 Mbps) and 5 business packages (starting from 1 Mbps and 2, 4, 8, 16 Mbps) and 3 educational & social packages.
- (iii) **Major Oman Mobile Promotions: "Hayyak 3-In-1 promotion"** and BlackBerry Handset Promotions were launched during 2<sup>nd</sup> Quarter of the Year 2008..
- (iv) **Other Product Launches / Services:** Oman Mobile continues to launch Value Added services, which are:
  - 1) "My Travel Mate" (provides live flight departure and arrival details on mobile phone).
  - 2) MMS Push Channels – Ability to download and enjoy a variety of channels all through MMS.
  - 3) Wireless Internet products.
  - 4) New Corporate Contact Centre 1235 for corporate clients.

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### **Sponsorships:**

Omantel group has sponsored the following major events, which are

- 1) World Health Day,
- 2) Teachers day
- 3) Corporate Governance Conference
- 4) Comex 2008

### **Awards:**

Omantel has received award of No.1 in the Top 20 Rankings of the listed companies in Oman as per the classification of "Oman Economic Review" magazine. This award is a clear indication of Omantel's leading position among the listed companies at Muscat Securities Market in terms of net profits and overall capital.

"Oman Mobile" brand has been adjudged as the No.1 brand in Oman through a research survey released by Oman Establishment for Press, Publications and Advertising (OEPPA)

Omantel has received special thanks and appreciation certificate from the Chief Guest of Oman Web Award for supporting the event, which is aimed at promoting innovations in Web Design especially among youth.

### **Subsidiary Companies:**

**Oman Mobile Telecommunications Co (LLC):** Omantel has 99% shareholding in Oman Mobile. The number of Oman Mobile customers has reached 1,601 K as of June 2008 recording a growth rate of 19% over the corresponding period. The gross revenue from mobile operations for the period ended June'08 is RO 132.9 million compared to the previous years corresponding period revenue of RO 122.5 million, an increase of 8.5%.

**Worldcall Telecom Limited:** The planned international investment in WorldCall Telecom Limited (WTL), Pakistan was completed on 2<sup>nd</sup> May 2008. Omantel has acquired 56.80% stake in Worldcall at a cost of approximately RO 73.559 million. The Board of Directors of WTL has been reconstituted with six nominees representing Omantel.

The accounting year of the Company ended on 30 June 2008. The Gross revenue for the year ended 30 June 2008 is RO 25.3 mn compared to the previous year revenue of RO 24.3 million, an increase of 4%. The Company has achieved a net profit after tax of RO 0.369 million compared to the previous year profit of RO 3.516 million. The main reasons for the fall in the profit is on account of increase in operating expenses, fall in investment income and a rise in borrowing costs.

The Group's results do not include the results of the Worldcall. The results of Worldcall will be consolidated with the Group results from 1 July 2008.

### **Associate Companies:**

- 1) **Oman Fibre Optic Co SAOG (OFOC):** Omantel owns 25.96% shareholding in the OFOC. The company has achieved a net profit after tax of RO 0.585 million (un-audited) for the 1<sup>st</sup> Quarter 2008, which is 741% higher than the corresponding period profit.
- 2) **Infoline LLC:** Omantel has 45% shareholding in the company. The Company's net profit after tax for the 1<sup>st</sup> Half 2008 is RO 36.1 K compared to the corresponding previous year's period profit of RO 140.1 K.

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- 3) **Omania e-commerce LLC:** Omantel has 40% shareholding in the company and it has started operation from 4<sup>th</sup> Qtr of year 2005. The company has incurred a loss of RO (65.6) K for the 1<sup>st</sup> Half 2008 compared to the previous years corresponding period loss of RO (130.9) K.

#### **Market Share:**

The mobile sector was opened up for competition in March 2005. Oman Mobile subscriber market share is estimated at 56% as of May'08 based on the total subscriber figures released by *Oman Telecommunications Regulatory Authority (TRA)*.

#### **Future outlook:**

The sector liberalization program is likely to intensify further in the coming months. Omantel has submitted appropriate response to TRA on 7 consultation documents issued by the authority. Also, TRA has issued Mobile Reseller License to 5 companies and Oman Mobile has held initial discussions with these companies.

Omantel has started implementing the Ministerial Committee recommendations to integrate Omantel and Oman Mobile organizations. The implementation of the program is progressing well. Most senior level appointments have been completed.

The Government's plan to sell 25% stake in Omantel to a Strategic Investor has gained momentum with the appointment of M/s. Citi Group as a Financial Advisor.

On behalf of the Board of Directors, I take this opportunity to express our heartfelt thanks to our shareholders and loyal customers, whose continued support has led the company to achieve this excellent performance. We, wholeheartedly appreciate the Executive Management and Employees for their sincere contribution in achieving such results. With your support we are confident that the group will continue its brilliant performance and will be able to reach new heights of excellence.

We, also express our special thanks to the Telecommunications Regulatory Authority of Oman for their valuable co-operation and contributions to our success story.

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 sustainable development.

**Eng. SULTAN HAMDOON AL HARTHI**  
**CHAIRMAN, OMANTEL BOARD OF DIRECTORS**