

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

First Quarter Results - 2008

Respected Shareholders,

On behalf of the Board of Directors of Omantel, I am pleased to present a summary of the results of the operations for the 3 months period ended 31st March 2008.

Group operating performance:

The group has achieved a Net Profit after Tax (excluding Minority Interest) of RO 38.415 million during the first quarter of the year 2008 compared to the Net Profit after Tax of RO 24.032 million of the corresponding period of year 2007, a growth of 59.8%.

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 for the period ended March'08 rose by 14.6% to RO 98.217 million compared to RO 85.706 million of the corresponding period of the previous year.

The operating expenses declined by 2.6% to RO 56.956 million compared to RO 58.505 million for the same period of last year. The major reason for decline in operating expenditure came from Royalty charges, Provision of impairment of receivables and Depreciation.

The Earning per Share (EPS) for the period ended March'08 is RO 0.051, which is 59.8% higher than the corresponding period of the previous year.

Total subscriber base (all services) increased to 1,966 K as of March'08 compared to 1,669 K of the corresponding period of previous year, a growth of 17.8%.

Major Group Achievements:

New Service Launches / Consumer promotions:

- (i) **Promotions:** Omantel as well as Oman Mobile have launched attractive and innovative consumer promotions during the Muscat Festival and continued with attractive price promotions for Hayyak national voice calls in March'08.
- (ii) **Product Launches:** Share feature for Sammani (Ring back tone) service- Ability to gift and copy ring back tones to or from other people. Also, the BlackBerry Curve 8310 and the Pearl 8110 were launched.

Sponsorships:

Omantel group has sponsored the following major events:

- 1) Oman Web Awards;
- 2) 2nd Annual Women in Business Conference 2008;
- 3) The first International Medical Students Conference;
- 4) Muscat International Book Fair; and
- 5) Muscat Festival

Awards:

Omantel and Oman Mobile have won the BIZPRO Award 2008. The award is offered for the field of Omanization and especially aimed at developing competency, professionalism and leadership among the national cadres.

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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. During the period April'07 to March'08, the number of Oman Mobile customers increased by 280 K (from 1,290K to 1,570 K). The gross revenue from mobile operations for the period ended March'08 is RO 65 million compared to the previous years corresponding period revenue of RO 58 million, an increase of 12%.

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 1st 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 1st Quarter 2008 is RO 42.2 K compared to the corresponding previous year's period profit of RO 90.1 K.
- 3) **Omania e-commerce LLC:** Omantel has 40% shareholding in the company and it has started operation from 4th Quarter of year 2005. The company has incurred a loss of RO (37.1) K for the 1st Quarter of 2008 compared to the previous years corresponding period loss of RO (67) K.

Market Share:

The mobile sector was opened up for competition in March 2005. Oman Mobile subscriber market share is estimated at 59% as of Jan'08 based on the total subscriber figures released by *Oman Telecommunications Regulatory Authority (TRA)*.

Future outlook:

The sector liberalization program has intensified further with the issuance of 7 consultation documents by TRA. TRA solicited comments from the telecom operators / public on the following consultation documents, which are:

- 1) Opening up of Telecom Market,
- 2) VoIP services,
- 3) Local Loop Un-bundling,
- 4) Next Generation Network,
- 5) Carrier Pre-selection,
- 6) Establishment of Internet exchange,
- 7) International Submarine Cable landing facility license.

As these consultation documents have significant impact on the sector, Omantel has submitted its comments and views to TRA.

Omantel has started implementing the Ministerial Committee recommendations to integrate both Omantel and Oman Mobile organizations.

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The planned international investment in WorldCall Telecom Limited (WTL), Pakistan was completed on 2nd May 2008. Omantel has acquired 56.80% stake in Worldcall at a cost of approximately US\$ 192 million. The Board of Directors of WTL has been reconstituted with six nominees representing Omantel.

We will continue to work towards maintaining the impressive performance achieved so far by introducing innovative services and promotions, while enhancing our customer service standards. Cost management would be given high priority to ensure that group synergies are effectively captured across the organization.

On behalf of the Board of Directors, I take this opportunity to express our heartfelt thanks to our shareholders, loyal customers and suppliers, 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 these good results. We are confident that with all your support we would be able to take the company to new heights.

We would like to express our special thanks to the Telecommunications Regulatory Authority of Oman for their valuable co-operation and contributions.

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.

ENG. SULTAN HAMDOON AL HARTHI
CHAIRMAN, OMANTEL BOARD OF DIRECTORS