A' SHARQIYA INVESTMENT HOLDING CO. (SAOG) AND ITS SUBSIDIARY

UN-AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS PERIOD ENDED 30 JUNE 2023

Principal place of business:

Al Rumaila Building
Al Wataya
Sultanate of Oman

Registered address:

P O Box 47
Al Harthy Complex
Postal Code 118
Sultanate of Oman

A’ SHARQIYA INVESTMENT HOLDING CO. (SAOG) AND ITS SUBSIDIARY

UN-AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS PERIOD ENDED 30 JUNE 2023

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A' SHARQIYA INVESTMENT HOLDING CO. (SAOG) AND ITS SUBSIDIARY

UN-AUDITED SEPARATE CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	30 June 2023		30 June 2022		31 December 2022	
		Parent	**Group**	Parent	Group	Parent	Group
		RO	**RO**	RO	RO	RO	RO
ASSETS							
Non-current assets							
Property and equipment	6	**3,679**	**280,551**	7,202	7,267	5,523	289,669
Lease receivables	7	**-**	**3,843,932**	-	4,602,290	-	4,373,168
Investment in subsidiary		**250,000**	**-**	250,000	-	250,000	-
Financial assets:							
A) At FVOCI	8	**7,627,521**	**7,627,521**	9,405,693	9,405,693	8,977,325	8,977,325
B) At FVPTL		**432,826**	**432,826**	107,490	107,490	95,244	95,244
C)At Amortised Cost (Bonds)		**643,171**	**643,171**	-	-		
Deferred tax assets		**39,463**	**39,463**	54,467	54,467	39,463	39,463
Capital Work in Progress (Water net work)		**-**	**-**	-	283,139	-	-
Total		**8,996,660**	**12,867,464**	9,824,852	14,460,346	9,367,555	13,774,869
Current assets							
Lease receivables	7	**-**	**758,358**	-	610,565	-	663,083
Prepayments/Other receivables	9	**70,552**	**121,347**	174,007	760,881	724,238	235,973
Fixed deposits in Banks		**1,925,000**	**1,925,000**	-	-	-	-
Bank balances and cash	10	**481,580**	**2,018,202**	1,664,997	2,793,912	1,940,081	4,030,401
Total		**2,477,132**	**4,822,907**	1,839,004	4,165,358	2,664,319	4,929,457
Total assets		**11,473,792**	**17,690,371**	11,663,856	18,625,704	12,031,874	18,704,326
EQUITY							
Capital and reserves							
Share capital	11	**9,000,000**	**9,000,000**	9,000,000	9,000,000	9,000,000	9,000,000
Legal reserve	12	**1,639,705**	**1,723,039**	1,527,760	1,611,094	1,584,619	1,667,953
Fair value reserve	13	**206,278**	**206,278**	1,018,826	1,018,826	994,644	994,644
Retained earnings		**439,541**	**3,019,316**	(65,152)	3,231,387	262,980	3,140,976
Equity attributable to equity holders of parent		**11,285,524**	**13,948,633**	11,481,434	14,861,307	11,842,243	14,803,573
Total equity		**11,285,524**	**13,948,633**	11,481,434	14,861,307	11,842,243	14,803,573
LIABILITIES							
Non-current liabilities							
Finance lease payable		**-**	**3,424,894**	-	3,440,775	-	3,535,193
End of service benefits	14	**132,574**	**164,906**	120,375	149,947	124,586	155,074
Total		**132,574**	**3,589,800**	120,375	3,590,722	124,586	3,690,267
Current liabilities							
Finance lease payable		**-**	**15,832**	-	15,430		15,905
Due to subsidiary		**-**	**-**	-	-	-	-
Retention payable			**21,789**		20,058		
Accruals and other payables	15	**36,349**	**77,011**	34,010	80,184	36,215	112,586
Provision for taxation	19	**19,345**	**37,306**	28,037	58,003	28,830	81,995
Total		**55,694**	**151,938**	62,047	173,675	65,045	210,486
Total liabilities		**188,268**	**3,741,737**	182,422	3,764,397	189,631	3,900,753
Total equity and liabilities		**11,473,792**	**17,690,371**	11,663,856	18,625,704	12,031,874	18,704,326
Net assets per share	23	**0.125**	**0.155**	0.128	0.165	0.132	0.164

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The consolidated financial statements on pages 3 to 24 were approved by the Board of Directors on August 02, 2023 and were signed on its behalf by:

Mohammad Ali Mohammad Al Fannah
CHAIRMAN

Saleh Ahmed Mohamed Al Harthy
DIRECTOR

The notes on pages 7 to 24 form an integral part of these unaudited, separate and consolidated condensed financial

A' SHARQIYA INVESTMENT HOLDING CO. (SAOG) AND ITS SUBSIDIARY

UN-AUDITED SEPARATE AND CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 3O JUNE 2023

	Note	30 June 2023		30 June 2022	
		Parent	Group	Parent	Group
		RO	RO	RO	RO
INCOME					
Dividend income:					
a) Local listed shares		194,619	194,619	268,644	268,644
b) GCC and International listed shares		70,641	70,641	60,512	60,512
Dividend from Subsidiary		400,000	-	899,993	-
Finance income on lease receivables		-	209,217		253,044
Maintenance services income		-	32,251	-	29,820
Unrealised gain on assets at FVTPL -International assets		11,294	11,294	(11,529)	(11,529)
Unrealised gain on assets at FVTPL -GCC assets		12,468	12,468	-	-
Realised gain on disposal of asset at FVTPL		3,344	3,344	-	-
Interest income-Deposits in Foreign Banks		41,710	41,710	-	-
Interest income-from deposits in local bank		7,419	24,125	14,651	29,954
Interest income-from Bond Investments		12,915	12,915	-	-
Other income	16	45,791	15,791	49,537	46,607
Operating income		800,201	628,375	1,281,808	677,052
EXPENSES					
Bank Charges		(1,543)	(1,639)	(647)	(666)
Staff cost	17	(157,840)	(157,840)	(120,391)	(120,391)
Finance cost on lease payable		-	(90,465)	-	(90,872)
Depreciation	6	(1,845)	(9,119)	(1,626)	(1,670)
General administrative expenses	18	(69,997)	(80,596)	(66,013)	(70,540)
Operating expenses		(231,225)	(339,659)	(188,677)	(284,139)
Profit before taxation		568,976	288,716	1,093,131	392,913
Taxation	19	(18,111)	(36,072)	(26,803)	(56,769)
Profit for the period		550,865	252,644	1,066,328	336,144
Other comprehensive income:					
Net change in fair value of FVOCI financial assets	13	(741,902)	(741,902)	140,924	140,924
Deferred tax Adjustment for the period		-	-	-	-
Total comprehensive income for the period		(191,037)	(489,258)	1,207,252	477,068
Total comprehensive income attributable to :					
Equity holders of parent		(191,037)	(489,258)	1,207,252	477,068
Non-controlling interests		-	-	-	-
		(191,037)	(489,258)	1,207,252	477,068
Profit attributable to :					
Equity holders of parent		550,865	252,644	1,066,328	336,144
Non-controlling interests		-	-	-	-
		550,865	252,644	1,066,328	336,144
Earnings per share	20	0.006	0.003	0.012	0.004

The notes on pages 7 to 24 form an integral part of these unaudited, separate and consolidated condensed financial information.

A' SHARQIYA INVESTMENT HOLDING CO. (SAOG) AND ITS SUBSIDIARY

UN AUDITED SEPARATE AND CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR FOR THE SIX MONTHS PERIOD ENDED 3O JUNE 2023

	Note	Share capital		Legal Reserve		Fair value reserve		Retained earnings		Total	
		Parent RO	Group RO	Parent RO	Group RO	Parent RO	Group RO	Parent RO	Group RO	Parent RO	Group RO
At 1 January 2023		9,000,000	9,000,000	1,584,619	1,667,953	994,644	994,644	262,980	3,140,976	11,842,243	14,803,573
Profit for the period (After tax)		-	-	-	-	-	-	550,865	252,644	550,865	252,644
Other comprehensive income	13	-	-	-	-	(741,902)	(741,902)	-	-	(741,902)	(741,902)
Total comprehensive income						252,742	252,742	813,845	3,393,620	11,651,206	14,314,315
Transfer to legal reserve	12	-	-	55,086	55,086	-	-	(55,086)	(55,086)	-	-
Fair value reserves removed upon disposal of FVOCI assets	13					(32,748)	(32,748)	-	-	(32,748)	(32,748)
Net realized gain upon disposal of FVOCI assets		-	-			(13,716)	(13,716)	130,782	130,782	117,066	117,066
Deferred tax adjustment on FVOCI investments						-	-	-	-	-	-
Dividends paid		-	-	-	-	-	-	(450,000)	(450,000)	(450,000)	(450,000)
At 30 June 2023		9,000,000	9,000,000	1,639,705	1,723,039	206,278	206,278	439,541	3,019,316	11,285,524	13,948,633

	Note	Share capital		Legal Reserve		Fair value reserve		Retained earnings		Total	
		Parent RO	Group RO	Parent RO	Group RO	Parent RO	Group RO	Parent RO	Group RO	Parent RO	Group RO
At 1 January 2022		9,000,000	9,000,000	1,421,127	1,504,461	895,393	895,393	(648,347)	3,378,384	10,668,173	14,778,238
Profit for the period		-	-	-	-	-	-	1,066,328	336,144	1,066,328	336,144
Other comprehensive income	13	-	-	-	-	140,924	140,924	-	-	140,924	140,924
Deferred tax adjustment on FVOCI investments		-	-	-	-	-	-	-	-	-	-
Total comprehensive income						1,036,317	1,036,317	417,981	3,714,528	11,875,425	15,255,306
Transfer to legal reserve	12	-	-	106,633	106,633	-	-	(106,633)	(106,633)	-	-
Adjustments for gains and losses on FVOCI assets sold		-	-	-	-	(17,491)	(17,491)	73,512	73,512	56,021	56,021
Dividend receipts of 2013-2014 -payable to partner		-	-	-	-	-	-	(12)	(12)	(12)	(12)
Dividend to shareholders		-	-	-	-	-	-	(450,000)	(450,008)	(450,000)	(450,008)
At 30 June 2022		9,000,000	9,000,000	1,527,760	1,611,094	1,018,826	1,018,826	(65,152)	3,231,387	11,481,434	14,861,307

A' SHARQIYA INVESTMENT HOLDING CO. (SAOG) AND ITS SUBSIDIARY

AUDITED SEPARATE AND CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Share capital		Legal Reserve		Fair value reserve		Retained earnings		Total	
		Parent RO	Group RO	Parent RO	Group RO	Parent RO	Group RO	Parent RO	Group RO	Parent RO	Group RO
At 1 January 2022		9,000,000	9,000,000	1,421,127	1,504,461	895,393	895,393	(648,349)	3,378,381	10,668,171	14,778,235
Profit for the year		-	-	-	-	-	-	1,634,919	486,185	1,634,919	486,185
Other comprehensive income		-	-	-	-	(98,841)	(98,841)	-	-	(98,841)	(98,841)
Related deferred tax						(15,004)	(15,004)	-	-	(15,004)	(15,004)
Total comprehensive income		-	-	-	-	(113,845)	(113,845)	1,634,919	486,185	1,521,074	372,340
Transfer to legal reserve	11			163,492	163,492			(163,492)	(163,492)	-	-
Realized loss upon disposal of FVOCI Investments		-	-	-	-	102,998	102,998			102,998	102,998
Reversal of fair value reserve upon disposal of FVOCI investments		-	-	-	-	110,098	110,098	(110,098)	(110,098)	-	-
Dividend to shareholders		-	-	-	-	-	-	(450,000)	(450,000)	(450,000)	(450,000)
At 31 December 2022		9,000,000	9,000,000	1,584,619	########	994,644	994,644	262,980	########	11,842,243	14,803,573

A' SHARQIYA INVESTMENT HOLDING CO. (SAOG) AND ITS SUBSIDIARY

UN-AUDITED SEPARATE CONSOLIDATED CONDENSED CASH FLOW STATEMENT FOR FOR THE SIX MONTHS PERIOD ENDED 3O JUNE 2023

	Note	30 June 2023		30 June 2022	
		Parent	**Group**	Parent	Group
Operating activities :		**RO**	**RO**	RO	RO
Profit before taxation		**568,976**	**288,716**	1,093,131	392,913
Adjustments for:					
Depreciation	6	**1,845**	**9,119**	1,626	1,670
End of service benefits	14	**7,988**	**9,832**	7,508	9,246
Income tax provisions of last year not paid		**-**	**-**	-	(27,070)
Amorisation of Bonds not affecting cash		**448**	**448**		
Unrealised gain from assets at FVTPL -International		**(11,294)**	**(11,294)**	11,529	11,529
Unrealised gain from assets at FVTPL -GCC		**(12,468)**	**(12,468)**	-	-
Operating profit before changes in working capital		**555,495**	**284,353**	1,113,794	388,288
Changes in working capital :					
Prepayments and other receivable		**653,687**	**114,628**	(144,991)	(659,356)
Accruals and other payables		**135**	**(13,786)**	(10,402)	(4,771)
Decrease/(increase) in lease receivables		**-**	**433,960**	-	381,461
(Decrease)/increase in lease payables		**-**	**(110,371)**	-	(109,966)
Increase in Financial assets at FVTPL		**(313,819)**	**(313,819)**	-	-
Increase in Financial assets of Bonds		**(643,618)**	**(643,618)**	-	-
Cash from fair Value through OCI assets		**692,215**	**692,215**	155,940	155,940
Term deposits		**(1,925,000)**	**(1,925,000)**	-	-
Decrease in due to Subsidiary		**-**	**-**	(636,484)	-
Cash generated from operations		**(980,905)**	**(1,481,438)**	477,857	151,596
Income tax paid		**(27,596)**	**(80,761)**	(4,736)	(40,521)
Net cash from operating activities		**(1,008,501)**	**(1,562,199)**	473,121	111,075
Investment activities :					
Additions to Capital Work-in-progress		**-**	**-**	-	(570)
Additions to fixed assets		**-**	**-**	(2,264)	(2,264)
Net cash used in investment activities		**-**	**-**	(2,264)	(2,834)
Financing activities :					
Dividends payment		**(450,000)**	**(450,000)**	(450,000)	(450,000)
Net cash (used in) financing activities		**(450,000)**	**(450,000)**	(450,000)	(450,000)
Net increase/ (decrease) in cash and cash equivalents		**(1,458,501)**	**(2,012,199)**	20,857	(341,759)
Cash and cash equivalents at beginning of the year		**1,940,081**	**4,030,401**	1,644,140	3,135,671
Cash and cash equivalents at end of the period		**481,580**	**2,018,202**	1,664,997	2,793,912
Cash and cash equivalents comprises of					
Bank balances and cash	10	**481,580**	**2,018,202**	1,664,997	2,793,912

The notes on pages 7 to 24 form an integral part of these unaudited, separate and consolidated condensed financial information.

1 Legal status and principal activities

A' Sharqiya Investment Holding Co. SAOG (the Parent Company) is incorporated in the Sultanate of Oman as a public joint stock company and is principally engaged in investment related activities. The shares of the Parent Company are listed on the Muscat Securities Market.

The parent company has an investment in a wholly owned subsidiary Qalhat Real Estate Investments & Services LLC, a limited liability company incorporated in the

Sultanate of Oman. The principal activities of the Subsidiary are real estate investment and development and the leasing and maintenance of real estate properties.

The Parent Company and its subsidiary are together referred to as "the Group".

2 General information and statement of compliance with IFRSs

The Parent Company is a Joint Stock Company registered in the Sultanate of Oman in accordance with the Commercial Companies Law 1974 as amended, superseded by Commercial Company Law 2019 promulgated by the Royal Decree No. 18/2019 "The Commercial Companies Law of the Sultanate of Oman". The Law was issued on 13 February 2019 which has replaced the Commercial Companies Law. As per the articles of the Royal Decree No. 18/2019, the new Commercial Companies Law has come into force on 17 April 2019 and the companies should comply with the new law within 1 year from 17 April 2019. The registered business address of the Company is P.O. Box 47, Al Harthy Complex, Postal Code 118, Sultanate of Oman.

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

3 New or revised standards or interpretations

3.1 New standards adopted as at 1 January 2023

There are no new standards commencing from 1 January 2023 which have any significant impact in the Group's financial results or position.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group.

At the date of authorisation of these consolidated and separate financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Group.

4 Summary of Significant accounting policies

4.1 Basis of preparation

The Group consolidated financial statements have been prepared using the measurement bases specified by IFRSs for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

4.2 Basis of consolidation

The consolidated financial information incorporate the financial statements of the Parent Company and the entity controlled by the Parent Company up to the reporting date. Control is achieved where the Parent Company has the power over the investee, is exposed or has rights to variable return from its involvement with the investee and has the ability to use its power to affect its returns.

Notes forming part of the consolidated financial statements (continued)

4 ***Summary of Significant accounting policies (Continued)***

4.3 Business combinations

Entities are consolidated from the date on which control is transferred to the Parent Company and cease to be consolidated from the date on which control is transferred out of the Parent Company. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary.The Parent Company applies the acquisition method to account for business combinations in accordance with IFRS 3.

Where necessary, adjustments are made to the financial statements of subsidiary to bring the accounting policies used into line with those used by the Parent Company.

All intercompany transactions, balances and gains or losses on transactions between group entities of the Parent Company are eliminated as part of the consolidation process.

In the Parent Company's separate financial statements, the investment in the subsidiary is carried at cost less impairment.

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquirer's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

4.4 Foreign currency translation

Functional and presentation currency

Consolidated financial information of the Group are presented in the Rial Omani (RO) which is also the functional currency of the Parent Company and its subsidiary.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in the statement of profit or loss and other comprehensive income.

In the Group's financial statements, all items and transactions of Group entities with a transaction currency other than the Rial Omani (the Group's presentation currency) were translated into the reporting currency. Assets and liabilities have been translated into the Rial Omani at the closing rate at the reporting date.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

4.5 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment) whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker ("CODM"), which is subject to risks and rewards that are different from those of other segments. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, make strategic decisions and has been identified as the Board of Directors.

Notes forming part of the consolidated financial statements (continued)

4.6 Revenue recognition

> Interest income is recognised on a time-proportion basis using the effective interest method.
> Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.
> Other income is recognized in the period in which entitlement is established.

4.7 IFRS 9 Financial instruments

Recognition & Initial measurement of financial instruments

All financial assets and liabilities are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Classification and measurement of financial assets and financial liabilities

IFRS 9 Financial Instruments introduces principle-based requirements for the classification of financial assets and liabilities. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables. The classification of financial assets under IFRS 9 is generally based on the business model in which the financial asset is managed and contractual cash flow characteristics.

Initial recognition

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income – debt instruments; fair value through other comprehensive income – equity instruments; or fair value through profit or loss account.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss account:

Business model test: The objective of the entity business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).

Cash flow characteristics test: 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.

Business model assessment

The business model reflects how the Group manages the assets in order to generate cash flows. This is whether the Group objective is solely to collect contractual cash flows from the assets or is it to collect both the contractual cash flows and cash flows arising from the sale of the assets. If neither of these are applicable then the financial assets are classified as other business model. Factors considered by the Group in determining the business model for a Group of assets includes the past experience on how the cash flows for the asset were collected, how the assets performance was evaluated by the key management personnel, how risks are assessed and managed and how managers are compensated.

Contractual cash flows comprise of solely payment of principal and interest
Where the Group has a business model to collect contractual cash flows, the Group assesses whether the financial instrument cash flows represents solely payments of principal and interest (SPPI). 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. Interest is defined as consideration for time value of money and for the credit risk associated with the principal and for other basic lending risks and costs as well as a profit margin.

Notes forming part of the consolidated financial statements (continued)

4.7 IFRS 9 Financial instruments (Continued)

In making this assessment, the Group considers whether the contractual cash flows are consistent with the basic lending agreement which means the interest paid only includes the consideration for time value of money and credit risk. Financial instruments whose cash flows characteristics include elements other than time value of money and credit risk do not pass the test and are classified and measured at fair value through profit or loss.

Financial assets at fair value through other comprehensive income

Equity instrument which are not held for trading or issued as contingent consideration in business combination, and for which the company has made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss. This election is made on an investment-by-investment basis.

Debt instruments where the contractual cash flows are solely principal and interest and the objective of the business model is achieved both by collecting contractual cash flows and selling financial assets.

Financial assets at fair value through profit or loss accounts

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss account.

Financial assets, at initial recognition, may be designated at fair value through profit or loss, if the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on them on a different basis.

Financial Liabilities

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss account. A financial liability is classified as at fair value through profit or loss account if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities, at initial recognition, may be designated at fair value through profit or loss if the following criteria are met:

> The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis;

> The liabilities are part of Group financial liabilities which are managed and their performance evaluated on fair value basis, in accordance with a documented risk management strategy; or

> The financial liability contains an embedded derivative that would otherwise need to be separately recorded.

Financial liabilities at fair value through profit or loss account are measured at fair value and net gains and losses, including any interest expense, are recognised in the profit or loss account.

Subsequent measurement and gain or losses

Financial assets

Financial assets at amortised cost:

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the profit or loss account. Any gain or loss on derecognition is recognised in the profit or loss account.

Financial assets at fair value through other comprehensive income

a) Debt instruments

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the profit or loss account. Other net gains and losses are recognised in the statement of other comprehensive income. On derecognition, gains and losses accumulated in the statement of other comprehensive income are reclassified to the profit or loss account.

Notes forming part of the consolidated financial statements (continued)

4.7 IFRS 9 Financial instruments (Continued)

b) Equity instruments

These assets are subsequently measured at fair value. Dividends are recognised as income in the profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in the statement of other comprehensive income and are never reclassified to the profit or loss account.

Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the profit or loss account.

Financial liabilities

Financial liabilities are subsequently measured at amortized cost using the effective interest method, if applicable. The effective interest method is the method of calculating the amortized 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 through the expected life of the financial liability to the net carrying amount on initial recognition.

Interest expense and foreign exchange gains and losses are recognized in the profit or loss account. Any gain or loss on derecognition is also recognized in the profit or loss account.

Reclassification

Financial assets

The Group will only reclassify financial assets if, and only if, the objective of the business model for managing those financial assets is changed. Such changes are expected to be very infrequent as these changes must be significant to the Group operations and demonstrable to external parties.

If the Group determines that its business model has changed in a way that is significant to its operations, then it reclassifies all affected assets prospectively from the first day of the next reporting period (the reclassification date) Prior periods are not restated.

Financial liabilities

The Group determines the classification of financial liabilities on initial recognition. Subsequent reclassification is not allowed.

Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the profit or loss account.

Financial liabilities

If the terms of a financial liability are modified and the cash flows of the modified liability are substantially different then, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the profit or loss account.

De-recognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

Notes forming part of the consolidated financial statements (continued)

4.7 IFRS 9 Financial instruments (Continued)

De-recognition (Continued)

Financial assets (Continued)

a) The rights to receive cash flows from the asset have expired; or
b) The Group retains the right to receive cash flows from the asset, but assumes an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
c) The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in the separate and consolidated statement of other comprehensive income is recognized in the separate and consolidated statement of profit or loss.

Any cumulative gain/loss recognized in the statement of other comprehensive income in respect of equity instrument designated as fair value through other comprehensive is not recognized in the profit or loss account on derecognition of such instrument. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets
When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss account.

Offsetting
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

> there is a currently enforceable legal right to offset the recognized amounts; and
> there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Impairment of financial assets
IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected loss’ (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets receivables`, lease receivables and debt investments at FVOCI, but not on investments in equity instruments. The financial assets at amortized cost consist of trade receivables and cash at bank.

Under IFRS 9, loss allowances are measured on either of the following bases:

> 12-month *ECL*: these are ECLs that result from all possible default events within 12 months after the reporting date; and
> *Lifetime ECL*: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowance at an amount equal to lifetime ECLs, except for the following, which are measured as 12- month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Finance assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Notes forming part of the consolidated financial statements (continued)

4.7 IFRS 9 Financial instruments (Continued)

General approach

General approach is a three-stage approach to measuring ECL. Assets migrate through the three stages based on the change in credit quality since initial recognition. Financial assets with significant increase in credit risk since initial recognition, but not credit impaired, are transitioned to stage 2 from stage 1 and ECL is recognized based on the probability of default (PD) of the counter party occurring over the life of the asset. All other financial assets are considered to be in stage 1 unless it is credit impaired and an ECL is recognized based on the PD of the customer within next 12 months. Financial assets are assessed as credit impaired when there is a detrimental impact on the estimated future cash flows of the financial asset.

Significant increase in credit risk

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Group to actions such as realizing security (if any is held) or based on the certain delinquency period (days past due).

Simplified approach

The Group applies simplified approach to measuring credit losses, which mandates recognition of lifetime expected loss allowance for trade receivables without significant financing component. Under simplified approach, there is no need to monitor for significant increases in credit risk and the Group will be required to measure lifetime expected credit losses at all times.

Measurement of ECLs:

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Credit- impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Presentation of impairment

Loss allowance for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses related to financial assets are presented separately in the statement of profit or loss and other comprehensive income.

4.8 Furniture and equipment

Property, plant and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group. Property, plant and equipment are subsequently measured using the cost model, cost less accumulated depreciation and impairment losses.

Depreciation is recognised on straight-line to write down the cost less estimated residual value of property, plant and equipment other than land. The following useful lives are applied:

- Office equipment : 2-5 years
- Water Network Plant : 20 years
- Furniture and fixtures : 5 years

The depreciation method, assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Where the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount.

Notes forming part of the consolidated financial statements (continued)

4 Summary of significant accounting policies *(continued)*

Equipment (Contiuned)

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

4.9 Impairment testing

Property, plant and equipment are subject to impairment testing. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. The management of the Group has reviewed the assets of the Group and is of the opinion that no impairment has occurred to any of the Group’s Equipment.

Individual assets or cash-generating units with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset’s or cash-generating unit’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset’s or cash-generating unit’s recoverable amount exceeds its carrying amount.

4.10 Income Tax

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the balance sheet liability method.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group’s forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although IAS 12 ‘Income Taxes’ specifies limited exemptions.

4.11 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank.

4.12 Equity and dividend payments

Share capital represents the nominal value of shares that have been issued.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

4.13 Bank borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest expense in the statement of comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Notes forming part of the consolidated financial statements (continued)

4 Summary of significant accounting policies *(continued)*

4.14 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific assets or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in its separate and consolidated statement of financial position. The right-of-use asset is measured at cost which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Groop, an estimate of any costs to dismantle and remove the asset at the end of the lease and any lease payments made in advance of the lease commencement date(net of any incentives received.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar ter, and with similar security to obtain an asset of equal value. This rate is adjusted, should the lessee entitiy have a different risk profile to that of the Group.

Subsequent to initial measurment, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of lease liability.

The lease liability is assessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amountof remeasurment of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recogninsed in the profit or loss.

The measurment of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases.Initial direct costs incurred in negotiating the operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

4.15 Employees' terminal benefits

The provision for employees' terminal benefits is based upon the liability accrued in accordance with the terms of employment of the Group's employees at the reporting date, having regard to the requirements of the Oman Labour Law, 2003 and the Social Security Law, 1991.

Government of Oman Social Insurance Scheme (the Scheme)

The Group contributes to the Scheme for all Omani employees. The Scheme, which is a defined contributions retirement plan, is administered by the Government of Oman. The Group and Omani employees are required to make monthly contributions to the Scheme at 11.5% and 7% respectively, of gross salaries.

Non-Omani employee terminal benefits

The provision for end of service benefits for non-Omani employees is made in accordance with the requirements of the Oman Labour Law of 2003. Employees are entitled to end of service benefits calculated at the rate of 15 days basic salary for each of the first three years of continuous service and at a rate of 30 days basic salary for each year of continuous service following the first three years. This is an unfunded defined benefits retirement plan. Accrued non-Omani staff terminal benefits are payable on termination of employment.

Notes forming part of the consolidated financial statements (continued)

4 Summary of significant accounting policies *(continued)*

4.16 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Group and they can be estimated reliably. Timing or amount of the outflow may still be uncertain.

A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan’s main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Long term provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

4.17 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements management makes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements

The following are the judgements made by management in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Estimation uncertainty

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. At 31 March 2023, management assesses that the useful lives represent the expected utility of the assets to the Group. Based on the latest assessment, it was decided to consider the useful life of the newly laid water network to be 10 years and accordingly the depreciation charges has been revised from the current period.The carrying amounts are mentioned in Note 6.

Impairment of equity investments

The Group follows the guidance of IFRS 9 to determine when a financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Measurement of the expected credit loss allowance

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the accounting policy above.

4 Summary of significant accounting policies *(continued)*

4.17 Income tax

Uncertainties exist with respect to interpretation of the tax regulations and the amount of timing of future taxable income. Given the wide range of business relationship and nature of existing contractual agreements, differences arising between the actual result and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimate, for possible consequences of the finalisation of the tax assessment of the Group. The amount of such provision is based on various factors, such as experience of previous assessment and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

5 Financial risk management

5.1 Financial risk factors

The group's activities expose it to a variety of financial risks: Market risk (price risk, foreign exchange risk and interest rate risk), liquidity risk and credit risk. As taking risk is core to the financial business and operational risks are an inevitable consequence of any business, the group's aim is to achieve an appropriate balance between risk and return while minimising the potential adverse effects on the financial performance.

The Board of Directors defines risk limits and sets suitable policies in this regard for management of credit risk, liquidity risk as well as market risk relating to the investment and liability management activities of the group. Risk Management is carried out by the Management in accordance with documented policies approved by the Board of Directors.

(a) Price risk

The group trades in financial instruments to take advantage of short-term and long-term capital market movements. All investment securities present a risk of loss of capital. The group controls this risk through a careful selection of securities and other financial instruments within specified limits. The maximum risk resulting from financial instruments is determined by the carrying amount of the financial instruments. The group's overall market positions for listed securities are monitored on a daily basis by the Investment Manager and are reviewed periodically by the Investment Committee.

(b) Foreign exchange risk

Foreign exchange risk is the risk that any foreign currency positions taken by the group may be adversely affected due to volatility in exchange rates. The group's exposure to foreign exchange risk arises from recognised assets and liabilities.

The group manages the risks through regular monitoring of the currency markets and maintaining appropriate mix of net assets denominated in foreign currencies to minimise the foreign exchange risk exposure. Where it is considered appropriate, the group uses forward contracts

c) Interest rate risk

Interest rate risk is the uncertainty of future earnings resulting from fluctuations in interest rates. The risk arises when there is a mismatch in the assets and liabilities, which are subject to interest rate adjustment within a specified period. The group's interest rate risk arises from interest bearing bonds, bank deposits and borrowings. Assets and liabilities carrying variable rates expose the group to cash flow interest rate risk. The group carries out periodic analysis and monitors the market interest rates fluctuations taking into consideration the group's needs.

The bank borrowings are at fixed rate. These barrowings are carried at amortised cost and, accordingly, the group is not exposed to interest rate risk on such borrowings.

d) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from cash and cash equivalents, lease receivables, bonds and other receivables.

With respect to lease receivables, the group controls its credit risk by monitoring outstanding lease receivables on a regular and timely basis. The company has 100% (2022 - 100%) concentration of credit risk with respect to lease receivables as entire lease receivables are from one party. As of today, management has not observed any non-compliance with agreed terms.

In case of other receivables, the group attempts to control credit risk with regards to other receivables by monitoring credit exposures, limiting transactions with specific counter parties and assessing continually the creditworthiness of counter parties.

In case of investments in bonds, the group carefully analyses and selects the securities.

The group limits its credit risk with regard to bank deposits by dealing with reputable banks.

None of the financial assets are past due or impaired. The maximum exposure of the group to the credit risk is equivalent to the carrying amount of the financial assets.

(e) Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. It includes the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

In accordance with prudent liquidity risk management, the group aims to maintain sufficient cash and an adequate amount of committed credit facilities. Management

monitors rolling forecasts of the group's liquidity reserve (comprises undrawn borrowing facility) and cash and cash equivalents on the basis of expected cash outflows.

Notes forming part of the consolidated financial statements (continued)

5 Financial risk management (Continued)

5.2 Capital risk management

The group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. 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.

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 statement of financial position plus net debt.

5.3 Fair value estimation

Financial instruments comprise financial asset, financial liabilities and derivatives.

Fair value through OCI investments are stated at fair value (level 1). The different levels of fair valuations have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market date (unobservable inputs).

For the remaining financial assets and liabilities, the carrying amount approximates their fair values.

6 Property and equipment

	Plant		Office equipment		Furniture and fixtures		Total	
	Parent RO	Group RO	Parent RO	Group RO	Parent RO	Group RO	Parent RO	Group RO
Cost								
At 01 January 2023	-	308,464	43,943	45,414	55,698	57,070	99,641	410,949
Additions during the period		-	-	-	-	-	-	-
At 30 June 2023	-	308,464	43,943	45,414	55,698	57,070	99,641	410,949
Depreciation								
At 01 January 2023	-	24,339	38,612.000	40,071	55,506.000	56,869	94,118	121,279
Charge for the period	-	7,255	1,819.841	1,831	25	33	1,845	9,119
At 30 June 2023	-	31,594	40,431.841	41,902	55,531	56,902	95,963	130,398
Net book value		276,870	3,512	3,513	167	168	3,679	280,551

	Office equipment		Furniture and fixtures		Total	
	Parent RO	Group RO	Parent RO	Group RO	Parent RO	Group RO
Cost						
At 01 January 2022	41,265	42,736	55,698	57,070	96,963	99,806
Additions	2,264	2,264	-	-	2,264	2,264
At 30 June 2022	43,529	45,000	55,698	57,070	99,227	102,070
Depreciation						
At 01 January 2022	35,127	36,526	55,272	56,607	90,399	93,133
Charge for the period	1,457	1,487	169	183	1,626	1,670
At 30 June 2022	36,584	38,013	55,441	56,790	92,025	94,803
Net book value	6,945	6,987	257	280	7,202	7,267

For the year ended 31 Dec 2022

	Plant		Office equipment		Furniture and fixtures		Total	
	Parent RO	Group RO	Parent RO	Group RO	Parent RO	Group RO	Parent RO	Group RO
Cost								
At 01 January 2022	-	-	41,265	42,736	55,698	57,070	96,963	99,806
Additions during the year	-	-	2,678	2,678	-	-	2,678	2,678
Transferred from Capital work-in progress	-	308,464	-	-	-	-	-	308,464
At 31 December 2022	-	308,464	43,943	45,414	55,698	57,070	99,641	410,948
Depreciation								
At 01 January 2022	-	-	35,127	36,510	55,272	56,623	90,399	93,133
Charge for the year	-	24,339	3,482	3,540	237	267	3,719	28,146
At 31 December 2022	-	24,339	38,609	40,050	55,509	56,890	94,118	121,279
Net book value:	-	284,125	5,334	5,364	189	180	5,523	289,669

Notes forming part of the consolidated financial statements (continued)

7 Leases (receivables & payables)

	30 June 2023		30 June 2022		31 December 2022	
	Parent	**Group**	Parent	Group	Parent	Group
	RO	**RO**	RO	RO	RO	RO
Gross investment in finance lease	**-**	**8,272,363**	-	9,349,207	-	8,915,541
Less: unearned lease income	**-**	**(3,670,073)**	-	(4,136,352)	-	(3,879,290)
Present value of minimum lease receivables	**-**	**4,602,290**	-	5,212,855	-	5,036,251

Minimum lease receivables comprise amounts due:

	Parent	**Group**	Parent	Group	Parent	Group
a). Non-Current portion of lease receivables	**-**	**3,843,932**	-	4,602,290	-	4,373,168
b). Current portion of lease receivables	**-**	**758,358**	-	610,565	-	663,083
Total	**-**	**4,602,290**	-	5,212,855	-	5,036,251

	30 June 2023		30 June 2022		31 December 2022	
	Parent	**Group**	Parent	Group	Parent	Group
	RO	**RO**	RO	RO	RO	RO
Within 1 year	-	1,129,188	-	1,076,436	-	1,085,517
Later than 1 year but not later than 5 years	-	2,137,018	-	2,146,895	-	1,698,326
Later than 5 years	-	5,006,158	-	6,125,876	-	6,131,698
	-	8,272,363	-	9,349,207	-	8,915,541

Present value of minimum lease receivables comprise amounts due:

	30 June 2023		30 June 2022		31 December 2022	
	Parent	Group	Parent	Group	Parent	Group
	RO	RO	RO	RO	RO	RO
Within 1 year	-	758,358	-	610,565	-	663,083
Later than 1 year but not later than 5 years	-	557,058	-	1,277,452	-	956,945
Later than 5 years	-	3,286,874	-	3,324,838	-	3,416,223
	-	4,602,290	-	5,212,855	-	5,036,251
Un-guaranteed residual value of the project	-	69,500	-	69,500	-	69,500

The company has constructed a housing complex (the project) for the use of Oman LNG LLC (OLNG). The project was completed and handed over to OLNG during March 2002 under a finance lease arrangement. The lease agreement is for a period of twenty three years from the date of hand over of the project.

The housing complex was constructed on land given by the Public Establishment for Industrial Estates (PEIE) to the company on an usufruct basis right for a period of fifty years. The same land was given to ONLG for the period of 23 years, extendable uptto the year 2049. The Group has recorded finance lease receivable and finance lease payable for the same land.
The unguaranteed residual value of the project is based on a valuation study performed by an independent valuer.

In 2000, the Group acquired a land from the Public Establishment for Industrial Estate (PEIE) for the period of 50 years on finance lease. The same land was given to

OLNG for the period of 23 years, extendable upto the year 2049. The Group has recorded finance lease receivable and finance lease payable for the same land.

The movement of unearned finance income on lease receivable during the year was as follows:

	30 June 2023		30 June 2022		31 December 2022	
	RO	**RO**	RO	RO	RO	RO
	Parent		Parent	Group	Parent	Group
At 1 January	-	3,879,290	0	4,389,396	-	4,389,396
Recognised during the period/year	-	(209,217)	0	(253,044)	-	(510,106)
At 30 June/At 31 December	**-**	**3,670,073**	0	4,136,352	-	3,879,290

Notes forming part of the consolidated financial statements (continued)

Leases (Contiuned)

Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	30 June 2023		30 June 2022		31 December 2022	
	RO	RO	RO	RO	RO	RO
	Parent	Group	Parent	Group	Parent	Group
Current	-	15,832	-	15,430	-	15,905
Non-current	-	3,424,894	-	3,440,775	-	3,535,193
	-	3,440,726	-	3,456,205	-	3,551,098

The Group has leased a land. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Group is prohibited from selling or pledging the underlying leased assets as security.

	30 June 2023 Minimum Lease payments due				30 June 2022 Minimum lease payments due			
	Within one year	2-5 years	After 5 years	Total	Within one year	2-5 years	After 5 years	Total
Lease payments	200,836	860,822	5,796,389	6,858,047	200,836	845,520	6,012,527	7,058,883
Finance cost	(185,004)	(722,802)	(2,509,515)	(3,417,321)	(185,356)	(729,632)	(2,687,690)	(3,602,678)
Net present values	15,832	138,020	3,286,874	3,440,726	15,480	115,888	3,324,837	3,456,205

	31 December 2022 Minimum lease payments due			
	Within one year	2-5 years	After 5 years	Total
Lease payments	201,669	1,060,826	5,796,388	7,058,883
Finance cost	(185,764)	(902,749)	(2,419,272)	(3,507,785)
	15,905	158,077	3,377,116	3,551,098

The movement of future finance cost on lease payable during the period was as follows:

	30 June 2023		30 June 2022		31 December 2022	
	RO	RO	RO	RO	RO	RO
	Parent	Group	Parent	Group	Parent	Group
At 1 January	-	3,879,290	0	4,389,396	-	3,693,549
Recognised during the period	-	(209,217)	0	(253,044)	-	(185,764)
At 30 June	-	3,670,073	-	4,136,352	-	3,507,785

8 **Financial Instruments through Other Comprehensive income**

Financial Instruments throuth OCI can be analysed as follows:

	30 June 2023				30 June 2022			
	Fair value and carrying value		Cost		Fair value and carrying value		Cost	
	RO	RO	RO	RO	RO	RO	RO	RO
	Parent	Group	Parent	Group	Parent	Group	Parent	Group
Local quoted								
Banking and Investment	1,306,330	1,306,330	1,050,699	1,050,699	1,402,085	1,402,085	1,050,567	1,050,567
Services	2,116,977	2,116,977	1,941,007	1,941,007	2,032,317	2,032,317	2,075,903	2,075,903
Industrial	2,421,525	2,421,525	3,122,557	3,122,557	3,782,683	3,782,683	3,335,231	3,335,231
Financial services	135,016	135,016	117,004	117,004	-	-	-	-
Insurance	-	-	-	-	550,000	550,000	511,784	511,784
	5,979,848	5,979,848	6,231,267	6,231,267	7,767,085	7,767,085	6,973,485	6,973,485
Local unquoted								
Education	982,365	982,365	402,600	402,600	991,139	991,139	402,600	402,600
	982,365	982,365	402,600	402,600	991,139	991,139	402,600	402,600
Foreign quoted	665,308	665,308	791,916	791,916	647,469	647,469	1,010,781	1,010,781
Fair value /cost of inv.	7,627,521	7,627,521	7,425,783	7,425,783	9,405,693	9,405,693	8,386,867	8,386,867

Notes forming part of the consolidated financial statements (continued)

8 Financial Instruments through Other Comprehensive income (*continued*)

	31 December 2022			
	Fair value and carrying value		Cost	
	RO	RO	RO	RO
	Parent	Group	Parent	Group
Local quoted				
Banking and Investment	1,400,086	1,400,086	1,050,699	1,050,699
Financial services	144,325	144,325	149,868	149,868
Services	2,161,961	2,161,961	2,068,857	2,068,857
Industrial	3,209,909	3,209,909	3,335,231	3,335,231
Insurance	575,000	575,000	511,784	511,784
	7,491,281	7,491,281	7,116,439	7,116,439
Local unquoted				
Education	982,365	982,365	402,600	402,600
	982,365	982,365	402,600	402,600
Foreign quoted	503,679	503,679	448,637	448,637
Fair value /cost of investments	8,977,325	8,977,325	7,967,676	7,967,676

Details of the group’s investment securities where market value of its holding is equal to or above 5% of their share capital are set out below:

At 30 June 2023	**Holding %**	**Number of Securities**	**Fair value and carrying value RO**	**Cost RO**
FVOCI investments - quoted:				
National Gas SAOG	**12.87%**	**10,937,856**	**1,104,723**	**2,061,319**
Oman National Engineering & Investment Co. SAOG	**11.46%**	**17,184,386**	**1,855,914**	**1,616,967**
Al - Jazeira services	**7.29%**	**4,464,593**	**1,156,330**	**900,699**
FVOCI investments - Unquoted:				
A'sharqiya University	**10.00%**	**600,000**	**982,365**	**402,600**

	Holding	Number of securities	Fair value and carrying value	Cost
	%		RO	RO
At 30 June 2022				
FVOCI investments - quoted:				
National Gas SAOG	14.20%	12,066,356	1,725,489	2,273,993
Oman National Engineering & Investment Co. SAOG	13.46%	16,153,846	1,696,154	1,718,181
Vision Insurance Co.SAOG	5.00%	5,000,000	525,000	511,784
Al - Jazeira services	7.29%	4,464,593	1,259,015	900,699
FVOCI investments - Unquoted:				
A'sharqiya University	10.00%	600,000	991,139	402,600

9 Prepayments and other receivables

	30 June 2023		30 June 2022		31 December 2022	
	Parent	**Group**	Parent	Group	Parent	Group
	RO	**RO**	RO	RO	RO	RO
Prepayments	**13,577**	**17,017**	13,199	16,624	21,287	41,918
Receivables from Oman LNG L.L.C.	**-**	**47,355**	-	581,965	-	37,704
Dividend receivables	**-**	**-**	46,871	46,871	671,159	121,159
Interest receivables	**34,331**	**34,331**	-	-	-	-
Other receivables	**22,644**	**22,644**	113,937	115,421	31,792	35,192
	70,552	**121,347**	174,007	760,881	724,238	235,973

10 Bank balances and cash

	30 June 2023		30 June 2022		31 December 2022	
	Parent	**Group**	Parent	Group	Parent	Group
	RO	**RO**	RO	RO	RO	RO
Cash in hand	**586**	**966**	417	1,028	557	957
Cash at bank-Call deposit accounts	**448,675**	**1,970,974**	1,348,360	2,439,521	1,716,839	3,703,107
Cash at bank-Current accounts	**32,319**	**46,262**	316,220	353,363	222,685	326,337
	481,580	**2,018,202**	1,664,997	2,793,912	1,940,081	4,030,401

The bank balances in call accounts, denominated in Rial Omani, US Dollars, UAE Dirham, and Euros are held with commercial banks in Oman and other countries.

Notes forming part of the consolidated financial statements (continued)

11 Share capital

a) The authorised share capital of the parent company is 120,000,000 (2022 - 120,000,000) shares of RO 0.100 (2020 - RO 0.100) each, of which 90,000,000 (2022-90,000,000) shares of RO 0.100 (2022 - RO 0.100) each have been issued and fully paid.

(b) The shareholders of the Group who own 10% or more of the Group’s shares, whether in their name or through a nominee account and the number of shares they hold are as follows:

	30 June 2023		30 June 2022	
	Holding %	**Number of shares**	Holding %	Number of shares
Salim Said Hamad Fanah Al Araimi	**22.63%**	**20,365,595**	22.63	20,365,595
Al Siraj investment and projects Co.	**11.29%**	**10,161,093**	11.29	10,161,093

12 Legal reserve

In accordance with the Commercial Companies Law of Oman 1974, 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 group's paid-up share capital. This reserve is not available for distribution.

13 Cumulative changes in fair values

	30 June 2023		30 June 2022		31 December 2022	
	Parent RO	**Group RO**	Parent RO	Group RO	Parent RO	Group RO
At 1 January	**994,644**	**994,644**	895,393	895,393	895,393	895,393
Realised gain removed with respect FVOCI assets sold	**(32,748)**	**(32,748)**	-	-	102,998	102,998
Fair value(loss)/gain upon disposal	**(13,716)**	**(13,716)**	(17,491)	(17,491)	110,098	110,098
Net unrealised gain / (loss) on revaluation	**(741,902)**	**(741,902)**	140,924	140,924	(98,841)	(98,841)
Deferred tax adjustment on FVOCI assets	**-**	**-**	-	-	(15,004)	(15,004)
At 30 June/at 31 December	**206,278**	**206,278**	1,018,826	1,018,826	994,644	994,644

14 Staff terminal benefits

	30 June 2023		30 June 2022		31 December 2022	
	Parent RO	**Group RO**	Parent RO	Group RO	Parent RO	Group RO
At 01 January	**124,586**	**155,074**	112,867	140,701	112,867	140,701
Charged during the period	**7,988**	**7,988**	7,508	7,508	11,719	11,719
Charged during the period-maintenance costs	**-**	**1,844**	**-**	1,738	**-**	2,654
At 30 June /at 31 December	**132,574**	**164,906**	120,375	149,947	124,586	155,074

15 Accruals and other payables

	30 June 2023		30 June 2022		31 December 2022	
	Parent RO	**Group RO**	Parent RO	Group RO	Parent RO	Group RO
Other payables and accruals	36,349	77,011	34,010	80,184	36,215	112,586
	36,349	77,011	34,010	80,184	36,215	112,586

16 Other income

	30 June 2023		30 June 2022	
	Parent RO	**Group RO**	Parent RO	Group RO
Management charges	**30,000**	**-**	30,000	-
Other income	**15,791**	**15,791**	19,537	46,607
	45,791	**15,791**	49,537	46,607

A' SHARQIYA INVESTMENT HOLDING CO. (SAOG) AND ITS SUBSIDIARY

NOTES TO THE UN-AUDITED SEPARATE AND CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 3O JUNE 2023

Notes forming part of the consolidated financial statements (continued)

17 Staff cost

	30 June 2023		30 June 2022	
	Parent RO	Group RO	Parent RO	Group RO
Salaries and allowances	129,503	129,503	97,275	97,275
Staff terminal benefits	16,949	16,949	10,699	10,699
Other staff benefits	11,388	11,388	12,417	12,417
	157,840	157,840	120,391	120,391

18 General and administrative expenses

	30 June 2023		30 June 2022	
	Parent RO	Group RO	Parent RO	Group RO
Repairs and maintenance	2,738	9,633	2,475	2,475
Rent	8,100	8,100	9,180	9,180
Professional fees	5,000	5,500	5,489	7,239
Directors' sitting fees	15,800	15,800	13,100	13,100
Fees and other charges	13,304	14,304	13,506	16,121
Advertising Expenses	1,155	1,155	540	540
Telephone and postage	770	770	834	834
Insurance	4,902	4,902	4,305	4,305
Water and electricity	583	583	730	730
Donation	10,000	10,000	10,000	10,000
Others	7,646	9,849	5,854	6,016
	69,997	80,596	66,013	70,540

19 Provision for Taxation

	30 June 2023		30 June 2022		31 December 2022	
	Parent RO	Group RO	Parent RO	Group RO	Parent RO	Group RO
Statmemnt of Comprehensive income						
Parent company –current period/year	18,111	18,111	26,803	26,803	28,830	28,830
Subsidiary – current period/year	-	17,961	-	29,966	-	53,165
	18,111	36,072	26,803	56,769	28,830	81,995
Current liability:						
Parent company –prior years	1,234	1,234	1,234	1,234	1,234	1,234
Parent company –current period /year	18,111	18,111	26,803	26,803	27,596	27,596
Subsidiary – current period/year	-	17,961	-	29,966	-	53,165
	19,345	37,306	28,037	58,003	28,830	81,995

Parent Company

In accordance with the Royal Decree 54 of 2003 amending certain provisions of the income tax laws, dividends received in respect of investments held in local companies are exempted from tax with effect from 1 January 2000 and realised gains from sale of securities listed on Muscat Securities Market are exempted from tax with effect from 1 January 2003.

The tax rates applicable to the parent company is 15% (2022- 15%). For the purpose of determining the taxable result for the year, the accounting profit has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. The adjustments are based on the current understanding of the existing tax laws, regulations and practices.

Subsidiary – Qalhat Real Estate and Investment and Services LLC

The subsidiary is subject to income tax at the rate of 15% (2022 : 15%) of the taxable income in accordance with the income tax law of the Sultanate of Oman. For the purpose of determining the tax expense for the year, the accounting profit has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense.

The tax returns of the Parent Company upto the year 2020 are agreed with the Secretariat General for Taxation. The tax return of the subsidiary up to the year 2020 are agreed with the Secretariat General for Taxation.

20 Earnings per share

Basic earnings per share have been derived by dividing the profit for the year attributable to the equity holders of parents by the weighted average number of shares outstanding during the year as follows:

	30 June 2023		30 June 2022	
	Parent	**Group**	Parent	Group
	RO	**RO**	RO	RO
Profit for the period	**550,865**	**252,644**	1,066,328	336,144
Number of shares outstanding during the period	**90,000,000**	**90,000,000**	90,000,000	90,000,000
Basic earnings per share	**0.006**	**0.003**	0.012	0.004

As there are no dilutive potential shares, the diluted earnings per share are identical to the basic earnings per share.

21 Segmental information

The Investment Committee makes the strategic resource allocations on behalf of the group. The group has determined the operating segments based on the reports reviewed by the Investment Committee that makes strategic decision.

The Investment Committee considers the business as three sub-portfolios. These sub-portfolios consist of quoted investments, unquoted investments and leasing.

The reportable operating segments derive their income by seeking investments/funds to achieve targeted returns consummate with an acceptable level of risk within each portfolio. These returns consist of interest, dividends and gains on the appreciation in value of investments. There were no transactions between reportable segments.

22 Related party transactions

The group entered into transactions in the ordinary course of business with other parties in which certain members and senior management have an interest.

(a) Transactions were carried out with related parties as follows:

	30 June 2023		30 June 2022	
	Parent	**Group**	Parent	Group
	RO	**RO**	RO	RO
Directors’ sitting fees	**15,800**	**15,800**	13,100	13,100

(b) Key management compensation

	30 June 2023		30 June 2022	
	Parent	**Group**	Parent	Group
	RO	**RO**	RO	RO
Salaries and other short term benefits	**83,556**	**83,556**	64,287	64,287
End of service benefits	**7,988**	**7,988**	9,488	9,488
Other short term benefits	**-**	**-**	3,000	3,000
Total	**91,544**	**91,544**	76,775	76,775

23 Net assets value per share

The calculation of the net assets per share is based on net assets attributable to equity holders of Parent (and the number ordinary shares) at the end of the period as follows:

	30 June 2023		30 June 2022	
	Parent	**Group**	Parent	Group
	RO	**RO**	RO	RO
Net assets attributable to equity holders of Parent	**11,285,524**	**13,948,633**	**11,481,434**	14,861,307
Number of ordinary shares at end of the period	**90,000,000**	**90,000,000**	90,000,000	90,000,000
Net assets value per share	**0.125**	**0.155**	0.128	0.165

24 Commitments

At 30 June 2023 the Group had investment commitments amounting to RO 172,331/- (30 June 2022 - RO 172,331).

25 Last year's figures have been regrouped or rearranged, whereever necessary, to conform to current year's presentation.