

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

**UN-AUDITED SEPARATE & CONSOLIDATED CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**

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 SEPARATE & CONSOLIDATED CONDENSED FINANCIAL INFORMATION
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A' SHARQIYA INVESTMENT HOLDING CO. (SAOG) AND ITS SUBSIDIARY

UN-AUDITED SEPARATE CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Note	31 March 2024		31 March 2023		31 December 2023	
		Parent RO	Group RO	Parent RO	Group RO	Parent RO	Group RO
ASSETS							
Non-current assets							
Property and equipment	6	937	266,925	4,597	281,411	1,818	271,434
Lease receivables	7	-	2,985,533	-	4,007,185	-	3,518,927
Investment in subsidiary		250,000	-	250,000	-	250,000	-
Financial assets at FVOCI	8	8,171,727	8,171,727	8,262,938	8,262,938	7,798,096	7,798,096
Investments in Perpetual Bonds	8	150,000	150,000	150,000	150,000	150,000	150,000
Deferred tax assets		39,463	39,463	39,463	39,463	39,463	39,463
Financial assets at FVPTL		443,398	443,398	101,004	101,004	416,074	416,074
Amortised cost of Bonds		2,946,067	2,946,067	237,329	237,329	2,295,028	2,295,028
Total		12,001,592	15,003,113	9,045,331	13,079,330	10,950,479	14,489,022
Current assets							
Lease receivables	7	-	932,266	-	711,118	-	854,141
Prepayments/Other receivables	9	510,123	850,313	315,773	662,292	126,841	190,759
Term Deposit		-	1,000,000	-	-	-	1,500,000
Bank balances and cash	10	235,499	696,632	2,691,574	3,757,753	966,133	1,443,098
Total		745,622	3,479,211	3,007,347	5,131,163	1,092,974	3,987,998
Total assets		12,747,214	18,482,324	12,052,678	18,210,493	12,043,453	18,477,020
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	1,676,610	1,759,944	1,638,945	1,722,279	1,650,388	1,733,722
Fair value reserve	13	990,134	990,134	781,712	781,712	608,092	608,092
Retained earnings		340,417	3,091,426	443,492	2,973,620	560,255	3,272,138
Equity attributable to equity holders of parent		12,007,161	14,841,504	11,864,149	14,477,611	11,818,735	14,613,952
Total equity		12,007,161	14,841,504	11,864,149	14,477,611	11,818,735	14,613,952
LIABILITIES							
Non-current liabilities							
Finance lease payable		-	3,259,502	-	3,378,678	-	3,518,927
End of service benefits	14	162,214	199,864	129,963	161,828	155,279	191,365
Total		162,214	3,459,366	129,963	3,540,506	155,279	3,710,292
Current liabilities							
Finance lease payable		-	29,891	-	16,266	-	16,266
Due to subsidiary		500,000	-	-	-	-	-
Accruals and other payables	15	36,141	61,687	22,877	78,056	39,439	65,236
Provision for taxation	19	41,698	89,876	35,689	98,054	30,000	71,274
Total		577,839	181,454	58,566	192,376	69,439	152,776
Total liabilities		740,053	3,640,820	188,529	3,732,882	224,718	3,863,068
Total equity and liabilities		12,747,214	18,482,324	12,052,678	18,210,493	12,043,453	18,477,020
Net assets per share	23	0.133	0.165	0.132	0.161	0.131	0.162

The Unaudited, Consolidated condensed financial statements on pages 3 to 24 were approved by the Board of Directors on May 14, 2024 and were signed on its behalf by:

CHAIRMAN

DIRECTOR

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 COMPREHENSIVE INCOME FOR
THREE MONTHS PERIOD ENDED 31 MARCH 2024**

	Note	31 March 2024		31 March 2023	
		Parent RO	Group RO	Parent RO	Group RO
INCOME					
Finance income on lease receivables		-	78,466	-	104,058
Dividend income		294,105	294,105	200,919	200,919
Dividend from Subsidiary		-	-	400,000	-
Maintenance services income		-	10,243	-	16,656
Unrealised gain on assets at FVTPL		(12,895)	(12,895)	5,759	5,759
Realised gain on disposal of asset at FVTPL		14,713	14,713	3,344	3,344
Management charges Income	16	15,000	-	15,000	-
Interest income from Bonds		50,221	50,221	4,644	4,644
Other income	16	30,953	51,925	35,241	43,805
Operating income		392,097	486,778	664,907	379,185
EXPENSES					
Interest & finance expenses		(2,822)	(2,822)	(549)	(549)
Staff cost	17	(79,479)	(79,479)	(78,733)	(78,733)
Finance cost on lease payable		-	(44,966)	-	(44,682)
Depreciation	6	(882)	(4,510)	(926)	(8,258)
General administrative expenses	18	(34,994)	(35,055)	(34,577)	(35,509)
Operating expenses		(118,177)	(166,832)	(114,785)	(167,731)
Profit before taxation		273,920	319,946	550,122	211,454
Taxation	19	(11,698)	(18,602)	(6,859)	(16,059)
Profit for the period		262,222	301,344	543,263	195,395
Other comprehensive income:					
Net change in fair value of FVOCI financial assets	13	375,005	375,005	(126,060)	(126,060)
Deferred tax Adjustment for the period		-	-	-	(6,915)
Total comprehensive income for the period		637,227	676,349	417,203	62,420
Total comprehensive income attributable to :					
Equity holders of parent		637,227	676,349	417,203	62,420
Non-controlling interests		-	-	-	-
		637,227	676,349	417,203	62,420
Profit attributable to :					
Equity holders of parent		262,222	301,344	543,263	195,395
Non-controlling interests		-	-	-	-
		262,222	301,344	543,263	195,395
Earnings per share	20	0.003	0.003	0.006	0.002

The Notes on pages from 7 to 24 form an integral part of these unaudited consolidated and condensed financial information.

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

UN AUDITED SEPARATE AND CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

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 2024	9,000,000	9,000,000	1,650,388	1,733,722	608,092	608,092	560,255	3,272,142	11,818,735	14,613,956
Profit for the period (After tax)	-	-	-	-	-	-	262,222	301,344	262,222	301,344
Other comprehensive income	-	-	-	-	375,005	375,005	-	-	375,005	375,005
Total comprehensive income										
Transfer to legal reserve	-	-	26,222	26,222	-	-	822,477	3,573,486	12,455,962	15,290,305
Fair value reserves removed upon disposal of FVOCI assets	-	-	-	-	7,037	7,037	(26,222)	(26,222)	-	-
Net realized loss upon disposal of FVOCI assets	-	-	-	-	-	-	(5,838)	(5,838)	(5,838)	(5,838)
Deferred tax adjustment on FVOCI investments	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	(450,000)	(450,000)	(450,000)	(450,000)
At 31 March 2024	9,000,000	9,000,000	1,676,610	1,759,944	990,134	990,134	340,417	3,091,426	12,007,161	14,841,504

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	-	-	-	-	-	-	543,263	195,395	543,263	195,395
Other comprehensive income	-	-	-	-	(126,060)	(126,060)	-	-	(126,060)	(126,060)
Deferred tax adjustment on FVOCI investments	-	-	-	-	-	-	-	-	-	-
Total comprehensive income										
Transfer to legal reserve	-	-	54,326	54,326	-	-	806,243	3,336,371	12,259,446	14,872,908
Realized gain over previous year fair value	-	-	-	-	(32,748)	(32,748)	(54,326)	(54,326)	-	-
Net realized gain upon disposal of FVOCI assets	-	-	(54,124)	(54,124)	(54,124)	(54,124)	141,575	141,575	(32,748)	(32,748)
Dividend to shareholders	-	-	-	-	-	-	(450,000)	(450,000)	87,451	87,451
At 31 March 2023	9,000,000	9,000,000	1,638,945	1,722,279	781,712	781,712	443,492	2,973,620	11,864,149	14,477,611

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

AUDITED SEPARATE AND CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 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 year		-	-	-	-	-	-	657,691	491,578	657,691	491,578
Other comprehensive income		-	-	-	-	-	-	-	-	-	-
Related deferred tax		-	-	-	-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	-	657,691	491,578	657,691	491,578
Transfer to legal reserve	11	-	-	65,769	65,769	-	-	(65,769)	(65,769)	-	-
Realized loss upon disposal of FVOCI Investments		-	-	-	-	(341,430)	(341,430)	-	-	(341,430)	(341,430)
Reversal of fair value reserve upon disposal of FVOCI investments		-	-	-	-	(45,122)	(45,122)	45,122	45,122	-	-
Dividend to shareholders		-	-	-	-	-	-	(450,000)	(450,000)	(450,000)	(450,000)
Realised gain disposal of equity instruments at FVOCI		-	-	-	-	608,092	608,092	110,231	110,231	110,231	110,231
At 31 December 2023		9,000,000	9,000,000	1,650,388	1,733,722	608,092	608,092	560,255	3,272,138	11,818,735	14,613,952

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

UN-AUDITED SEPARATE CONSOLIDATED CONDENSED CASH FLOW STATEMENT FOR THREE MONTHS PERIOD ENDED 31 MARCH 2024

	Note	31 March 2024		31 March 2023	
		Parent RO	Group RO	Parent RO	Group RO
Operating activities :					
Profit before taxation		273,920	319,946	550,122	211,454
Adjustments for:					
Depreciation	6	882	4,510	926	8,258
End of service benefits	14	6,935	8,498	5,377	6,754
Unrealised gain from assets at FVTPL		12,895	12,895	(5,759)	(5,759)
Amortisation of bonds included in income		(831)	(831)	-	-
Operating profit before changes in working capital		293,801	345,018	550,666	220,707
Changes in working capital :					
Prepayments and other receivable		(383,281)	(659,550)	408,463	(426,328)
Accruals and other payables		(3,298)	(3,547)	(13,338)	(34,523)
Decrease/(increase) in lease receivables		-	455,270	-	317,948
(Decrease)/increase in lease payables		-	(245,801)	-	(156,154)
Inflow/(outflow) from FVOCI assets		2,572	2,572	493,031	493,031
Investments in Bonds		(650,208)	(650,208)	(237,329)	(237,329)
Due to subsidiary(decrease)/increase		500,000	-	-	-
Inflows(Disposals) from assets at FVTPL		227,735	227,735	-	-
Outflows (Purchases) from assets at FVTPL		(267,955)	(267,955)	-	-
Cash(used in)/generated from operations		(280,634)	(796,466)	1,201,493	177,352
Income tax paid		-	-	-	-
Net cash (used in)/ from operating activities		(280,634)	(796,466)	1,201,493	177,352
Investment activities :					
Additions to fixed assets		-	-	-	-
Term deposits		-	500,000	-	-
Net cash from investment activities		-	500,000	-	-
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		(730,634)	(746,466)	751,493	(272,648)
Cash and cash equivalents at beginning of the year		966,133	1,443,098	1,940,081	4,030,401
Cash and cash equivalents at end of the period		235,499	696,632	2,691,574	3,757,753
Cash and cash equivalents comprises of :					
Bank balances and cash	10	235,499	696,632	2,691,574	3,757,753

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

NOTES TO THE UN-AUDITED SEPARATE AND CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

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 2024

There are no new standards commencing from 1 January 2024 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.

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

NOTES TO THE UN-AUDITED SEPARATE AND CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

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 the period 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.

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

NOTES TO THE UN-AUDITED SEPARATE AND CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

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.

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

NOTES TO THE UN-AUDITED SEPARATE AND CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED
31 MARCH 2024

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 cost price. Interest income calculated using the effective interest method, foreign exchange gains and losses 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.

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

NOTES TO THE UN-AUDITED SEPARATE AND CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED
31 MARCH 2024

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:

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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.

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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 & medical equipment: 2-5 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.

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Notes forming part of the consolidated financial statements (continued)

4 Summary of significant accounting policies (continued)

Equipment (Continued)

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.

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PERIOD ENDED 31 MARCH 2024

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 Group, 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 term, and with similar security to obtain an asset of equal value. This rate is adjusted, should the lessee entity have a different risk profile to that of the Group.

Subsequent to initial measurement, 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 amount of remeasurement 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 recognised in the profit or loss.

The measurement 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.

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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.

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Notes forming part of the consolidated financial statements (continued)

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 borrowings 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.

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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 data (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 2024	-	308,464	43,943	45,414	55,695	57,067	99,638	410,946
Additions during the period	-	-	-	-	-	-	-	-
At 31 March 2024	-	308,464	43,943	45,414	55,695	57,067	99,638	410,946
Depreciation								
At 01 January 2024	-	38,850	42,264	43,734	55,556	56,927	97,820	139,511
Charge for the period	-	3,628	869	869	12	12	882	4,510
At 31 March 2024	-	42,478	43,133	44,603	55,569	56,940	98,702	144,021
Net book value	-	265,986	811	812	126	127	937	266,925

	Plant	Office equipment		Furniture and fixtures		Total		
		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	410,948
Additions	-	-	-	-	-	-	-	-
At 31 March 2023	-	308,464	43,943	45,414	55,698	57,070	99,641	410,948
Depreciation								
At 01 January 2023	-	24,339	38,609	40,068	55,509	56,872	94,118	121,279
Charge for the period	-	7,313	914	925	12	20	926	8,258
At 31 March 2023	-	31,652	39,523	40,993	55,521	56,892	95,044	129,537
Net book value	-	276,812	4,420	4,421	177	178	4,597	281,411

For the year ended 31 Dec 2023

	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	410,948
Additions during the year	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	(3)	(3)	(3)	(3)
At 31 December 2023	-	308,464	43,943	45,414	55,695	57,067	99,638	410,945
Depreciation								
At 01 January 2023	-	24,339	38,609	40,050	55,509	56,890	94,118	121,279
Charge for the year	-	14,511	3,652	3,663	50	58	3,702	18,232
At 31 December 2023	-	38,850	42,261	43,713	55,559	56,948	97,820	139,511
Net book value:	-	269,614	1,682	1,701	136	119	1,818	271,434

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7 Leases (receivables & payables)

	31 March 2024		31 March 2023		31 December 2023	
	Parent	Group	Parent	Group	Parent	Group
	RO	RO	RO	RO	RO	RO
Gross investment in finance lease	-	7,296,189	-	8,493,535	-	7,829,924
Less: unearned lease income	-	(3,378,390)	-	(3,775,232)	-	(3,456,856)
Present value of minimum lease receivables	-	<u>3,917,799</u>	-	<u>4,718,303</u>	-	<u>4,373,068</u>
Minimum lease receivables comprise amounts due:						
a). Non-Current portion of lease receivables	-	2,985,533	-	4,007,185	-	3,709,985
b). Current portion of lease receivables	-	932,266	-	711,118	-	663,083
Total	-	<u>3,917,799</u>	-	<u>4,718,303</u>	-	<u>4,373,068</u>

	31 March 2024		31 March 2023		31 December 2023	
	Parent	Group	Parent	Group	Parent	Group
	RO	RO	RO	RO	RO	RO
Within 1 year	-	941,315	-	1,017,668	-	1,172,712
Later than 1 year but not later than 5 years	-	807,348	-	1,589,728	-	719,012
Later than 5 years	-	5,547,526	-	5,886,139	-	5,938,200
	-	<u>7,296,189</u>	-	<u>8,493,535</u>	-	<u>7,829,924</u>

Present value of minimum lease receivables comprise amounts due:

	31 March 2024		31 March 2023		31 December 2023	
	Parent	Group	Parent	Group	Parent	Group
	RO	RO	RO	RO	RO	RO
Within 1 year	-	932,266	-	711,118	-	854,141
Later than 1 year but not later than 5 years	-	437,233	-	1,181,087	-	141,810
Later than 5 years	-	2,548,300	-	2,826,098	-	3,377,117
	-	<u>3,917,799</u>	-	<u>4,718,303</u>	-	<u>4,373,068</u>
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 to 50 years. 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.

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

	31 March 2024		31 March 2023		31 December 2023	
	RO	RO	RO	RO	RO	RO
	Parent	Group	Parent	Group	Parent	Group
At 1 January	-	3,456,856	-	3,879,290	-	3,879,290
Recognised during the period/year	-	(78,466)	-	(104,058)	-	(422,434)
At 31 March/At 31 December	-	<u>3,378,390</u>	-	<u>3,775,232</u>	-	<u>3,456,856</u>

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NOTES TO THE UN-AUDITED SEPARATE AND CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED
31 MARCH 2024

Notes forming part of the consolidated financial statements (continued)

Leases (Continued)

Lease liabilities

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

	31 March 2024		31 March 2023		31 December 2023	
	RO	RO	RO	RO	RO	RO
	Parent	Group	Parent	Group	Parent	Group
Current	-	29,891	-	16,266	-	16,266
Non-current	-	3,259,502	-	3,378,678	-	3,518,927
	-	3,289,393	-	3,394,944	-	3,535,193

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.

	31 March 2024				31 March 2023			
	Minimum Lease payments due				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	212,408	876,848	5,567,957	6,657,213	200,836	860,822	5,796,389	6,858,047
Finance cost	(182,517)	(710,300)	(2,475,003)	(3,367,820)	(184,570)	(746,480)	(2,532,053)	(3,463,103)
Net present values	29,891	166,548	3,092,954	3,289,393	16,266	114,342	3,264,336	3,394,944

	31 December 2023			
	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:

	31 March 2024		31 March 2023		31 December 2023	
	RO	RO	RO	RO	RO	RO
	Parent	Group	Parent	Group	Parent	Group
At 1 January	-	3,507,785	0	3,693,549	-	3,693,549
Recognised during the period	-	(44,682)	0	(44,883)	-	(185,764)
At 31 March/31 December	-	3,463,103	-	3,648,666	-	3,507,785

8 Financial Instruments through Other Comprehensive income

Financial Instruments through OCI can be analysed as follows:

	31 March 2024				31 March 2023			
	Fair value		Cost		Fair value		Cost	
	RO							
	Parent	Group	Parent	Group	Parent	Group	Parent	Group
Local quoted								
Banking and Investment	1,230,432	1,230,432	1,050,699	1,050,699	1,346,511	1,346,511	1,050,699	1,050,699
Services	2,271,284	2,271,284	1,919,236	1,919,236	2,186,737	2,186,737	2,003,792	2,003,792
Industrial	1,903,339	1,903,339	3,122,557	3,122,557	2,988,981	2,988,981	3,122,557	3,122,557
Financial services	89,287	89,287	53,907	53,907	130,862	130,862	117,004	117,004
Insurance	-	-	-	-	-	-	-	-
	5,494,342	5,494,342	6,146,399	6,146,399	6,653,091	6,653,091	6,294,052	6,294,052
Local unquoted								
Education	2,222,249	2,222,249	402,600	402,600	982,365	982,365	402,600	402,600
	2,222,249	2,222,249	402,600	402,600	982,365	982,365	402,600	402,600
Foreign quoted								
	605,137	605,137	782,594	782,594	777,482	777,482	934,574	934,574
Fair value /cost of inv.	8,321,727	8,321,727	7,331,593	7,331,593	8,412,938	8,412,938	7,631,226	7,631,226

NOTES TO THE UN-AUDITED SEPARATE AND CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED
31 MARCH 2024

Notes forming part of the consolidated financial statements (continued)

8 Financial Instruments through Other Comprehensive income (continued)

	31 December 2023			
	Fair value		Cost	
	RO Parent	RO Group	RO Parent	RO Group
Local quoted				
Banking and Investment	1,118,817	1,118,817	1,050,699	1,050,699
Industrial	1,776,233	1,776,233	3,122,557	3,122,557
Services	2,130,336	2,130,336	1,919,236	1,919,236
Financial services	84,695	84,695	53,907	-
	<u>5,110,081</u>	<u>5,110,081</u>	<u>6,146,399</u>	<u>6,092,493</u>
Overseas				
Education	553,714	553,714	545,601	545,601
Banking and Investment	-	-	-	-
Private equity funds	62,053	62,053	245,402	245,402
	<u>615,767</u>	<u>615,767</u>	<u>791,003</u>	<u>791,003</u>
Local unquoted				
Education	2,222,248	2,222,248	2,222,248	2,222,248
	<u>2,222,248</u>	<u>2,222,248</u>	<u>2,222,248</u>	<u>2,222,248</u>
Fair value /cost of inv.	<u>7,948,096</u>	<u>7,948,096</u>	<u>9,159,650</u>	<u>9,159,651</u>

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 31 March 2024	Holding %	Number of Securities	Fair value RO	Cost RO
FVOCI investments - quoted:				
National Gas SAOG	12.87%	10,937,856	1,137,537	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	1,196,511	900,699
FVOCI investments - Unquoted:				
A'sharqiya University	10.00%	600,000	2,222,248	402,600

	Holding %	Number of securities	Fair value RO	Cost RO
At 31 March 2023				
FVOCI investments - quoted:				
National Gas SAOG	12.87%	10,937,856	1,170,351	2,061,319
Oman National Engineering & Investment Co. SAOG	11.46%	17,184,386	1,812,380	1,624,013
Al - Jazeira services	7.29%	4,464,593	1,250,086	900,699
FVOCI investments - Unquoted:				
A'sharqiya University	10.00%	600,000	982,365	402,600

9 Prepayments and other receivables

	31 March 2024		31 March 2023		31 December 2023	
	Parent RO	Group RO	Parent RO	Group RO	Parent RO	Group RO
Prepayments	8,987	29,037	16,333	23,788	10,501	21,397
Receivables from Oman LNG L.L.C.	-	299,489	-	338,668	-	-
Dividend receivables	290,293	290,293	184,816	184,816	15,651	15,651
Other receivables	210,843	231,494	114,624	115,020	100,689	153,711
	<u>510,123</u>	<u>850,313</u>	<u>315,773</u>	<u>662,292</u>	<u>126,841</u>	<u>190,759</u>

10 Bank balances and cash

	31 March 2024		31 March 2023		31 December 2023	
	Parent RO	Group RO	Parent RO	Group RO	Parent RO	Group RO
Cash in hand	225	930	1,000	1,846	786	1,304
Cash at bank-Deposit accounts	177,921	633,192	2,620,703	3,685,506	912,129	1,383,377
Cash at bank-Current accounts	57,353	62,510	69,871	70,401	53,218	58,417
	<u>235,499</u>	<u>696,632</u>	<u>2,691,574</u>	<u>3,757,753</u>	<u>966,133</u>	<u>1,443,098</u>

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.

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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 (2020 - 120,000,000) shares of RO 0.100 (2020 - RO 0.100) each, of which 90,000,000 (2020- 90,000,000) shares of RO 0.100 (2020 - 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:

	31 March 2024		31 March 2023	
	Holding %	Number of shares	Holding %	Number of shares
Salim Said Hamad Fanah Al Araithi	22.63%	20,365,595	22.63%	20,365,595
Al Siraj Holdings SAOC	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

	31 March 2024		31 March 2023		31 December 2023	
	Parent RO	Group RO	Parent RO	Group RO	Parent RO	Group RO
At 1 January	608,092	608,092	994,644	994,644	994,644	994,644
Realised gain removed with respect FVOCI asset liquidated	7,037	7,037	(32,748)	(32,748)	-	-
Fair value(loss)/gain upon disposal	-	-	(54,124)	(54,124)	(45,122)	(45,122)
Net unrealised gain / (loss) on revaluation	375,005	375,005	(126,060)	(126,060)	(341,430)	(341,430)
Deferred tax adjustment on FVOCI investments	-	-	-	-	-	-
At 31 March	990,134	990,134	781,712	781,712	608,092	608,092

14 Staff terminal benefits

	31 March 2024		31 March 2023		31 December 2023	
	Parent RO	Group RO	Parent RO	Group RO	Parent RO	Group RO
At 01 January	155,279	191,365	124,586	155,074	124,586	155,074
Charged during the period	6,935	6,935	5,377	5,377	30,693	30,693
Charged during the period-maintenance costs	-	1,564	-	1,377	-	5,598
At 31 March/31 December	162,214	199,864	129,963	161,828	155,279	191,365

15 Accruals and other payables

	31 March 2024		31 March 2023		31 December 2023	
	Parent RO	Group RO	Parent RO	Group RO	Parent RO	Group RO
Other payables and accruals	36,141	61,687	22,877	78,056	39,439	65,236
	<u>36,141</u>	<u>61,687</u>	<u>22,877</u>	<u>78,056</u>	<u>39,439</u>	<u>65,236</u>

16 Other income

	31 March 2024		31 March 2023	
	Parent RO	Group RO	Parent RO	Group RO
Management charges	15,000	-	15,000	-
Interest income (Other than Bond Interest)	5,953	26,925	19,725	28,289
Other income	25,000	25,000	15,516	15,516
	<u>45,953</u>	<u>51,925</u>	<u>50,241</u>	<u>43,805</u>

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Notes forming part of the consolidated financial statements (continued)

17 Staff cost

	31 March 2024		31 March 2023	
	Parent RO	Group RO	Parent RO	Group RO
Salaries and allowances	65,745	65,745	64,510	64,510
Other staff benefits	13,734	13,734	14,223	14,223
	<u>79,479</u>	<u>79,479</u>	<u>78,733</u>	<u>78,733</u>

18 General and administrative expenses

	31 March 2024		31 March 2023	
	Parent RO	Group RO	Parent RO	Group RO
Fees and other charges	13,237	13,293	12,860	13,345
Directors' sitting fees	5,700	5,700	6,400	6,400
Rent	4,050	4,050	4,050	4,050
Insurance	3,182	3,182	2,508	2,508
Other expenses	5,791	5,796	4,415	4,640
Professional fees	1,850	1,850	2,350	2,350
Repairs and maintenance	496	496	1,470	1,691
Water and electricity	384	384	202	202
Telephone and postage	303	303	323	323
	<u>34,994</u>	<u>35,055</u>	<u>34,577</u>	<u>35,509</u>

19 Provision for Taxation

	31 March 2024		31 March 2023		31 December 2023	
	Parent RO	Group RO	Parent RO	Group RO	Parent RO	Group RO
Statement of Comprehensive income						
Parent company – current period/year	11,698	11,698	6,859	6,859	28,766	28,766
Subsidiary – current period/year	-	6,904	-	9,200	-	41,274
	<u>11,698</u>	<u>18,602</u>	<u>6,859</u>	<u>16,059</u>	<u>28,766</u>	<u>70,040</u>
Current liability:						
Parent company – prior years	30,000	30,000	28,830	28,830	28,830	28,830
Parent company – current period /year	11,698	11,698	6,859	6,859	28,766	28,766
Subsidiary – previous year	-	41,274	-	53,165	-	53,165
Subsidiary – current period/year	-	6,904	-	9,200	-	41,274
Paid during the period/year	-	-	-	-	(27,596)	(80,761)
	<u>41,698</u>	<u>89,876</u>	<u>35,689</u>	<u>98,054</u>	<u>30,000</u>	<u>71,274</u>

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% (2023- 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.

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Subsidiary – Qalhat Real Estate and Investment and Services LLC

The subsidiary is subject to income tax at the rate of 15% (2023 : 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 2021 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:

	31 March 2024		31 March 2023	
	Parent RO	Group RO	Parent RO	Group RO
Profit for the period	<u>262,222</u>	<u>301,344</u>	<u>543,263</u>	<u>195,395</u>
Number of shares outstanding during the period	<u>90,000,000</u>	<u>90,000,000</u>	<u>90,000,000</u>	<u>90,000,000</u>
Basic earnings per share	<u>0.003</u>	<u>0.003</u>	<u>0.006</u>	<u>0.002</u>

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:

	31 March 2024		31 March 2023	
	Parent RO	Group RO	Parent RO	Group RO
Directors' sitting fees	<u>5,700</u>	<u>5,700</u>	<u>6,400</u>	<u>6,400</u>

(b) Key management compensation

	31 March 2024		31 March 2023	
	Parent RO	Group RO	Parent RO	Group RO
Salaries and other short term benefits	<u>55,060</u>	<u>55,060</u>	<u>50,317</u>	<u>50,317</u>
End of service benefits	<u>6,935</u>	<u>6,935</u>	<u>5,377</u>	<u>5,377</u>
Total	<u>61,995</u>	<u>61,995</u>	<u>55,694</u>	<u>55,694</u>

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:

	31 March 2024		31 March 2023	
	Parent RO	Group RO	Parent RO	Group RO
Net assets attributable to equity holders of Parent	<u>12,007,161</u>	<u>14,841,504</u>	<u>11,864,149</u>	<u>14,477,611</u>
Number of ordinary shares at end of the period	<u>90,000,000</u>	<u>90,000,000</u>	<u>90,000,000</u>	<u>90,000,000</u>
Net assets value per share	<u>0.133</u>	<u>0.165</u>	<u>0.132</u>	<u>0.161</u>

24 Commitments

At 31 March 2024 the Group had investment commitments amounting to RO 53,739/- (31 March 2023 - RO 172,331).

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