

AL BATINAH DEVELOPMENT AND INVESTMENT HOLDING CO. SAOG

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Legal status and principal activities

Al Batinah Development and Investment Holding Co. SAOG ("the Parent Company") is a public joint stock company registered with the Ministry of Commerce, Industry and Investment Promotion in accordance with the applicable provisions of the Commercial Companies Law of the Sultanate of Oman. The Parent Company's principal activity is investing and participating in the management of commercial projects in the Sultanate of Oman.

These consolidated financial statements include the results of operations and assets and liabilities of the Parent Company and its subsidiaries (together "the Group").

The Group's principal place of business is located at Ruwi, Muscat, Sultanate of Oman.

Structure of the Group

The structure of the Group is as follows:

Name of the subsidiary	Country of incorporation	Effective ownership interest		Principal activities
		2020	2019	
Al Batinah Real Estate Development and Investment LLC	Sultanate of Oman	99.47%	99.47%	Investment in real estate properties.
Al Batinah Shipping, Handling & Customs Clearance LLC	Sultanate of Oman	100%	90.00%	Shipping and handling services at the land border. The Company continues to remain dormant.
Al Dari Special Enterprises LLC	Sultanate of Oman	75%	75.00%	Providing dental services and retail of medical goods and orthopedic apparatus.
Tadawul Financial Services Co. SAOC	Sultanate of Oman	99.99%	99.99%	Providing brokerage services.

During the year, Oman Cans Industry LLC, one of the subsidiary having 99% of shareholding liquidated. Houbara tech & Projects LLC is under liquidation, accordingly the same has been reclassified from investment in subsidiary to FVTPL in separate financial statements.

2 Going concern assumption

For the year ended 31 December 2020, the Parent has incurred a loss of RO 606,310 (2019: loss of RO 239,465) and as on 31 December 2020, the Company had accumulated loss of RO 1,049,130 (2019: loss of RO 430,354) which has eroded part of the Parent Company's share capital at that date. Further, as on 31 December 2020, the Company's current liabilities exceeded the current assets by RO 12,868. The Company's current liability primarily include due to its subsidiaries of RO 377,819 (2019: RO 260,177) which will be settled upon availability of funds with the Company. The members believe that the Company's present performance and cash flow will be improved in the coming years, and further with their continued financial support, the Company will be able to improve its operations. Accordingly, the members believe it is appropriate for the financial statements to be prepared on a going concern basis.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

3 Basis of preparation and adoption of new and amended International Financial Reporting Standards (IFRS)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and its subsidiaries 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.

Entities are consolidated from the date on which control is transferred to the Parent Company and ceases 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-off during the year are included in the statement of 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.

Non-controlling interests are presented in the consolidated statement of financial position within shareholders' equity, separate from the equity attributable to the shareholders. Non-controlling interests are separately disclosed in the statement of comprehensive income. Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

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

All inter-company transactions, balances and gains or losses on transactions between Parent Company and its subsidiaries are eliminated as part of the consolidation process.

Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board (IASB), the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), the disclosure requirements of the Capital Market Authority and the applicable provisions of the Commercial Companies Law of the Sultanate of Oman.

Basis of preparation

The consolidated and separate financial statements have been prepared under the historical cost convention and going concern assumption, modified for certain assets and liabilities which are stated at their fair values as required by the IFRS. The preparation of consolidated and separate financial statements is in conformity with IFRS that requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies.

Functional and presentation currency

The consolidated and separate financial statements are presented in Omani Rials (RO) which is the functional and presentation currency of the Parent Company and the Group.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

3 Basis of preparation and adoption of new and amended IFRS (continued)

New standards, amendments and interpretations to existing IFRS effective 1 January 2020

The Group and Parent Company has adopted all new Standards and amendments for the first time for the annual reporting period beginning from 1 January 2020, while has accounted for and disclosed only the relevant and applicable Standards and amendments:

- Amendments to IFRS 3: Definition of a Business;
- Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform;
- Amendments to IAS 1 and IAS 8 Definition of Material;
- Conceptual Framework for Financial Reporting issued on 29 March 2018;
- Amendments to IFRS 16 'Covid 19 Related Rent Concessions'

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19 related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements, except for Covid-19 Related Rent Concessions.

Standards, amendments and interpretations to existing IFRS that are not yet effective

Certain new Standards, amendments and interpretations to existing IFRS have been published that are not effective and mandatory for the Group and Parent Company's accounting period commenced on 1 January 2020, which management has decided to adopt from the applicable periods.

- IFRS 17: 'Insurance Contracts';
- Amendments to IAS 28: 'Investments in Associates and Joint Ventures', and IFRS 10: 'Consolidated Financial Statements' – Sale or Contribution of Assets Between an Investor and its Associate or Joint
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3: Reference to the Conceptual Framework
- Amendments to IAS 16: Property, Plant and Equipment—Proceeds before Intended Use
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Amendments to IFRS 1 First-time Adoption of International Financial Standards 2018-2020 Cycle Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41

Management believes that adoption of the above new Standards and amendments is not likely to have any material impact on the presentation and disclosure of items in the Consolidated and Parent Company's financial statements for future periods.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

4 Summary of significant accounting policies

A summary of the significant accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and any impairment in value. Cost includes all costs directly attributable to bringing the asset to working condition for their intended use.

Depreciation is calculated in accordance with the straight-line method to write-off the cost of each asset to its estimated residual value over its useful economic life.

The estimated useful economic lives of the assets are:

	Years
Buildings and leasehold improvements	25
Medical equipment	5-10
Motor vehicles	3
Office equipment	3-5
Furniture and fixtures	3-5

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written-off. Other subsequent expenditure is capitalised only when it increases the future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

Intangible assets

Intangible asset represents the cost of developing a web-site which has been capitalised and is being amortised over a period of 4 years.

Investment properties

Investment properties are held either for capital appreciation or long-term rental yields or both. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured using the fair value model.

Under the fair value model, investment properties are remeasured at fair value, which is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Gain or loss arising from changes in the fair value of investment property are included in the statement of comprehensive income for the period in which it arises.

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

4 Summary of significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which is determined on the weighted average basis, comprises expenditure incurred in the normal course of business in bringing inventories to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business less any incidental selling expenses. Where necessary, provision is made for obsolete, slow-moving and defective inventories.

Cash and cash equivalents

For the purposes of consolidated and separate statement of cash flows, cash and cash equivalents comprise cash in hand and bank balances.

Trade payables

Trade payables are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Employees' benefits

In respect of Omani employees, contributions are made in accordance with the Oman Social Insurance Law and recognised as an expense in the statement of comprehensive income as incurred.

For non-Omani employees, provision is made for amounts payable under the Oman Labour Law, based on the employees' accumulated periods of service at the reporting date. This provision is classified as a non-current liability.

Bank borrowings

Bank borrowings are recognised initially at fair value, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss and other comprehensive income over the period of the bank borrowings using the effective interest-rate (EIR) method.

Revenue from contract with customers

i) Consultancy fees

Revenue represents the consultancy fees and other related income earned during the year, which is recognised when services are rendered. Revenue from the provision of medical services is recognised based on the invoiced amounts, net of discounts, when the control of the service has passed to the patient, the amount can be measured reliably, the recovery of the consideration is probable and there is no unfulfilled obligation that could affect the patient's acceptance of the services.

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

4 Summary of significant accounting policies (continued)

Revenue from contract with customers (continued)

ii) Revenue from brokerage services

Revenue from brokerage services is accounted on the completion of deals and trades, net of commissions paid.

iii) Investment income

Investment income on financial assets at fair value through profit or loss is recognised when the entitlement arises. Dividend income from investments is recognised when the Group's right to receive payment has been established.

iv) Other income

Other income earned by the Group is recognised on the accruals basis, or when the Group's right to receive payment is established, unless recovery is considered doubtful.

Rental income is accrued on a time-basis, unless collectability is in doubt.

Interest income is accrued on a time-basis at the effective interest rate.

Foreign currencies

Foreign currency transactions are accounted for at the rates of exchange prevailing at the dates of the transactions. Gains and loss resulting from the settlement of such transactions and from the translation, at the year-end rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of comprehensive income. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date when the carrying value was determined.

Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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4 Summary of significant accounting policies (continued)

Leases (continued)

The right-of-use assets and the lease liabilities are presented as separate line items in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'impairment of non-financial assets' policy.

Income tax

Current tax is recognised in the statement of comprehensive income as the expected tax payable on the taxable income for the year, using tax-rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is provided using the liability method on all temporary differences at the reporting date. It is calculated adopting a tax-rate that is the rate that is expected to apply to the periods when it is anticipated the liabilities will be settled, and which is based on tax-rates (and laws) that have been enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Dividend

The Board of Directors recommends to the shareholders the dividend to be paid out of the Parent Company's retained earnings. The Directors take into account appropriate parameters including the requirements of the Commercial Companies of the Sultanate of Oman and other relevant directives issued by CMA while recommending the dividend. The dividend is recognised in the year in which it is declared by the Board of Directors and approved by the shareholders.

Directors' remuneration

The Group follows the Commercial Companies Law of the Sultanate of Oman, and other relevant directives issued by the Capital Market Authority, with regards to determination of the amount to be paid as Directors' remuneration. Directors' remuneration is charged to the statement of comprehensive income in the year to which they relate.

Earnings and net assets per share

The Group presents earnings per share ("EPS") and net assets per share data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year.

Net assets per share is calculated by dividing the net assets attributable to ordinary shareholders of the Company by the number of shares outstanding at the reporting date.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

4 Summary of significant accounting policies (continued)

Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. All operating segment results are reviewed by the Group's General Manager to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Financial instruments

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows;

- for assets measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.
- for investments in debt instruments, this depends on the business model in which the investment is held.
- for investments in equity instruments, this depends on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of comprehensive income.

The following accounting policies apply to the subsequent measurement of financial assets :

- | | |
|----------------------------|---|
| -Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of comprehensive income. |
|----------------------------|---|

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

4 Summary of significant accounting policies (continued)

Financial instruments (continued)

Measurement (continued)

The following accounting policies apply to the subsequent measurement of financial assets (continued):

-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 statement of comprehensive income. Any gain or loss on derecognition is recognised in statement of comprehensive income.
-Debt investments at FVOCI	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 statement of comprehensive income. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of comprehensive income.
-Equity investments	The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to statement of comprehensive income.

The Company does not trade in any financial liabilities and does not classify or measure any financial liabilities as at fair value through profit or loss. Consequently, all financial liabilities are classified and subsequently measured at amortized cost.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expired.

Impairment of financial assets

As per IFRS 9 impairment requirements, the Company needs to follow one of the approaches below:

The General approach – Under the general approach, at each reporting date, an entity recognizes a loss allowance on either 12-month or life-time expected credit losses (ECL), depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in the statement of comprehensive income as an impairment gain or loss.

The Simplified approach – Under the simplified approach, an entity is not required to track changes in credit risk and requires recognition of lifetime ECL's at all times. IFRS 9 requires to use this approach in its ECL provisioning for trade receivables and contract assets that do not have a significant financing component.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

4 Summary of significant accounting policies (continued)

Impairment of financial assets (continued)

For Receivables, the Company applies the Simplified approach to providing for ECL's as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all receivables. Impairment assessment is done using a provision matrix and the ECL provision is based on the Company's historical information adjusted for future expectations using macro-economic indicators and point-in-time adjustments for probability of default (PD).

For cash in bank and call deposits, the Company applies the General approach. ECL shall be calculated only when the credit risk of the other party has significantly deteriorated. As such, the Company will monitor and track the credit quality of banks, where these balances are placed, for credit risk management purposes only. In view of this there has been no ECL provision recognized on these financial assets.

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax asset) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The loss arising on an impairment of an asset is determined as the difference between the recoverable amount and carrying amount of the asset and is recognised immediately in the statement of comprehensive income. Recoverable amount is the higher of fair value less cost of disposal and value in use.

Where an impairment loss subsequently reverses (except for goodwill), the carrying amount of the asset is increased to the revised estimate of its recoverable amount and the increase is recognised as income immediately, provided that the increased carrying amount does not exceed the carrying amount that would have been net of depreciation or amortisation, had no impairment loss been recognised earlier.

Estimates and judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities at the reporting date and the resultant provisions and changes in fair value for the year. Such estimates are necessarily based on assumptions about several factors involving varying, and possibly different degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated assets and liabilities. Estimates are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The information about assumptions and estimation uncertainties that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

4 Summary of significant accounting policies (continued)

Estimates and judgments (continued)

Impairment of trade receivables

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past experience and historical data, 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 notes.

Useful lives and residual value of property and equipment

Depreciation is calculated to write off the cost of assets less residual value over their estimated useful lives. The calculation of useful lives is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates.

Assessment for impairment of property and equipment

Assessment for impairment of financial assets

Allowance for expected credit loss which is based on the present value of expected cash shortfalls over the residual term of the financial assets.

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

5 Property and equipment

<u>Group</u>	<u>Buildings and improvements</u>	<u>Medical equipment</u>	<u>Motor vehicles</u>	<u>Office equipment</u>	<u>Furniture and fixtures</u>	<u>Total</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Cost						
At 1 January 2019	17,958	60,566	6,750	73,125	62,142	220,541
Additions	-	-	-	19,325	1,502	20,827
At 31 December 2019	17,958	60,566	6,750	92,450	63,644	241,368
At 1 January 2020	17,958	60,566	6,750	92,450	63,644	241,368
Additions	-	-	-	105	750	855
Disposal	-	-	-	(56,759)	(46,199)	(102,958)
At 31 December 2020	17,958	60,566	6,750	35,796	18,195	139,265
Depreciation						
At 1 January 2019	1,986	11,673	6,747	68,005	53,205	141,616
Charge for the year	718	6,057	-	5,587	2,915	15,277
At 31 December 2019	2,704	17,730	6,747	73,592	56,120	156,893
At 1 January 2020	2,704	17,730	6,747	73,592	56,120	156,893
Charge for the year	718	6,056	-	2,682	2,022	11,478
Relating to disposal	-	-	-	(40,487)	(45,489)	(85,976)
At 31 December 2020	3,422	23,786	6,747	35,787	12,653	82,395
Net book value						
At 31 December 2020	14,536	36,780	3	9	5,542	56,870
At 31 December 2019	15,254	42,836	3	18,858	7,524	84,475

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

5 Property and equipment (continued)

Parent Company

	<u>Leasehold improvement</u>	<u>Motor vehicles</u>	<u>Office equipment</u>	<u>Furniture and fixtures</u>	<u>Total</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Cost					
At 1 January 2019	3,423	6,750	35,795	5,307	51,275
Additions	-	-	-	240	240
At 31 December 2019	3,423	6,750	35,795	5,547	51,515
At 1 January 2020	3,423	6,750	35,795	5,547	51,515
Additions	-	-	-	410	410
At 31 December 2020	3,423	6,750	35,795	5,957	51,925
Depreciation					
At 1 January 2019	1,027	6,747	33,791	4,603	46,168
Charge for the year	137	-	1,994	934	3,065
At 31 December 2019	1,164	6,747	35,785	5,537	49,233
At 1 January 2020	1,164	6,747	35,785	5,537	49,233
Charge for the year	137	-	-	23	160
At 31 December 2020	1,301	6,747	35,785	5,560	49,393
Net book value					
At 31 December 2020	2,122	3	10	397	2,532
At 31 December 2019	2,259	3	10	10	2,282

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

6 Intangible assets

Group

Cost	<u>Software</u> <u>RO</u>	<u>License fees</u> <u>RO</u>	Web-site development <u>costs</u> <u>RO</u>	<u>Total</u> <u>RO</u>
At 1 January 2019	-	205,000	800	205,800
Additions	1,130	-	550	1,680
At 31 December 2019	1,130	205,000	1,350	207,480
At 1 January and 31 December 2020	1,130	205,000	1,350	207,480
Accumulated amortisation				
At 1 January 2019	-	-	200	200
Charge for the year	283	8,200	350	8,833
At 31 December 2019	283	8,200	550	9,033
At 1 January 2020	283	8,200	550	9,033
Charge for the year	282	-	337	619
Written off	-	196,800	-	196,800
At 31 December 2020	565	205,000	887	206,452
Net book value				
At 31 December 2020	565	-	463	1,028
At 31 December 2019	847	196,800	800	198,447

Cost of software and website development is amortised over a period of 4 years. During the year Licence fees has been written off fully.

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6 Intangible assets (continued)

Parent Company

	<u>Software</u> <u>RO</u>
Cost	
At 1 January 2019	-
Additions	1,130
	<u>1,130</u>
At 31 December 2019	
	<u>1,130</u>
At 1 January and 31 December 2020	<u>1,130</u>
Accumulated amortisation	
At 1 January 2019	-
Charge for the year	283
	<u>283</u>
At 31 December 2019	
	<u>282</u>
Charge for the year	282
	<u>565</u>
At 31 December 2020	
	<u>565</u>
Net book value	
At 31 December 2020	<u>565</u>
At 31 December 2019	<u>847</u>

Software is amortised over a period of 4 years.

7 Investment properties

	<u>Group</u> <u>2020</u> <u>RO</u>	<u>Parent</u> <u>Company</u> <u>2020</u> <u>RO</u>	<u>Group</u> <u>2019</u> <u>RO</u>	<u>Parent</u> <u>Company</u> <u>2019</u> <u>RO</u>
At 1 January	1,112,000	-	1,112,000	-
Change in fair value	318,000	-	-	-
	<u>1,430,000</u>	<u>-</u>	<u>1,112,000</u>	<u>-</u>
At 31 December				

The movement in fair value of investment properties is as follows:

	<u>At 1 January</u> <u>2020</u>	<u>Fair value</u> <u>change</u> <u>during year</u>	<u>As at 31</u> <u>December</u> <u>2020</u>
Freehold land and building at Helat Al Murtafaa, Seeb	360,000	(120,000)	240,000
Freehold land and building at Madinat Qaboos, Bausher	412,000	(62,000)	350,000
Vacant plots at Al Aqer, Shinas	340,000	500,000	840,000
	<u>1,112,000</u>	<u>318,000</u>	<u>1,430,000</u>

The freehold land and building are stated at their fair values as at 31 December 2020 and 2019 as determined by an independent real estate valuer. For the valuation of property note (b) above, only the value of the vacant freehold land has been considered, as the value of the old building constructed on the freehold land has been considered to be Nil.

AL BATINAH DEVELOPMENT AND INVESTMENT HOLDING CO. SAOG

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

7 Investment properties (continued)

The investment properties comprise plots of freehold land and buildings constructed on freehold land which is registered in the name of the subsidiaries and one of the directors, are held on behalf, and for the beneficial interest, of the Group.

The fair value measurement for the investment properties are measured on a recurring basis and fall within level 3 of the fair value hierarchy based on the price on which the properties could be exchanged on the date of valuation between a willing buyer and seller.

8 Financial assets at fair value through other comprehensive income

Group	Fair value <u>2020</u> <u>RO</u>	Fair value <u>2019</u> <u>RO</u>	Cost <u>2020</u> <u>RO</u>	Cost <u>2019</u> <u>RO</u>
Quoted equity securities	278,999	309,080	572,203	564,471
Unquoted securities	80,684	77,602	74,402	74,402
Total	<u>359,683</u>	<u>386,682</u>	<u>646,605</u>	<u>638,873</u>

The movement in fair value of financial assets at FVOCI is as follows :

	<u>2020</u> <u>RO</u>	<u>2019</u> <u>RO</u>
At 1 January	386,682	164,441
Addition during the year (at cost)	30,595	86,351
Sales during the year (at market value)	(9,822)	-
Transfer from financial assets at fair value through profit or loss	-	74,402
Unrealised fair value (loss)/gain for the period	(35,306)	61,488
Realised loss on sale during the period	(12,466)	-
At 31 December	<u>359,683</u>	<u>386,682</u>

	Fair value <u>2020</u> <u>RO</u>	Fair value <u>2019</u> <u>RO</u>	Cost <u>2020</u> <u>RO</u>	Cost <u>2019</u> <u>RO</u>
Parent Company				
Quoted equity securities	<u>278,999</u>	<u>309,080</u>	<u>572,777</u>	<u>564,471</u>

The movement in fair value of financial assets at FVOCI is as follows :

	<u>2020</u> <u>RO</u>	<u>2019</u> <u>RO</u>
1 January	309,080	164,441
Addition during the year (at cost)	30,595	86,351
Unrealised fair value gain/(loss) for the period	(38,388)	58,288
Sales during the year (at market value)	(9,822)	-
Realised gain on sales during the period	(12,466)	-
31 December	<u>278,999</u>	<u>309,080</u>

AL BATINAH DEVELOPMENT AND INVESTMENT HOLDING CO. SAOG

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

8 Financial assets at fair value through other comprehensive income (continued)

Listed securities are intended to be held for a period of more than 12 months and therefore are classified as financial assets at fair value through other comprehensive income as part of non-current assets. The fair value of these securities has been arrived at based on the closing market prices prevalent on the Muscat Securities Market and other foreign stock exchanges where they are listed as at 31 December 2020.

Unquoted securities includes investments made by the Group in the Settlement Guarantee Fund. It is not recoverable until the date the Group ceases its brokerage activities or the fund is liquidated.

Valuation of unlisted securities has been arrived at based on their interim financial statements, prepared as at, and for year ended, 31 December 2020 of the unlisted securities.

The fair value of the financial assets at fair value through other comprehensive income has been determined under the following hierarchy:

Group

Nature of the financial instrument	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Equity securities	359,683	278,999	-	80,684

Nature of the financial instrument	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Equity securities	646,605	572,203	-	74,402

Parent Company

Nature of the financial instrument	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Equity securities	278,999	278,999	-	-

Nature of the financial instrument	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Equity securities	309,080	309,080	-	-

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

9 Investment in subsidiaries

Parent Company

Investment in subsidiaries comprise the following :

<u>Name of the subsidiary</u>	<u>Shareholding percentage</u>	<u>Country of incorporation</u>	<u>2020 RO</u>	<u>2019 RO</u>
a) Al Batinah Real Estate Development and Investment LLC	99.47%	Sultanate of Oman	746,000	746,000
b) Oman Cans Industry LLC	99%	Sultanate of Oman	54,450	54,450
Less: liquidated during the year			(54,450)	-
			-	54,450
c) Al Dari Special Enterprises LLC	75%	Sultanate of Oman	89,792	89,792
Less: allowance for impairment			(67,000)	(67,000)
			22,792	22,792
d) Al Batinah Shipping, Handling and Customs Clearance LLC	90%	Sultanate of Oman	405,000	405,000
Houbara Tech. & Projects LLC (under liquidation)	99%	Sultanate of Oman	29,700	29,700
Less: Reclassification during the year to FVTPL due to loss of control			(29,700)	
			-	29,700
Tadawul Financial Services SAOC	99.92%	Sultanate of Oman	889,299	889,299
Less: allowance for impairment			(456,527)	(8,000)
			432,772	881,299
Total investment in subsidiaries				
Cost			2,159,791	2,214,241
Less: allowance for impairment			(523,527)	(75,000)
Less: reclassification to FVTPL due to loss of control			(29,700)	-
Net investment in subsidiaries			1,606,564	2,139,241

Houbara Tech. & Projects LLC is currently under the liquidation. Hence the investment is reclassified as FVTPL.

During the year , Oman Cans Industry LLC has been liquidated and its net assets/liabilities has been settled.

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

9 Investment in subsidiaries (continued)

Summarised audited financial information of the subsidiaries is as follows:

	Al Batinah Real Estate Development and Investment LLC <u>RO</u>	Al Batinah Shipping, Handling & Customs Clearance LLC <u>RO</u>	Al Dari Special Enterprises LLC <u>RO</u>	Tadawul Financial Services Co. SAOC <u>RO</u>
Total assets	820,320	961,530	101,985	442,707
Total liabilities	50,403	88,200	102,411	12,559
Net assets	769,917	873,330	(426)	430,148
Total income	13,807	501,549	53,800	(29,619)
Net profit/(loss) after tax for the year	(121,091)	405,824	(22,364)	(322,513)

The investment in subsidiaries are stated at cost less impairment.

The financial information provided above is extracted from audited financial statements of the subsidiaries prepared as at, and for the year ended, 31 December 2020.

The Parent Company carried an impairment testing of its investment in subsidiaries and provided RO 523,327 (2019: RO 75,000) . Based on the impairment testing performed, Management believes that no additional impairment is required.

10 Financial assets at fair value through profit or loss

	<u>Fair value</u> <u>2020</u> <u>RO</u>	<u>Fair value</u> <u>2019</u> <u>RO</u>	<u>Cost</u> <u>2020</u> <u>RO</u>	<u>Cost</u> <u>2019</u> <u>RO</u>
a) Group				
Quoted equity securities	616,393	804,677	1,264,081	1,283,419
Unquoted securities	36,123	18,179	78,377	48,677
	652,516	822,856	1,342,458	1,332,096

i) The movement in fair value of financial assets at fair value through profit or loss is as follows :

	<u>2020</u> <u>RO</u>	<u>2019</u> <u>RO</u>
At 1 January	822,856	1,405,597
Reclassification from subsidiary due to loss of control (Refer note.9(a))	29,700	-
Additions during the year (at cost)	3,746,931	1,780,152
Sale during the year (at market value)	(3,757,024)	(1,838,180)
Transferred to financial assets at FVOCI	-	(74,402)
Unrealised fair value loss for the year	(180,702)	(460,864)
Realised (loss)/gain on disposal during the year	(9,245)	10,553
At 31 December	652,516	822,856

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

10 Financial assets at fair value through profit or loss (continued)

b) Parent Company

	<u>Fair value</u>	<u>Fair value</u>	<u>Cost</u>	<u>Cost</u>
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Quoted equity securities	473,302	491,729	827,430	692,069
Unquoted equity securities	36,123	18,179	78,377	48,677
	<u>509,425</u>	<u>509,908</u>	<u>905,807</u>	<u>740,746</u>

The movement in fair value of financial assets at FVTPL is as follows :

	<u>2020</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>
At 1 January	509,908	964,216
Additions during the year (at cost)	2,237,091	192,919
Reclassification from subsidiary due to loss of control (Refer note.9(a))	29,700	-
Sales during the year (at market value)	(2,137,132)	(336,376)
Unrealised fair value loss for the year	(165,544)	(321,870)
Realised fair value gain on disposal during the year	35,402	11,019
At 31 December	<u>509,425</u>	<u>509,908</u>

Listed securities are stated at their closing market prices at the consolidated and parent statement of financial position date based on prices prevalent on the Muscat Securities Market and other foreign exchanges.

The fair value of the financial assets at FVTPL has been determined under the following hierarchy :

Group

<u>Nature of the financial instrument</u>	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Equity securities	<u>652,516</u>	<u>616,393</u>	<u>-</u>	<u>36,123</u>

<u>Nature of the financial instrument</u>	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Equity securities	<u>822,856</u>	<u>804,677</u>	<u>-</u>	<u>18,179</u>

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

10 Financial assets at fair value through profit or loss (continued)

The fair value of the financial assets at FVTPL has been determined under the following hierarchy :

Parent Company

Nature of the financial instrument	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Equity securities	509,425	473,302	-	36,123

Nature of the financial instrument	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Equity securities	509,908	491,729	-	18,179

11 Inventories

	<u>2020</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>
Clinic consumables	179	1,486

12 Trade and other receivables

	<u>Group</u>	<u>Parent Company</u>	<u>Group</u>	<u>Parent Company</u>
	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Trade receivables	48,688	9,370	134,034	-
Dividends receivable	3,191	3,191	3,191	3,191
Prepayments and advances	1,374	58	8,325	60
Settlement guarantee fund	12,500	-	-	-
Other receivables	-	-	9,372	-
	65,753	12,619	154,922	3,251

- Trade receivables are generally on 30 to 60 days credit terms.
- The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.
- The carrying amount of the Group's trade receivables is primarily denominated in RO.
- At 31 December 2020, the lifetime ECL provision of group for trade receivables and other financial assets is as follows:

	<u>Upto 180 days past due</u>	<u>More than 180 days past due</u>	<u>Total</u>
Gross carrying amount	48,688	-	48,688
Less: allowance for impairment loss	-	-	-

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

12 Trade and other receivables (continued)

e) At 31 December 2019, the lifetime ECL provision for trade receivables and other financial assets is as follows:

	<u>Upto 180 days past due</u>	<u>More than 180 days past due</u>	<u>Total</u>
Gross carrying amount	134,034	-	134,034
Less: allowance for impairment loss	-	-	-

f) At 31 December 2020, the lifetime ECL provision of Parent Company for trade receivables and other financial assets is as follows:

	<u>Upto 180 days past due</u>	<u>More than 180 days past due</u>	<u>Total</u>
Gross carrying amount	9,370	-	9,370
Less: allowance for impairment loss	-	-	-

As at 31 December 2020 and 31 December 2019, the management has assessed the impact of ECL on the amount outstanding from the trade receivables. As the impact is not considered to be significant, no ECL provision has been recognised for the current and previous year.

13 Related party transactions

The Group, in the ordinary course of business, deals with parties which fall within the definition of 'related parties' as contained in International Accounting Standard 24. The terms of these transactions are approved by the management and the management believes that such transactions are at arm's length and are not materially different from those with unrelated parties. The balances due from and to related parties have been disclosed separately in the consolidated statement of financial position.

a) Significant transactions during the year with related parties are as follows:

	<u>Group 2020 RO</u>	<u>Parent Company 2020 RO</u>	<u>Group 2019 RO</u>	<u>Parent Company 2019 RO</u>
i) <u>Trade commission on</u>				
- sales	-	-	-	894
- purchases	-	-	-	974
ii) Interest income	-	822	-	822
iii) <u>Key management personnel compensation</u>				
Directors' meeting attendance fees	27,500	27,500	35,700	35,700
Management fees	15,100	-	12,600	-
Salaries and other related benefits	-	-	66,212	44,050

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

13 Related party transactions (continued)

	<u>Group</u>	<u>Parent</u>	<u>Group</u>	<u>Parent</u>
	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
b) Amounts due from related parties				
Al Dari Special Enterprises LLC	-	81,316	-	70,069
Others	-	-	6,821	-
	-	81,316	6,821	70,069
Current portion of due from related parties	-	53,093	6,821	41,846
Non-current portion of due from related parties	-	28,223	-	28,223
	-	81,316	6,821	70,069
c) Amount due from member				
	<u>Group</u>	<u>Parent</u>	<u>Group</u>	<u>Parent</u>
	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Amount due from member	851	-	-	-
d) Amounts due to related parties				
	<u>Group</u>	<u>Parent</u>	<u>Group</u>	<u>Parent</u>
	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Oman Cans Industry LLC	-	-	-	107,726
Tadawul Financial Services SAOC	-	318,987	-	13,567
Al Batinah Shipping, Handling and Customs Clearance LLC	-	26,803	-	39,244
Al Batinah Real Estate Development and Investment LLC	-	2,329	-	69,940
Houbara Tech. & Projects LLC	29,700	29,700	-	29,700
	29,700	377,819	-	260,177

Amounts due from and to related parties are unsecured, bear no interest except for the amount due from Al Dari Special Enterprises LLC which earns interest at the rate of 3% (2019 : 3%) per annum, have no fixed repayment terms and arise in the ordinary course of business.

That portion of the related party receivables which is not receivable within twelve months of the consolidated statement of financial position date is disclosed as non-current portion of related party receivables.

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

14 Cash and cash equivalents

	<u>Group</u>	<u>Parent</u>	<u>Group</u>	<u>Parent</u>
	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Cash in hand	223	66	432	31
Current account balance with a bank	29,429	1,236	219,549	1,134
	29,652	1,302	219,981	1,165
Less: bank overdraft	(195,316)	195,316	(212,151)	(212,151)
	(165,664)	(194,014)	7,830	(210,986)

The current account balance with a bank is non-interest bearing.

Bank overdrafts are from commercial banks in the Sultanate of Oman and bear interest of 5.75% (2019: 5.75%) per annum. The interest rates are subject to re-negotiation with the banks upon renewal of the facilities, which generally takes place on an annual basis. The bank overdrafts are secured against the equity investments held by the Group.

15 Share capital

The Parent Company's authorised share capital comprises of 200,000,000 shares (2019 : 200,000,000 shares) of RO 0.100 each (2019 : RO 0.100 each). The issued and fully paid-up share capital of the Parent Company consists of 30,000,000 shares (2019 : 30,000,000 shares) of RO 0.100 each (2019 : RO 0.100 each).

The Parent Company has only one class of ordinary shares, which rank equally with regard to the Parent Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the Parent Company's meetings.

Details of shareholders who own 10% or more of the Parent Company's shares at the consolidated statement of financial position date, whether in their names or through a nominee account are as follows:

<u>Name of the shareholder</u>	<u>Shareholding</u>	<u>2020</u>	<u>Shareholding</u>	<u>2019</u>
	<u>percentage</u>	<u>RO</u>	<u>percentage</u>	<u>RO</u>
Jamal Bin Saed Rajab Al Ojaly	33.28%	998,412	33.28%	998,412
Yaseen Abdulaziz Ahmed Al Onaizy	17.00%	510,000	17.00%	510,000

16 Legal reserve

In accordance with the provisions of the Commercial Companies Law of the Sultanate of Oman, an amount equivalent to 10% of the individual subsidiaries and the Parent Company's net profit before appropriations is required to be transferred to a non-distributable reserve until such time as a minimum of one-third of the issued and fully paid-up share capital is set aside. During the year ended 31 December 2020, the Group has transferred an amount of RO 49,057 (2019 : RO 3,943) to the legal reserve.

17 Special reserve

In accordance with the Articles of Association of the Parent Company and the provisions of the Commercial Companies Law of the Sultanate of Oman, the excess amount collected from share issue fees after adjusting share issue expenses has to be transferred to a special reserve. This reserve is not available for distribution.

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

18 Non-controlling interest

	<u>2020</u> <u>RO</u>	<u>2019</u> <u>RO</u>
As 1 January	36,151	54,856
Share of non-controlling interest in the net loss of the subsidiaries during the year	(6,708)	(5,533)
Share of non-controlling interest in dividend	-	(13,175)
Share of non-controlling interest in the investment fair value reserve of the subsidiaries during the year	-	3
Adjustment in equity on account of loss of control in subsidiary	(982)	-
Acquisition of minority interest of subsidiary	(46,771)	-
As at 31 Decemeber	<u>(18,310)</u>	<u>36,151</u>

During the year, 10% share of Al Batinah Shipping, Handling & Customs Clearance LLC is taken over by Al Batinah Real Estate Development and Investment LLC for RO 46,771 which is the 90% subsidiary of Parent Co.

Details of the non-controlling interest's share in the net profit of the subsidiaries for the year ended 31 December 2020 is as follow:

	Non- controlling shareholding interest	Net profit / (loss) attributable for the year	Net profit / (loss) attributable to non- controlling interest
Al Batinah Real Estate Development and Investment LLC	0.53%	(121,091)	(859)
Al Dari Special Enterprises LLC	25%	(22,364)	(5,591)
Tadawul Financial Services SAOC	0.08%	(322,513)	(258)
		<u>(465,968)</u>	<u>(6,708)</u>

Details of the non-controlling interest's share in the net profit of the subsidiaries for the year ended 31 December 2019 is as follow:

	Non- controlling shareholding interest	Net profit / (loss) attributable for the year	Net profit / (loss) attributable to non- controlling interest
Oman Cans Industry LLC	1%	8,106	81
Al Batinah Real Estate Development and Investment LLC	0.53%	34,601	183
Al Batinah Shipping, Handling & Customs Clearance LLC	10%	7,931	793
Al Dari Special Enterprises LLC	25%	(25,644)	(6,411)
Tadawul Financial Services SAOC	0.08%	(224,023)	(179)
		<u>(199,029)</u>	<u>(5,533)</u>

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

19 Employees' terminal benefits

The Group contributes to the Government of Oman's Social Insurance Scheme in respect of Omani employees, which is a defined contribution retirement plan. Accrual for end-of-service benefits of non-Omani employees is made in accordance with the requirements of the Oman Labour Law. This is an unfunded defined employees end-of-service benefits plan and the movement in the liability recognised in the consolidated statement of financial position is as follows:

	<u>Group</u>	<u>Parent</u>	<u>Group</u>	<u>Parent</u>
	<u>2020</u>	<u>Company</u>	<u>2019</u>	<u>Company</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Movement in expatriate employees' end of service benefits:				
At 1 January	21,921	19,372	17,454	16,417
Recognized during the year	3,661	2,532	4,467	2,955
Payments during the year	(1,962)	-	-	-
At 31 December	23,620	21,904	21,921	19,372

20 Trade and other payables

	<u>Group</u>	<u>Parent</u>	<u>Group</u>	<u>Parent</u>
	<u>2020</u>	<u>Company</u>	<u>2019</u>	<u>Company</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Trade payables	19,869	-	67,488	-
Accrued expenses and other payables	25,582	16,172	39,099	4,868
	45,451	16,172	106,587	4,868

Trade payables are generally settled within 60 to 90 days of the suppliers' invoice date.

21 Term loan

	<u>Group</u>	<u>Parent</u>	<u>Group</u>	<u>Parent</u>
	<u>2020</u>	<u>Company</u>	<u>2019</u>	<u>Company</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Current portion of long-term loan	-	-	1,327	-

This represents loan taken from a commercial bank at 3% per annum payable monthly. The loan was repayable in 84 consecutive monthly installments, the last installment has been paid on September 2020. The loan was secured against the corporate guarantee given by the Parent Company.

22 Revenue from contracts with customers

	<u>Group</u>	<u>Parent</u>	<u>Group</u>	<u>Parent</u>
	<u>2020</u>	<u>Company</u>	<u>2019</u>	<u>Company</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Revenue from clinic services	53,470	-	71,495	-
Revenue from brokerage services	12,694	-	27,629	-
	66,164	-	99,124	-

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

23 Investment income

a) Gains and dividend income

	<u>Group</u>	<u>Parent</u>	<u>Group</u>	<u>Parent</u>
	<u>2020</u>	<u>Company</u>	<u>2019</u>	<u>Company</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Realised gains on sale of financial assets at FVTPL (Note 10)	(9,245)	35,402	10,553	11,019
Dividend and bond interest income	48,532	42,212	71,063	289,375
Realised gain on sale of debt instruments	-	-	26,426	-
	<u>39,287</u>	<u>77,614</u>	<u>108,042</u>	<u>300,394</u>

b) Unrealised (loss) / gain

	<u>Group</u>	<u>Parent</u>	<u>Group</u>	<u>Parent</u>
	<u>2020</u>	<u>Company</u>	<u>2019</u>	<u>Company</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Unrealised fair value loss on financial assets at FVTPL (Note 10)	(180,702)	(165,544)	(460,864)	(321,870)

24 Other income

	<u>Group</u>	<u>Parent</u>	<u>Group</u>	<u>Parent</u>
	<u>2020</u>	<u>Company</u>	<u>2019</u>	<u>Company</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Rental Income	26,323	-	38,360	-
Interest on debt instruments at amortised cost	-	-	1,311	-
Realised gain from investment liquidation	52,276	52,276	-	-
Other income	7,357	6,822	7,619	4,822
	<u>85,956</u>	<u>59,098</u>	<u>47,290</u>	<u>4,822</u>

25 Salaries and other staff related costs

	<u>Group</u>	<u>Parent</u>	<u>Group</u>	<u>Parent</u>
	<u>2020</u>	<u>Company</u>	<u>2019</u>	<u>Company</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Salaries	123,606	49,737	180,026	52,473
Other related staff costs	32,048	13,914	7,187	7,187
	<u>155,654</u>	<u>63,651</u>	<u>187,213</u>	<u>59,660</u>

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

26 Administrative expenses

	<u>Group</u>	<u>Parent</u>	<u>Group</u>	<u>Parent</u>
	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Directors' meeting attendance fees (Note 13)	27,500	27,500	35,700	35,700
Dividend distribution fees	-	-	2,500	2,500
Repairs and maintenance	16,818	1,488	18,857	1,034
Medical supplies	6,412	-	14,660	-
Laboratory expenses	5,087	-	6,774	-
Management fee (Note 12)	15,100	-	12,600	-
Legal and professional fees	11,560	6,550	17,375	11,450
Registration and renewals	11,400	4,000	5,014	3,844
Rent	15,800	4,800	17,900	4,800
Manpower charges and utilities	4,313	2,728	11,194	2,704
Insurance	4,747	835	2,542	1,185
Telephone and postage	5,657	751	1,932	854
Advertisement expenses	781	360	2,726	1,520
Printing and stationery	507	274	698	133
Donation	-	-	400	400
Liquidation Fees	-	-	1,150	-
Project expenses	-	-	1,600	-
Miscellaneous expenses	7,196	3,631	23,061	3,212
	<u>132,878</u>	<u>52,917</u>	<u>176,683</u>	<u>69,336</u>

27 Finance costs

	<u>Group</u>	<u>Parent</u>	<u>Group</u>	<u>Parent</u>
	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Bank charges	668	55	198	198
Interest on bank overdraft	12,937	11,886	15,269	15,269
Interest on long-term loan	-	-	822	-
	<u>13,605</u>	<u>11,941</u>	<u>16,289</u>	<u>15,467</u>

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

28 Income tax

- a) The Group is liable to income tax at the rate of 15% (2019 : 15%), on the taxable income. The charge for the year is analysed as follows:

The tax charge for the year consists of:

	<u>Group</u>	<u>Parent</u>	<u>Group</u>	<u>Parent</u>
	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Current year	1,893	-	6,373	-
Deferred tax liability	84,750	-	-	-
Deferred tax assets	(23,784)	-	(9,756)	-
Prior year tax	799	-	(3,383)	-
	<u>63,658</u>	<u>-</u>	<u>(3,383)</u>	<u>-</u>

- b) The Parent company's tax assessments from the year 2017 and its subsidiaries, Al Batinah Real Estate Development and Investment LLC from the year 2017, Tadawul Financial Services Co. SAOC from the year 2016, Al Dari Special Enterprises from the year 2018 have not been finalized by the income tax authorities and for Al Batinah Shipping, Handling & Customs tax assessment completed till 2018. Directors are of the opinion that the additional taxes, if any, that may become payable on finalization of the pending tax assessments would not be significant to the Group's financial position at 31 December 2020.

- c) Deferred tax assest/liability for the Group is attributable to the following:

	<u>1 January</u>	<u>Recognized in</u>	<u>31</u>
	<u>2020</u>	<u>comprehensiv</u>	<u>December</u>
	<u>RO</u>	<u>income</u>	<u>2020</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>
Deferred tax liability			
Investment property fair value gain	-	84,750	84,750
Deferred tax assets			
Investment property fair value loss	-	23,784	23,784

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

29 Basic earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to Parent Company for the year by the weighted average number of shares outstanding during the year as follows :

	<u>Group</u>	<u>Parent</u>	<u>Group</u>	<u>Parent</u>
	<u>2020</u>	<u>Company</u>	<u>2019</u>	<u>Company</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Net loss attributable to the Parent Company for the year	(254,863)	(606,310)	(616,579)	(239,465)
Weighted average number of ordinary shares	30,000,000	30,000,000	30,000,000	30,000,000
Basic loss per share	(0.008)	(0.020)	(0.021)	(0.008)

As the Group has not issued any dilutive shares, the basic and diluted earnings per share are the same.

30 Net assets per share

Net assets per share is calculated by dividing the net assets at the end of the reporting period by the number of shares outstanding as follows:

	<u>Group</u>	<u>Parent</u>	<u>Group</u>	<u>Parent</u>
	<u>2020</u>	<u>Company</u>	<u>2019</u>	<u>Company</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Net assets attributable to the Parent Company	2,257,893	1,882,111	2,603,160	2,539,275
Number of shares outstanding at 31 December	30,000,000	30,000,000	30,000,000	30,000,000
Net assets per share	0.075	0.063	0.087	0.085

31 Segment reporting

- (i) The Group reports segmental information based on business segment. The Board of Directors has classified the business segments into investment, rental, revenue from clinic service and other income.

	<u>Group</u>	<u>Parent</u>	<u>Group</u>	<u>Parent</u>
	<u>2020</u>	<u>Company</u>	<u>2019</u>	<u>Company</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Investment income	39,287	77,614	108,042	300,394
Revenue from clinic services	53,470	-	71,495	-
Revenue from brokerage services	12,694	-	27,629	-
Rental income	26,323	-	38,360	-
Other income	59,633	59,098	8,930	4,822
	<u>191,407</u>	<u>136,712</u>	<u>254,456</u>	<u>305,216</u>

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

31 Segment reporting (continued)

- ii) The Group reports segmental information based on geographical segments classified into local (i.e. Sultanate of Oman) and foreign.

	<u>Group</u>	<u>Parent</u>	<u>Group</u>	<u>Parent</u>
	<u>2020</u>	<u>Company</u>	<u>2019</u>	<u>Company</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Local - Sultanate of Oman	167,710	119,071	254,456	305,216
Outside the Sultanate of Oman	23,697	17,641	-	-
	<u>191,407</u>	<u>136,712</u>	<u>254,456</u>	<u>305,216</u>

32 Capital risk management

The capital is managed by the Group in a way that it is able to continue to operate as a going concern while maximising returns to the shareholders.

The capital of the Group consists of share capital, reserves and retained earnings. The Group manages its capital by making adjustments in bringing additional capital in light of changes in business conditions.

33 Financial assets and liabilities and risk management

a) Financial assets and liabilities

Financial assets and liabilities carried on the consolidated statement of financial position include financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, cash and bank balances, trade receivables and trade and other payables, due from and to related parties/members. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

b) Risk management

Risk management is carried out by the Finance Department under policies approved by the Board of Directors. The Finance Department identifies, evaluates and hedges financial risks in close co-operation with the Directors. The Group provides principals for overall risk management, as well as policies covering specific areas.

c) Capital management

The primary objective of the management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies and processes during the years ended 31 December 2020 and 2019.

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

33 Financial assets and liabilities and risk management (continued)

(c) Capital management (continued)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade and other payables, long-term loan and due to related parties less cash and bank balances. Capital includes share capital, reserves, retained earnings and investment fair value reserve.

	<u>Group</u>	<u>Parent</u>	<u>Group</u>	<u>Parent</u>
	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Trade and other payables	45,451	16,172	106,587	4,868
Bank overdraft	195,316	195,316	212,151	212,151
Income tax payable	1,893	-	6,373	-
Amounts due to related parties	29,700	377,819	-	260,177
Current portion of long-term loan	-	-	1,327	-
Less : cash and bank balances	(29,652)	(1,302)	(219,981)	(1,165)
Net debt	<u>242,708</u>	<u>588,005</u>	<u>106,457</u>	<u>476,031</u>
Share capital	3,000,000	3,000,000	3,000,000	3,000,000
Legal reserve	332,558	200,478	310,076	200,478
Special reserve	24,541	24,541	24,541	24,541
Accumulated losses	(812,284)	(1,049,130)	(479,841)	(430,354)
Investment fair value reserve	(286,922)	(293,778)	(251,616)	(255,390)
Total capital	<u>2,257,893</u>	<u>1,882,111</u>	<u>2,603,160</u>	<u>2,539,275</u>
Total capital and net debt	<u>2,500,601</u>	<u>2,470,116</u>	<u>2,709,617</u>	<u>3,015,306</u>
Gearing ratio	<u>9.71%</u>	<u>23.80%</u>	<u>3.93%</u>	<u>15.79%</u>

34 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

a) Market risk

i) Foreign exchange risk

Foreign exchange risk is the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

34 Financial risk management (continued)

a) Market risk (continued)

i) Foreign exchange risk (continued)

The majority of the Group's financial assets and financial liabilities are either denominated in RO or currencies fixed against the RO. Hence the management believes that there would not be a material impact on the profitability if these foreign currencies weaken or strengthen against the RO with all other variables held constant.

Management considers that sensitivity analysis is not necessary due to the Group's limited exposure to foreign exchange risk.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

The Group's interest rate risk arises from bank overdraft, long-term loan and debt instrument at amortised cost. The interest rate on those facilities are at commercial rates negotiated with the financial institutions.

The Group is exposed to interest-rate risk as the Group invests and borrows funds at commercial interest rates. Sensitivity analysis of interest rates is as follows: if the interest rates were to be 50 basis points higher or lower with all other variables held constant, the Group's net profit would increase or decrease by RO 977 (2019 : RO 1,067).

iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group is exposed to price risk related to quoted investments held by it and traded in organised financial markets. To manage its price risk arising from investment in equities, the management continuously monitors the market and the key factors that affect the stock market movements.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Group is potentially exposed to credit risk principally on its trade and other receivables, due from related parties/members, and cash and bank balances. The credit risk on trade receivables and related parties is subjected to credit evaluations and a provision is made for estimated irrecoverable amounts. The amounts presented in the consolidated statement of financial position are net of provision for impaired trade receivables. The bank balances are held with a national bank with a good credit rating.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group's management monitors liquidity requirements on a regular basis to help ensure that sufficient funds are available, including unutilised credit facilities with banks, to meet any future commitments. The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecasted and actual cash flows.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

34 Financial risk management (continued)

b) Credit risk (continued)

At the end of the reporting period, the contractual maturity of financial liabilities are less than six months.

c) Liquidity risk

Management monitors liquidity requirements on a regular basis to ensure that sufficient funds are available to meet any future commitments.

Based on the contractual maturity date, the financial liabilities are payable within six months from the end of the reporting period.

35 Fair values of financial instruments

Financial instruments consist of financial assets and liabilities. Financial assets and liabilities carried on the consolidated statement of financial position include financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, cash and bank balances, trade receivables and other financial assets at amortised cost, trade and other payables and due from and to related parties/members. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts.

36 Contingent liabilities

	<u>Group</u>	<u>Parent</u>	<u>Group</u>	<u>Parent</u>
	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Outstanding letters of guarantee	-	-	15,000	15,000
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37 Impact of Covid-19 outbreak

The COVID-19 pandemic outbreak has greatly affected the Company's economic activity and the business during the year 2020. Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the Company may experience comparatively lower results than historical trend.