

DHOFAR INTERNATIONAL DEVELOPMENT AND INVESTMENT COMPANY SAOG AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2025
(Expressed in Omani Rial)

1 Legal status and principal activities

Dhofar International Development and Investment Company SAOG ('the Parent Company') was formed on 9 December 1987 by Ministerial Decree no. 127/87 and is registered in the Sultanate of Oman as a public joint stock company.

The Parent Company's main activity is investment in businesses, marketable securities and promotion of new projects and its shares are listed on the Muscat Stock Exchange. The Parent Company holds investments in subsidiaries and associates, the details of which are set out below:

	<u>Shareholding percentage 2025</u>	<u>Shareholding percentage 2024</u>	<u>Country of incorporation</u>	<u>Principal activities</u>
Subsidiaries				
Dhofar Investment and Real Estate Services Company LLC	99.9%	99.9%	Oman	Investments and real estate related activities
Garden Hotel LLC	99.9%	99.9%	Oman	Hospitality services
Dhofar International Energy Services Company LLC	99%	99%	Oman	Energy related activities
Associates				
Financial Services Company SAOG	46.15%	46.15%	Oman	Brokerage and investment service
Dhofar Insurance Company SAOG	39.18%	38.63%	Oman	Insurance services
Oman Investment and Finance Company SAOG	37.98%	37.98%	Oman	Meter reading, billing, collection, customer services and debt factoring for utility providers
Dhofar Food & Investment Company SAOG	26.75%	26.75%	Oman	Production and selling of dairy products
Salalah Medical Supplies Manufacturing Company LLC	25%	25%	Oman	Manufacture and sale of surgical disposables
Bank Dhofar SAOG	23.29%	24.09%	Oman	Banking services

2 Basis of preparation and adoption of new and amended IFRS Accounting Standards

(a) Basis of measurement

The consolidated and separate financial statements have been prepared on the going concern assumption and historical cost basis, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and investment properties which are measured at their fair values.

The Parent Company prepares consolidated financial statements by applying equity accounting as per IAS 27 - Separate Financial Statements and IAS 28 - Investments in Associates for accounting for its subsidiaries and associates, respectively.

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2 Basis of preparation and adoption of new and amended IFRS Accounting Standards (continued)

(a) Basis of measurement (continued)

IFRS 10 further states that the fair value of the subsidiary at the deemed acquisition date is considered as the deemed consideration when measuring any goodwill or gain from a bargain purchase that arises from the deemed acquisition. The deemed acquisition is considered as a business combination as per IFRS 3 'Business Combinations' and the Parent Company completes the purchase price allocation exercise.

These consolidated and separate financial statements for the period ended 30 June 2025 comprise the Parent Company and its subsidiaries (together "the Group") and the Group's interest in its associates. The separate financial statements represent the financial statements of the Parent Company on a standalone basis. The consolidated and separate financial statements are collectively referred to as "the financial statements".

The Parent Company in its EGM held on 21 June 2023 approved the merger between the Company and 'Oman Investment & Finance Co. SAOG (OIFC)' by incorporation method. The Company decided to allocate additional 86.810 million shares for the shareholders of OIFC at swap ratio of 0.3488 shares in the Parent Company. However, the Financial Services Authority (FSA) through its decision 46/2023 dated 10 July 2023 suspended the implementation of merger due to a lawsuit filed in Primary Court of Appeal. The Court of Appeal on 13 February 2025 rejected the lawsuit against the OIFC. On 29 April 2025, the High Court also dismissed appeal of this lawsuit and FSA approved the merger through its letter dated 17 June 2025.

(b) Functional and presentation currency

The financial statements are presented in Omani Rials ('RO') which is the functional and presentation currency of the Parent Company and the Group. All figures have been rounded off to the nearest RO, unless otherwise stated.

(c) Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), the disclosure requirements of the FSA and the requirements of the Commercial Companies Law and Regulations of the Sultanate Oman.

(d) New standards, amendments and interpretations to existing IFRS Accounting Standards effective 1 January 2025

The Group and the Parent Company has adopted all standards and amendments for the first time for the annual reporting period beginning from 1 January 2025, while has accounted for and disclosed only the relevant and applicable standards and amendments:

Standards/Amendments to Standards		Effective for annual periods beginning on or after
Amendments to IAS 21	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025
Amendments to IFRS 9	Amendments to the Classification and Measurement of Financial Instruments and Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IAS 21	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025

IFRS 16: Lease Liability in a Sale and Leaseback:

On 22 September 2022, the IASB issued amendments to IFRS 16 - Lease Liability in a Sale and Leaseback.

Prior to the amendments, IFRS 16 did not contain specific measurement requirements for lease liabilities that may contain variable lease payments arising in a sale and leaseback transaction. In applying the subsequent measurement requirements of lease liabilities to a sale and leaseback transaction, the amendments require a seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

These amendments had no effect on the consolidated and separate financial statements.

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2 Basis of preparation and adoption of new and amended IFRS Accounting Standards (continued)

(d) New standards, amendments and interpretations to existing IFRS Accounting Standards effective 1 January 2024 (continued)

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants

The IASB issued amendments to IAS 1 in January 2020 Classification of Liabilities as Current or Non-current and subsequently, in October 2022 Non-current Liabilities with Covenants.

The amendments clarify the following:

- An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period.
- If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.
- The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.
- In case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

These amendments had no effect on the consolidated and separate financial statements.

Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements

On 25 May 2023, the IASB issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on characteristics of supplier finance arrangements.

The Group and the Parent Company have carried out an assessment of their contracts and operations and, concluded that, these amendments have had no effect on the consolidated and separate financial statements, regardless of the transition relief provided.

(e) Standards, amendments and interpretations to existing IFRS Accounting Standards that are not yet effective

The forthcoming requirements of new standards and amendments to existing standards are applicable for future reporting periods:

Standards/Amendments to Standards		Effective for annual periods beginning on or after
Amendments to IFRS 9	Amendments to the Classification and Measurement of Financial Instruments and Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

The Group and the Parent Company are currently evaluating the impact of these new standards and amendments to existing standards and does not expect these amendments and standards issued but not yet effective, to have a material impact on the consolidated and separate financial statements, except for IFRS 18.

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the separate and consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorization and sub-totals in the separate and consolidated statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

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3 Material accounting policy information

The material accounting policies applied in the preparation of the financial statements are set out below. These material accounting policies have been consistently applied by the Group and the Parent Company to all the periods presented, unless otherwise stated.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 30 June 2025.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquired entity and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within shareholder's equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. Goodwill is tested annually for impairment.

Inter-company transactions, balances, income and expenses on transactions between the group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as an equity transaction. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in shareholder's equity. Gains or losses on disposals to non-controlling interests are also recorded in shareholder's equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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3 Material accounting policy information (continued)

3.1 Basis of consolidation (continued)

Subsidiaries (continued)

Entities under common control

For the spin - off or acquisition of the entities under common control, the assets and liabilities of the acquired subsidiaries are included in the consolidated financial statements at their book values from the date of change. The subsidiaries are deconsolidated from the date that control ceases.

3.2 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. Any excess over the fair value of net assets acquired in an acquisition is recognised as a 'bargain gain' and included in the profit or loss for the period in which the acquisition is completed.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Consequent to the amendment in IAS 27, the Parent Company has adopted the equity method to account for its investment in associates and subsidiaries for the purpose of its separate financial statements.

3.3 Revenue recognition

- Interest income is recognised on a time proportion basis using the effective interest rate method.

- Dividend income from financial assets at fair value through profit or loss is recognised in the statement of profit or loss as part of dividend income when the Group's right to receive dividend is established.

- Dividend income from financial assets at fair value through other comprehensive income (equity instruments) are recognised in the statement of profit or loss when the Group's right to receive dividend is established.

- Other income is recognised in income when the Group satisfies a performance obligation.

- Revenue for hospitality services for room revenue consists of the services rendered during the period, net of discounts and municipal and tourism taxes, which is recognised on a daily basis over time based on occupancy. Further, food, beverages and other revenues are recognised at a point-in-time as and when goods are supplied or services are rendered.

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3 Material accounting policy information (continued)

3.4 Financial assets

i) Classification

The Group classifies its financial assets in the following categories: amortised cost, fair value through profit or loss ('FVTPL') and fair value through other comprehensive income ('FVOCI'). The classification of debt instruments depends on the group's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

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 will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

A debt instrument is measured at amortised cost if it meets both of the following conditions and it is not designated as FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 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.

The Group measures all its equity investments at fair value. When the Group's management elects 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 profit or loss.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

ii) Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level as this drives the classification of financial assets and liabilities under IFRS 9. Business model reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held to both to collect contractual cash flows and to sell financial assets.

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3 Material accounting policy information (continued)

3.4 Financial assets (continued)

iii) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time - value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets; and
- features that modify consideration of the time - value of money.

iv) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are subsequently measured at fair value.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of profit or loss as part of dividend income when the Group's right to receive dividend is established. Changes in the fair value of monetary and non-monetary securities classified as fair value through other comprehensive income are recognised in other comprehensive income. When equity securities classified as fair value through other comprehensive income are sold, the accumulated fair value adjustments are reclassified within shareholder's equity. Dividends on equity instruments classified as fair value through other comprehensive income are recognised in the statement of profit or loss when the Group's right to receive dividend is established.

v) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group is exposed to credit risk if counterparties fail to make payments as they fall due in respect of bank balances. The Group considers the probability of default upon the initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward - looking information. Examples of indicators include internal credit rating, external credit rating (if applicable) ,etc.

3.5 Property and equipment

Property and equipment is stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. Cost includes any other costs that are directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the item and restoring the site on which they are located.

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3 Material accounting policy information (continued)

3.5 Property and equipment (continued)

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Freehold land is not depreciated as it is deemed to have an infinite life. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	Years
Buildings	25 and 40 years
Motor vehicles	3 years
Furniture, fixtures and equipment	3 - 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written - down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing the proceeds with carrying amount and are recognised in the statement of profit or loss.

3.6 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

All investments in properties are initially recognised at cost, being the fair value of the consideration given including acquisition charges associated with the investment. Subsequent to initial recognition, these properties are revalued to their fair values on an annual basis and any increase or decrease in the fair values is reflected in the statement of profit or loss.

3.7 Goodwill

Goodwill arises on the acquisition of subsidiaries and associates and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating unit's (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value-in-use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

3.8 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready to use - are not subject to amortization or depreciation and are tested annually for impairment. Assets that are subject to amortization or depreciation are reviewed 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 carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest and levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3.9 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities up to three months or less. The cash flow statement has been prepared using direct method as per IAS 7 'Statement of Cash Flows'.

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3 Material accounting policy information (continued)

3.10 Payables and accruals

Liabilities are recognised for amounts to be paid for goods and services received, whether or not billed to the Group. They are recognised initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

3.11 Bank borrowings

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

3.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.13 Employee benefits

End of service benefits are 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 as amended and in accordance with IAS 19, 'Employee Benefits'. Employee entitlements to annual leave and leave passage are recognised when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the reporting date. The accruals relating to annual leave, leave passage and end-of-service benefits are included in liabilities. Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the Social Protection Law Circular no. 52/2023 are recognised as an expense in the statement of profit or loss as incurred.

3.14 Current and deferred income tax

The tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affect neither the accounting nor taxable profits, and difference relating to subsidiaries and jointly controlled entities to the extent that they probably will not reverse in foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.15 Provisions

A provision is recognised in the statement of financial position when the Group has a present (legal or constructive) obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time-value of money and, where appropriate, the risks specific to the liability.

3.16 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive, Nomination and Remuneration Committee (Executive Committee) that makes strategic decisions.

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3 Material accounting policy information (continued)

3.17 Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Omani Rial', which is the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

3.18 Directors' remuneration

The Parent Company follows the Commercial Companies Law and Regulations of the Sultanate of Oman, and other relevant directives issued by the FSA, about determination of the amount to be paid as Directors' remuneration and meeting attendance fees. Directors' remuneration and meeting attendance fees are charged to the separate and consolidated statement of profit or loss and other comprehensive income in the year to which they relate.

The Annual General Meeting shall determine and approve the remuneration and the sitting fees for the Board of Directors and its sub-committees from the net profits after deduction of taxes, legal and optional reserves and the funds allocated for capitalisation and dividends provided that such fees shall not exceed RO 300,000 if the net profit is equal to or exceeding the profit realised in the previous financial year and has no accumulated losses or losses in the share capital or shall not exceed RO 150,000 if the realised net profit is less than the profit realised in the previous financial year and no losses in the share capital. The sitting fees for each Director shall not exceed RO 10,000 in one year.

3.19 Dividend distribution

Dividends are recommended by the Board after considering the net profit available for distribution and the Group's future cash requirements and are subject to approval by the shareholders at the Annual General Meeting. Dividends are recognised as a liability in the financial statements in the period in which they are approved by the shareholders.

4 Critical accounting estimates and judgments

Estimates and judgments are evaluated regularly and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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.

4.1 Fair value of financial instruments

The fair value of financial instruments which are unquoted and those quoted which are not traded in an active market (for example, unlisted securities) is determined by valuation techniques. Management uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the reporting date. For details of the key assumptions used and the impact of changes to these assumptions refer note 31.

4.2 Impairment of investment in equity accounted investees and subsidiaries

The Group reviews its investment in equity accounted investees and subsidiaries periodically and evaluates them for objective evidence of impairment. Objective evidence includes the performance of equity accounted investees and subsidiaries, the future business model, local economic conditions and other relevant factors. Based on the objective evidences, the Group determines the need for impairment loss on investment in equity accounted investees and subsidiaries.

4.3 Impairment of goodwill

The Group tests annually whether goodwill is impaired, considering projected cashflows, terminal growth rate and discount factors. The recoverable amount of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

4.4 Allowance for expected credit losses

Assessment whether credit risk on the financial assets has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of expected credit losses.

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4 Critical accounting estimates and judgments (continued)

4.5 Taxation

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of the existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to the assumptions, could necessitate future adjustments to taxable income and expenses already recorded. The Group and the Parent Company establishes provisions, based on reasonable estimates, for possible consequences of finalization of tax assessments of the Group and the Parent Company. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible Tax Authority.

4.6 Going Concern

The management of the Group and the Parent Company reviews the consolidated and separate financial position on a periodical basis and assesses the requirement of any additional funding to meet the working capital requirements and estimated funds required to meet the liabilities as and when they become due.

4.7 Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

4.8 Fair value estimation

The valuation techniques for unquoted equity investments make use of estimates such as future cash flows, discount factors, yield curves, current market prices adjusted for market, credit and model risks and related costs and other valuation techniques commonly used by market participants where appropriate.

4.9 Impairment of non - financial assets

Impairment exists when the carrying value of an asset or Cash Generating Unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. The fair value less costs of disposal calculation is based on available data from sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value-in-use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

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5 Dividend income

	<u>Group</u> <u>2025</u>	<u>Parent</u> <u>Company</u> <u>2025</u>	<u>Group</u> <u>2024</u>	<u>Parent</u> <u>Company</u> <u>2024</u>
From financial assets at fair value through profit or loss	<u>1,030,480</u>	<u>1,018,808</u>	<u>1,139,146</u>	<u>1,078,131</u>

6 Income of a subsidiary

The subsidiary has discontinued its operations in the year 2023 and has rented the property on lease from the year 2024. Rental income earned during the period amounted to RO 60,000.

7 Realised and unrealised gain/(loss) on financial assets

a) Realised gain/(loss) on sale of financial assets

	<u>Group</u> <u>2025</u>	<u>Parent</u> <u>Company</u> <u>2025</u>	<u>Group</u> <u>2024</u>	<u>Parent</u> <u>Company</u> <u>2024</u>
From investment in equities [note 12(a)]	4,800	4,800	(39,680)	(776)
From investment in associates [note 14(a)]	(1,020,541)	(1,020,541)	-	-
	<u>(1,015,741)</u>	<u>(1,015,741)</u>	<u>(39,680)</u>	<u>(776)</u>

b) Unrealised fair value gain/(loss) on financial assets at fair value through profit or loss:

	<u>Group</u> <u>2025</u>	<u>Parent</u> <u>Company</u> <u>2025</u>	<u>Group</u> <u>2024</u>	<u>Parent</u> <u>Company</u> <u>2024</u>
Investment in equities through FVTPL[note 12(a)]	1,088,127	1,104,995	(735,356)	(708,639)
	<u>1,088,127</u>	<u>1,104,995</u>	<u>(735,356)</u>	<u>(708,639)</u>

c) Other income:

The other income at Group includes additional receipts of RO 303,831 (2024: RO 99,165) from Pound Capital which represents sixth and seventh earn out and release to escrow 1 resulting from the successful resolution of the anti-dumping cases regarding PET sheet sales in the USA by Octal Holding UK. Being the former shareholder of Octal, these proceeds are being transferred to the Group based on the share purchase agreement. The Group is expected to receive further earn-outs as and when the other anti-dumping cases are concluded in the future.

8 Administrative and general expenses

	<u>Group</u> <u>2024</u>	<u>Parent</u> <u>Company</u> <u>2025</u> <u>2024</u>	<u>Group</u> <u>2024</u>	<u>Parent</u> <u>Company</u> <u>2025</u> <u>2024</u>
Staff related costs [see Note 8(a)]	898,039	777,178	808,211	699,265
Directors' remuneration and sitting fees [note 28(c)]	36,000	27,000	33,000	24,000
Occupancy and office related costs	67,730	62,064	70,275	51,889
Miscellaneous expenses	153,073	131,571	38,672	60,597
	<u>1,154,842</u>	<u>997,813</u>	<u>950,158</u>	<u>835,751</u>

	<u>Group</u> <u>2025</u>	<u>Parent</u> <u>Company</u> <u>2025</u> <u>2024</u>	<u>Group</u> <u>2024</u>	<u>Parent</u> <u>Company</u> <u>2025</u> <u>2024</u>
a) Staff related costs				
Salaries and allowances	545,360	469,034	528,508	441,790
Other benefits	296,704	263,385	233,054	220,296
Social security costs	33,573	23,916	31,803	22,334
End-of-service benefits [note 24(a)]	22,402	20,843	14,846	14,845
	<u>898,039</u>	<u>777,178</u>	<u>808,211</u>	<u>699,265</u>

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9 Taxation

The Group is liable to pay income tax at the rate of 15% (2024: 15%) of taxable income in accordance with the Income Tax Law of the Sultanate of Oman.

	<u>Group</u> <u>2025</u>	<u>Parent</u> <u>Company</u> <u>2025</u>	<u>Group</u> <u>2024</u>	<u>Parent</u> <u>Company</u> <u>2024</u>
Consolidated and separate statement of profit or loss:				
Income tax - current period	40,035	-	9,400	-
Income tax-prior years	-	-	109,419	106,901
	<u>40,035</u>	<u>-</u>	<u>118,819</u>	<u>106,901</u>

The Parent Company's income tax assessments for the years up to 2022 have been finalised by the Tax Authority. Further, the tax assessments for subsidiaries, Dhofar investment and Real Estate Company LLC, Dhofar International Energy Services Company LLC and Garden Hotel LLC have been finalised for the years up to 2021, 2019 and 2020, respectively, by the Tax Authority. The management believes that additional tax liability, if any, that may arise on the completion of the assessments for the open tax years for the Parent Company and the subsidiaries will not be material to the financial position of the Group at the end of the reporting period. The reconciliation of taxation on the accounting profit for the year at 15% taxation charge in the financial statements is as follows:

	<u>Parent</u> <u>Company</u> <u>2025</u>	<u>Parent</u> <u>Company</u> <u>2024</u>
Accounting profit before tax	5,406,390	3,901,067
Tax rate	15%	15%
Tax on accounting profit	810,958	585,160
Add/(less) tax effect of:		
Tax exempt revenue	(1,341,291)	(1,101,981)
Tax on disallowed expenses	509,854	554,691
Tax related to prior year	106,901	-
Others	(100,964)	(37,870)
At 30 June	<u>-</u>	<u>-</u>

For the period ended 30 June 2025, and the comparative period 2024, the Group and the Parent Company has determined that the impact of deferred income taxes is immaterial to the financial statements. This assessment is based on the investment in the local entities from whom the income is exempt.

10 Cash and bank balances

	<u>Group</u> <u>2025</u>	<u>Parent</u> <u>Company</u> <u>2025</u>	<u>Group</u> <u>2024</u>	<u>Parent</u> <u>Company</u> <u>2024</u>
Current accounts	3,363,301	3,352,088	406,477	354,283
Call deposits	272,066	188	245,619	188
Cash on hand	1,000	1,000	1,488	1,000
	<u>3,636,367</u>	<u>3,353,276</u>	<u>653,584</u>	<u>355,471</u>

Call deposits with a local bank (associate) earns interest at the rate of 0.8% per annum (2024: 0.8% per annum).

11 Receivables and prepayments

	<u>Group</u> <u>2025</u>	<u>Parent</u> <u>Company</u> <u>2025</u>	<u>Group</u> <u>2024</u>	<u>Parent</u> <u>Company</u> <u>2024</u>
Receivable, prepayments and deposits	432,909	98,398	498,470	103,770
Accrued income	31,237	-	137,614	-
Due from related parties [note 28(d)]	-	-	-	-
Due from associates [note 28(d)]	321,094	321,089	142,812	142,812
Due from subsidiaries [note 28(d)]	-	8,863,560	-	6,061,953
	<u>785,240</u>	<u>9,283,047</u>	<u>778,896</u>	<u>6,308,535</u>

Receivables and prepayments are due within one year.

DHOFAR INTERNATIONAL DEVELOPMENT AND INVESTMENT COMPANY SAOG AND ITS SUBSIDIARIES
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12 Investment in equities at fair value through profit or loss

	<u>Group</u> <u>2025</u>	<u>Parent</u> <u>Company</u> <u>2025</u>	<u>Group</u> <u>2024</u>	<u>Parent</u> <u>Company</u> <u>2024</u>
Quoted securities				
Banking and investment sector	14,359,640	14,090,992	14,208,084	13,946,258
Services sector	4,842,255	4,842,255	4,910,797	4,910,797
Industrial sector	433,715	429,439	573,426	568,690
	<u>19,635,610</u>	<u>19,362,686</u>	<u>19,692,307</u>	<u>19,425,745</u>
Unquoted securities and sub-ordinated advances				
	<u>Group</u> <u>2025</u>	<u>Parent</u> <u>Company</u> <u>2025</u>	<u>Group</u> <u>2024</u>	<u>Parent</u> <u>Company</u> <u>2024</u>
Local	<u>20,014,802</u>	<u>5,373,693</u>	<u>17,950,699</u>	<u>3,681,854</u>
Total	<u>39,650,412</u>	<u>24,736,379</u>	<u>37,643,006</u>	<u>23,107,599</u>

a) Movement in equity investments at fair value through profit or loss is as follows:

	<u>Group</u> <u>2025</u>	<u>Parent</u> <u>Company</u> <u>2025</u>	<u>Group</u> <u>2024</u>	<u>Parent</u> <u>Company</u> <u>2024</u>
At 1 January	38,513,406	23,804,639	39,285,647	23,978,723
Sales proceeds during the period	(178,055)	(178,055)	(1,068,106)	(261,709)
Additions during the period	-	-	200,500	100,000
Interest receivable capitalised	221,540	-	-	-
Realised gain during the period [Note 7(a)]	4,800	4,800	(39,679)	(776)
Unrealised gain/(loss) during the period [Note 7(b)]	<u>1,088,721</u>	<u>1,104,995</u>	<u>(735,356)</u>	<u>(708,639)</u>
	<u>39,650,412</u>	<u>24,736,379</u>	<u>37,643,006</u>	<u>23,107,599</u>

b) Quoted securities are investments listed on the Muscat Stock Exchange.

c) Investment in equities with a fair value of RO 18,449,601 (2024: RO 17,740,595) are pledged as security against credit facilities obtained from commercial banks (note 25).

d) Details of investments in securities where the Group holds in excess of 10% of the investee company's share capital as at 30 June are set out below:

2025	<u>Holding</u> <u>%</u>	<u>No. of</u> <u>securities</u>	<u>Fair value</u>	<u>Cost</u>
Dhofar University SAOC	19	1,518,031	4,509,486	1,518,031
National Packaging Factory LLC	15	81,000	81,000	40,500
2024				
Dhofar University SAOC	19	1,518,031	2,973,815	1,518,031
National Packaging Factory LLC	15	81,000	81,000	40,500

13 Investment in subsidiaries

a) The movement of investment in subsidiaries is as follows:

	<u>Parent</u> <u>Company</u> <u>2025</u>	<u>Parent</u> <u>Company</u> <u>2024</u>
At 1 January	1,077,819	1,104,534
Share of loss for the period	(360,307)	(644,456)
Share of other comprehensive income/(loss) for the period	(181,992)	480,038
Dividend received from subsidiaries	-	(249,750)
At 30 June	<u>535,520</u>	<u>690,366</u>

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13 Investment in subsidiaries (continued)

- b) Dhofar Investment and Real Estate Services Company LLC (subsidiary) is an unquoted company registered in the Sultanate of Oman and engaged in investments and real estate related activities. The Parent Company holds 99.9% equity interest and the balance 0.1% is held by Dhofar International Energy Services Company LLC (subsidiary).
- c) Garden Hotel LLC (subsidiary) is an unquoted company registered in the Sultanate of Oman and engaged in providing hospitality services. The operations of the subsidiary has discontinued during the year 2023 and the hotel has been leased out to the third party. The Parent Company holds 99.9% of the equity interest and the balance 0.1% is held by Dhofar Investment and Real Estate Services Company LLC.
- d) Dhofar International Energy Services Company LLC (subsidiary) is an unquoted company registered in the Sultanate of Oman and engaged in production and distribution of energy. The Parent Company holds 99% equity interest and the balance 1% is held by Dhofar Investment and Real Estate Services Company LLC.
- e) The Parent Company receives income in the form of dividends from its investments in subsidiaries, and there are no restrictions on the transfer of funds from these subsidiaries to the Parent Company.
- f) The Parent Company is committed to providing either financial or other support to its subsidiaries.
- g) The management has tested the investment in subsidiaries for impairment in accordance with IAS 36 "Impairment of Assets" and, has concluded that, there is no impairment losses at 31 December 2024, since the estimated recoverable amounts of these investments is higher than their carrying values.
- h) Investment in subsidiaries is accounted for under the equity method in the Parent Company's separate financial statements using the information derived from the un-audited financial statements of these subsidiaries for the period ended 30 June 2025.

14 Investment in associates

- a) The movement of investment in associates is as follows:

	<u>Group and Parent 2025</u>	<u>Group and Parent 2024</u>
At 1 January	179,940,978	175,557,790
Conversion/redemption of Dhofar Insurance Company bonds into shares	549,800	549,800
Sale and conversion of shares of an associate	(3,949,800)	(549,800)
Realised gain /(loss) on sale of shares of an associate [Note 7(a)]	(1,020,541)	-
Share of profit for the period	8,194,187	7,622,281
Share of other comprehensive income for the period	(533,804)	(686,427)
Dividend received during the period	(5,845,481)	(6,596,098)
Share of interest on Tier 1 Capital Securities	<u>(1,226,579)</u>	<u>(1,279,555)</u>
At 30 June	<u>176,108,760</u>	<u>174,617,992</u>

- b) Investments in associates represent direct holding in the following:

30 June 2025	<u>Symbol</u>	<u>Holding %</u>	<u>Equity accounted value</u>	<u>Market value of listed companies</u>
Group				
Bank Dhofar SAOG	BKD	23.29	135,367,555	91,321,535
Oman Investment and Finance Company SAOG	OIFC	37.98	14,156,207	6,804,000
Dhofar Insurance Company SAOG (equity shares)	DICS	39.18	16,303,307	8,979,787
Dhofar Insurance Company SAOG (bonds)	DICS - Bonds	54.98	-	-
Financial Services Company SAOG	FSC	46.15	1,372,502	1,449,231
Salalah Medical Supplies Manufacturing Co. LLC	SMSM	25.00	1,524,187	N/A
Dhofar Food & Investment Co. SAOG	DFIN	26.75	7,385,003	3,700,765
			<u>176,108,760</u>	<u>112,255,318</u>

Dhofar International Development And Investment Company SAOG and Its Subsidiaries
Notes to the consolidated and separate financial statements for the period ended 30 June 2025
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14 Investment in associates (continued)

30 June 2024			Equity	Market value
Group	<u>Symbol</u>	<u>Holding</u>	<u>accounted</u>	<u>of listed</u>
		<u>%</u>	<u>value</u>	<u>companies</u>
Bank Dhofar SAOG	BKD	24.09	136,844,169	119,090,003
Oman Investment and Finance Company SAOG	OIFC	37.98	12,355,714	8,032,500
Dhofar Insurance Company SAOG (equity shares)	DICS	38.67	14,830,087	9,113,292
Dhofar Insurance Company SAOG (bonds)	DICS-Bonds	54.98	549,800	549,800
Financial Services Company SAOG	FSC	46.15	1,420,229	1,643,077
Salalah Medical Supplies Manufacturing Co. LLC	SMSM	25.00	1,817,146	N/A
Dhofar Food & Investment Co. SAOG	DFIN	26.75	6,800,847	4,335,182
			<u>174,617,992</u>	<u>142,763,854</u>

- c) Certain shares in associates with a fair value of RO 97,783,810 (2024: RO 122,900,615) are pledged as, securities against credit facilities obtained from commercial banks by the Parent Company (note 25).
- d) Investment in bonds issued by Dhofar Insurance Company SAOG carries interest rate at 6% per annum payable on an annual basis which have fully converted into shares as of 30 June 2025.
- e) The management has tested the investments in associates (including the related goodwill) for impairment in accordance with IAS 36 "Impairment of Assets" and, has concluded that, there is no impairment losses at 31 December 2024, since the estimated recoverable amounts of these investments is higher than their carrying values.
- f) The Parent Company in its EGM held on 21 June 2023 approved the merger between the Company and 'Oman Investment & Finance Co. SAOG (OIFC)' by incorporation method. The Company decided to allocate additional 86.810 million shares for the shareholders of OIFC at swap ratio of 0.3488 shares in the Parent Company. However, the Financial Services Authority (FSA) through its decision 46/2023 dated 10 July 2023 suspended the implementation of merger due to a lawsuit filed in Primary Court of Appeal. The Court of Appeal on 13 February 2025 rejected the lawsuit against the OIFC and FSA approved for the merger. On 29 April 2025, the High Court also dismissed appeal of this lawsuit.
- g) Following is the summarised financial information for investment in associates derived from audited/un-audited financial statements of the associates prepared as at, and for the period ended, 30 June 2025, unless otherwise mentioned;

Dhofar International Development And Investment Company SAOG and Its Subsidiaries
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14 Investment in associates (continued)
Summarised statement of financial position

Amount in RO' 000

	BKD	OIFC	DICS	FSC	SMSM	DFIN	Total
	<u>2025</u>	<u>2025</u>	<u>2025</u>	<u>2025</u>	<u>2025</u>	<u>2025</u>	<u>2025</u>
Assets							
Cash and bank balances	80,434	8,810	9,195	1,701	2	2,167	102,308
Investments	672,093	149,699	121,098	5,317	121	13,495	961,822
Other assets	4,571,528	8,810	2,117	25	13,859	64,747	4,661,086
	<u>5,324,055</u>	<u>167,319</u>	<u>132,410</u>	<u>7,042</u>	<u>13,982</u>	<u>80,409</u>	<u>5,725,216</u>
Liabilities							
Financial liabilities	4,459,844	129,187	90,060	4,061	9,107	40,258	4,732,517
Other liabilities	127,435	79	735	7	2	1,470	129,729
	<u>4,587,279</u>	<u>129,266</u>	<u>90,795</u>	<u>4,069</u>	<u>9,109</u>	<u>41,728</u>	<u>4,862,246</u>
Adjustment in net assets	(155,500)	(560)	-	-	-	(11,067)	(167,127)
Net assets	<u>581,276</u>	<u>37,493</u>	<u>41,614</u>	<u>2,974</u>	<u>4,873</u>	<u>27,613</u>	<u>695,843</u>

Summarised statement of profit or loss and other comprehensive income

Amount in RO' 000

	BKD	OIFC	DICS	FSC	SMSM	DFIN	Total
	<u>2025</u>	<u>2025</u>	<u>2025</u>	<u>2025</u>	<u>2025</u>	<u>2025</u>	<u>2025</u>
Net revenue	65,006	7,277	24,388	189	1,895	52,578	151,334
Investment and other income	19,451	467	2,031	99	-	208	22,256
Expenses	(56,880)	(4,863)	(23,430)	(255)	(1,800)	(52,274)	(139,501)
Profit before tax	<u>27,577</u>	<u>2,882</u>	<u>2,989</u>	<u>(34)</u>	<u>95</u>	<u>512</u>	<u>34,088</u>
Income tax	(3,912)	-	(380)	(0)	-	(179)	(4,472)
Net profit after tax	<u>23,665</u>	<u>2,882</u>	<u>2,609</u>	<u>(34)</u>	<u>95</u>	<u>333</u>	<u>29,617</u>
Other comprehensive income	(2,427)	54	435	-	-	(596)	(2,534)
Total comprehensive income	<u>21,238</u>	<u>2,936</u>	<u>3,044</u>	<u>(34)</u>	<u>95</u>	<u>(263)</u>	<u>27,083</u>
Dividend received	<u>4,719</u>	<u>473</u>	<u>654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,845</u>

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14 Investment in associates (continued)

Amount in RO' 000

Reconciliation of summarised financial information

	<u>BKD</u> <u>2025</u>	<u>OIFC</u> <u>2025</u>	<u>DICS</u> <u>2025</u>	<u>FSC</u> <u>2025</u>	<u>SMSM</u> <u>2025</u>	<u>DFIN</u> <u>2025</u>	<u>Total</u> <u>2025</u>
Opening net assets (after restatement if any) including property revaluation and other adjustments	740,431	36,203	39,262	3,008	4,791	38,712	862,407
Net profit for the period	23,665	2,882	2,609	(34)	95	333	29,549
Other comprehensive income/(loss) for the period	(2,427)	54	435	-	-	(596)	(2,534)
Dividend	(19,626)	(1,244)	(1,690)	-	-	-	(22,561)
Proceeds Tier1 + Issuance + prior periods	(5,267)	(57)	1,000	-	-	231	(4,092)
Closing net assets at 31 March	736,776	37,838	41,616	2,974	4,886	38,680	862,770
Property revaluation and other adjustments	(155,500)	(560)	-	-	(13)	(11,067)	(167,141)
Adjusted closing net assets at 31 March including property revaluation and other adjustments	581,276	37,278	41,616	2,974	4,872	27,613	695,629
Interest in associates	23.29%	37.98%	39.18%	46.15%	25.00%	26.75%	
Share in closing net assets	135,368	14,156	16,303	1,373	1,218	7,385	175,803
Goodwill	-	-	-	-	306	-	306
Carrying value of associates	135,368	14,156	16,303	1,373	1,524	7,385	176,109
Dhofar Insurance Company - bonds							-
Carrying value of total investment in associates							176,109

2024

Amount in RO' 000

Summarised statement of financial position

	<u>BKD</u> <u>2024</u>	<u>OIFC</u> <u>2024</u>	<u>DICS</u> <u>2024</u>	<u>OGFC</u> <u>2024</u>	<u>FSC</u> <u>2024</u>	<u>SMSM</u> <u>2024</u>	<u>DFIN</u> <u>2024</u>	<u>Total</u> <u>2024</u>
Assets								
Cash and bank balances	151,782	3,089	6,699	-	290	2	4,454	166,316
Investments	533,399	122,039	70,081	-	5,087	-	14,741	745,347
Other assets	4,155,853	12,429	46,528	-	21	14,212	75,161	4,304,204
	4,841,034	137,557	123,308	-	5,398	14,214	94,356	5,215,867
Liabilities								
Financial liabilities	4,103,228	106,148	83,212	-	2,313	8,574	31,322	4,334,797
Other liabilities	14,205	557	1,748	-	8	92	22,143	38,753
	4,117,433	106,705	84,960	-	2,321	8,666	53,465	4,373,550
Adjustment in net assets	(155,500)	(526)	-	-	-	-	(14,172)	(170,198)
Net assets	568,101	30,326	38,348	-	3,077	5,548	26,719	672,119

Dhofar International Development And Investment Company SAOG and Its Subsidiaries
Notes to the consolidated and separate financial statements for the period ended 30 June 2025
(Expressed in Omani Rial)

14 Investment in associates (continued)

Amount in RO' 000

Summarised statement of profit or loss and other comprehensive income

	BKD 2024	OIFC 2024	DICS 2024	OGFC 2024	FSC 2024	SMSM 2024	DFIN 2024	Total 2024
Net revenue	97,531	3,945	1,803	-	196	4,249	22,198	129,922
Investment and other income	1,870	49	1,361	-	69	-	476	3,825
Expenses	(73,938)	(1,473)	(379)	-	(256)	(3,418)	(22,680)	(102,144)
Profit before tax	25,463	2,521	2,785	-	9	831	(6)	31,603
Income tax	(3,345)	(2)	(390)	-	-	-	-	(3,737)
Net profit after tax	22,118	2,519	2,395	-	9	831	(6)	27,866
Other comprehensive income	(2,937)	375	(37)	-	-	-	(700)	(3,299)
Total comprehensive income	19,181	2,894	2,358	-	9	831	(706)	24,567
Dividend received	5,594	378	624	-	-	191	-	6,787

[illegible]

DHOFAR INTERNATIONAL DEVELOPMENT AND INVESTMENT COMPANY SAOG AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
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15 Term deposits

	<u>Group</u> <u>2025</u>	<u>Parent</u> <u>Company</u> <u>2025</u>	<u>Group</u> <u>2024</u>	<u>Parent</u> <u>Company</u> <u>2024</u>
Term deposit	-	-	730,000	730,000

The term deposit of RO 730,000 was placed with First Abu Dhabi Bank for a period of one year and carried interest at the rate of 3% per annum payable by the bank at maturity. This term deposit matured on 15 October 2024 and was redeemed.

16 Financial assets at fair value through other comprehensive income

	<u>Group</u> <u>2025</u>	<u>Group</u> <u>2024</u>
Quoted securities		
Quoted local	746,726	973,411
Unquoted local	590,130	414,450
	<u>1,336,856</u>	<u>1,387,861</u>

a) Movement in financial assets at fair value through other comprehensive income is as follows:

	<u>Group</u> <u>2025</u>	<u>Group</u> <u>2024</u>
At 1 January	1,518,848	907,823
Fair value change	(181,992)	480,038
At 30 June	<u>1,336,856</u>	<u>1,387,861</u>

b) Quoted securities are listed on the Muscat Stock Exchange and fair values are based on level 1 inputs for fair value measurement. Fair values of unquoted securities is based on level 3 inputs for fair value measurement that are based on non-observable data.

	<u>Parent</u> <u>Company</u> <u>2024</u>	<u>Parent</u> <u>Company</u> <u>2023</u>
17 Loan to a subsidiary		
At 1 January	3,600,000	4,950,000
Less: loan repaid during the year	-	-
Less: conversion of loan into equity investment [Note 13(a)]	-	-
At 30 June	<u>3,600,000</u>	<u>4,950,000</u>

The Parent Company has provided an un-secured term-loan of RO 3.6 million (2024: RO 4.950 million) to Garden Hotel LLC, which carries interest at the rate of 6.25% per annum. (2024: 6.55% per annum). The major portion of loan is repayable in the year 2025. On 11 November 2024, the Board of Directors of the Parent Company resolved to convert the loan of RO 1 million to share capital as disclosed in Note 13.

18 Investment properties

Parent Company

The Parent Company owns an investment property (i.e., land) located in Salalah, with a carrying amount of RO 247,212 (2024: RO 247,212). The property is held for capital appreciation and is measured under the fair value model in accordance with IAS 40 - Investment Property. The fair value of the property, as determined by a registered independent property valuer as of 31 December 2024, was RO 250,000. The management is of the view that there no significant change in fair value as of 30 June 2025.

Group

Fair value	<u>Freehold Land</u>	<u>Building</u>	<u>Total</u>
At 31 December 2024	2,447,212	3,710,699	6,157,911
At 1 January 2025	2,447,212	3,710,699	6,157,911
Transferred from property and equipment (Note 19)	-	-	-
At 30 June 2025	<u>2,447,212</u>	<u>3,710,699</u>	<u>6,157,911</u>
Accumulated depreciation			
At 31 December 2024	-	1,458,788	1,458,788
At 1 January 2025	-	1,458,788	1,458,788
Transferred from property and equipment (Note 19)	-	-	-
Charge for the period	-	46,431	46,431
At 30 June 2025	<u>-</u>	<u>1,505,219</u>	<u>1,505,218</u>
Net book value			
At 30 June 2025	<u>2,447,212</u>	<u>2,205,480</u>	<u>4,652,692</u>

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18 Investment properties (continued)

At the beginning of 2024, a subsidiary reclassified land and buildings to investment property under IAS 40. This decision to reclassify property and equipment was based on a change in management's intention. The property is now held to earn rental income by leasing the building along with the equipment. The carrying amount of the freehold land and building reclassified as investment property at the date of reclassification, was RO 4,544,772.

The fair value of the land and building valued by an independent valuer on 26 February 2025 was RO 4.1 million. Management has not recognised the change in fair value of RO 0.351 million as it is not considered significant.

19 Property and equipment

Group	Freehold Land	Buildings	Motor vehicles	Furniture fixtures and equipment	Total
Cost					
At 1 January 2024	2,397,010	4,865,895	162,840	1,980,508	9,406,253
Additions	-	-	-	2,093	2,093
Disposals	-	-	-	-	-
At 30 June 2024	2,397,010	4,865,895	162,840	1,982,601	9,408,346
At 1 January 2025	197,010	1,155,196	162,840	1,985,324	3,500,370
Transferred to investment property (Note 18)	-	-	-	-	-
Additions	-	-	-	971	971
At 30 June 2025	197,010	1,155,196	162,840	1,986,295	3,501,341
Accumulated depreciation					
At 1 January 2024	-	2,246,962	125,774	1,970,187	4,342,923
Charge for the period	-	64,175	8,300	2,106	74,581
Related to disposals	-	-	-	-	-
At 30 June 2024	-	2,311,137	134,074	1,972,293	4,417,504
At 1 January 2025	-	911,503	142,373	1,974,216	3,028,092
Charge for the period	-	12,725	8,300	1,800	22,825
At 30 June 2025	-	924,228	150,673	1,976,016	3,050,916
Net book value					
At 30 June 2025	197,010	230,968	12,167	10,278	450,424
At 30 June 2024	2,397,010	2,554,758	28,766	10,308	4,990,842
Parent Company					
	Freehold land	Buildings	Motor vehicles	Furniture fixtures and equipment	Total
Cost					
At 1 January 2024	197,010	1,155,196	93,801	192,663	1,638,670
Additions	-	-	-	2,093	2,093
Disposals	-	-	-	-	-
At 30 June 2024	197,010	1,155,196	93,801	194,756	1,640,763
At 1 January 2025	197,010	1,155,196	93,801	197,479	1,643,486
Additions	-	-	-	971	971
At 30 June 2025	197,010	1,155,196	93,801	198,450	1,644,457
Accumulated depreciation					
At 1 January 2024	-	881,035	56,735	182,340	1,120,110
Charge for the period	-	17,743	8,300	2,106	28,149
Related to disposals	-	-	-	-	-
At 30 June 2024	-	898,778	65,035	184,446	1,148,259
	Freehold land	Building	Motor vehicles	Furniture, fixtures and equipment	Total
At 1 January 2025	-	911,503	73,335	186,370	1,171,209
Charge for the period	-	12,725	8,300	1,800	22,825
At 30 June 2025	-	924,228	81,635	188,170	1,194,034
At 30 June 2025	197,010	230,968	12,166	10,280	450,423
At 30 June 2024	197,010	256,418	28,766	10,310	492,503

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20 Share capital

The Parent Company's authorised, issued and fully paid-up share capital is as follows:

	<u>Authorised</u>		<u>Issued and fully paid - up</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Share capital	75,000,000	75,000,000	54,472,000	54,472,000

The issued share capital comprises of 409.246 million shares (2024: 409.246 million shares). At 30 June 2025, Muscat Overseas Company LLC held 21.97% (2024: 21.97%) and Abdul Hafidh Salim Rajab Al Aujaili held 19.53% (2024: 19.53%) of the share capital of the Parent Company. The Parent Company in its Annual General Meeting held on 30 March 2024 approved a dividend of 2.50 baizas per share (RO 1,023,116) for the year ended 31 December 2023, which was paid in June 2024.

In the Annual General Meeting of the Parent Company held on 31 March 2021, the shareholders approved increasing the authorised capital of the Parent Company from RO 50 million to RO 75 million and the paid-up share capital from RO 25.872 million to not more than RO 55 million. The Parent Company completed its rights issue of RO 28.60 million comprising of 150,526,316 shares issued at 190 baizas per share in July 2021. This has resulted an increase in the paid-up share capital of the Parent Company to RO 54.472 million comprising of 409,246,316 shares.

21 Legal reserve

In accordance with the provisions of the Commercial Companies Law and Regulations of the Sultanate of Oman, an amount equivalent to 10% of the individual companies (Parent Company and subsidiaries) 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.

22 General reserve

In accordance with Article 133 of the Commercial Companies Law of Sultanate of Oman, a company may establish optional reserve accounts which shall not exceed twenty percent (20%) of the net profits for each financial year, after deduction of taxes and the legal reserve. The ordinary general meeting may resolve to distribute dividends from such reserve.

23 Investment revaluation reserve

The unrealised gain or loss arising from a change in fair value of the financial assets through other comprehensive income of the Group, and subsidiaries of the Parent Company are transferred to this reserve until the investment is sold, matured or otherwise disposed of for until the investment is determined to be impaired at which time the cumulative gain or loss is transferred to retained earnings.

24 Other liabilities

	<u>Group</u>	<u>Parent</u>	<u>Group</u>	<u>Parent</u>
	<u>2025</u>	<u>Company</u>	<u>2024</u>	<u>Company</u>
Due to related parties [note 28 (d)]	138,860	8,315	36,388	36,480
Payables and accruals	74,768	102,114	292,668	116,118
Employees end-of-service benefits [24 (a)]	165,647	161,660	169,282	165,971
	<u>379,274</u>	<u>272,089</u>	<u>498,338</u>	<u>318,569</u>

- a) This includes payable to non-Omani employees against their end-of-service benefits. Movement in the liability recognised for employees' end-of-service benefits is as under:

	<u>Group</u>	<u>Parent</u>	<u>Group</u>	<u>Parent</u>
	<u>2025</u>	<u>Company</u>	<u>2024</u>	<u>Company</u>
At 1 January	183,245	180,817	201,805	151,126
Expenses recognised during the period	22,402	20,843	14,984	14,845
Liability paid during the period	(40,000)	(40,000)	(47,507)	-
At 30 June	<u>165,647</u>	<u>161,660</u>	<u>169,282</u>	<u>165,971</u>

25 Loans and borrowings

	<u>Group</u>	<u>Parent</u>	<u>Group</u>	<u>Parent</u>
	<u>2025</u>	<u>Company</u>	<u>2024</u>	<u>Company</u>
Long-term loans - gross [refer notes (a), (b) & (c) below]	86,060,322	78,310,000	87,271,735	78,310,000
Issuance costs - net of amortisation [refer note (e) below]	(854,256)	(854,256)	(949,173)	(949,173)
Closing -net of issuance cost of loans	<u>85,206,066</u>	<u>77,455,744</u>	<u>86,322,562</u>	<u>77,360,827</u>

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25 Loans and borrowings (Continued)

- a) The Parent Company signed a long term loan agreement with three local banks and entire draw down was made during June 2023. The long term loan amounting to RO 78.310 million (2024: RO 78.310 million) carry interest at rate of 6.25% per annum (2024: 6.25%). This interest rate is subject to review on quarterly basis. The loan is repayable on yearly basis with last payment due in June 2034.
- b) Dhofar International Energy Services Company LLC a subsidiary, has obtained credit facility of RO 10.8 million from a commercial bank in the Sultanate of Oman. These loans were initially repayable in lump sum on 31 December 2022. The subsidiary has negotiated the loan terms and major part of loan is payable on June 2034. These carry interest of 6.5% per annum (2024: 6.5% per annum) and are secured by corporate guarantee from the Parent Company.
- c) These loans are secured against the investments of the Parent Company with a market value of RO 116,233,411 [note 12 (c) & 14 (c)] and certain investment properties.
- d) The Parent Company paid upfront fees for arrangement of a syndicated loan. These fees are amortised over the term of the loan as deferred finance costs. The movement in deferred finance costs is as follows:

	<u>Group and Parent Company</u>	
	<u>2025</u>	<u>2024</u>
At 1 January	901,715	996,632
Additions during the period	-	-
Write-off / amortised charge for the period	(47,459)	(47,459)
At 30 June	<u>854,256</u>	<u>949,173</u>

- e) The maturity profile of the long-term gross loans (excluding interest) from commercial banks is as follows:

	<u>Up-to 1 year</u>	<u>1 - 2 years</u>	<u>Above 2 years</u>	<u>Total</u>
2025				
Group				
Long-term loans	<u>13,068,587</u>	14,316,735	<u>58,675,000</u>	<u>86,060,322</u>
2025				
Parent Company				
Long-term loans	<u>11,480,000</u>	<u>8,200,000</u>	<u>58,630,000</u>	<u>78,310,000</u>
2024				
Group				
Long-term loans	<u>7,790,000</u>	<u>4,990,000</u>	<u>74,491,735</u>	<u>87,271,735</u>
2024				
Parent Company				
Long-term loans	<u>7,790,000</u>	<u>3,690,000</u>	<u>66,830,000</u>	<u>78,310,000</u>

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26 Net assets per share

	<u>Group</u> <u>2025</u>	<u>Parent</u> <u>Company</u> <u>2025</u>	<u>Group</u> <u>2024</u>	<u>Parent</u> <u>Company</u> <u>2024</u>
Net assets attributable to equity holders	140,985,304	140,576,716	134,228,869	133,820,282
Number of shares	409,246,316	409,246,316	409,246,316	409,246,316
Net assets per share	<u>0.344</u>	<u>0.344</u>	<u>0.328</u>	<u>0.327</u>

27 Basic and diluted earnings per share

The calculation of basic and diluted earnings per share is based on the net profit for the period attributable to shareholders of the Parent Company and the weighted average number of shares outstanding during the period.

	<u>Group</u> <u>2025</u>	<u>Parent</u> <u>Company</u> <u>2025</u>	<u>Group</u> <u>2024</u>	<u>Parent</u> <u>Company</u> <u>2024</u>
Net profit for the period	5,366,355	5,366,355	3,794,166	3,794,166
Number of shares	409,246,316	409,246,316	409,246,316	409,246,316
Basic earnings per share	<u>0.013</u>	<u>0.013</u>	<u>0.009</u>	<u>0.009</u>

No figure for diluted earnings per share has been presented because the Parent Company has not issued any instruments which would have an impact on basic earnings per share when exercised.

28 Related party transactions and balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Parent Company and the Group has entered into transactions with its subsidiaries, associates and other entities over which certain directors are able to exercise significant influence. The nature of the significant type of related party transactions during the period was as follows:

a) Transactions during the period	<u>Group</u> <u>2025</u>	<u>Parent</u> <u>Company</u> <u>2025</u>	<u>Group</u> <u>2024</u>	<u>Parent</u> <u>Company</u> <u>2024</u>
Dividend income from associates	5,856,341	5,845,481	6,649,792	6,596,098
Dividend income from other related parties	845,320	845,320	872,583	866,373
Sale of shares through an associate	3,578,024	3,578,024	1,033,215	225,105
Interest income from a subsidiary	-	291,477	690	314,665
Interest income from an associate and other related parties	13,542	13,466	31,149	30,104
Interest expense to an associate and other related parties	1,869,503	1,396,666	1,764,310	1,469,216
Rental income from an associate	36,480	36,480	36,480	36,480
Insurance expenses paid	59,025	59,025	-	8,513
Short-term advance to a subsidiary	-	1,545,000	-	372,000
Brokerage and commission to an associate	13,118	13,118	3,878	916

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28 Related party transactions and balances (Continued)

b) Key management compensation

	<u>Group</u> <u>2025</u>	<u>Parent</u> <u>Company</u> <u>2025</u>	<u>Group</u> <u>2024</u>	<u>Parent</u> <u>Company</u> <u>2024</u>
Salaries and other short-term employment benefits	374,171	355,039	342,218	329,498
Employees end-of-service benefits	14,746	14,746	17,044	11,014
Social protection costs	4,834	3,742	8,257	2,250
	<u>393,751</u>	<u>373,528</u>	<u>367,519</u>	<u>342,762</u>

28 Related party transactions and balances (continued)

c) Directors' sitting fees and remuneration

	<u>Group</u> <u>2025</u>	<u>Parent</u> <u>Company</u> <u>2025</u>	<u>Group</u> <u>2024</u>	<u>Parent</u> <u>Company</u> <u>2024</u>
Directors' sitting fees	36,000	27,000	33,000	24,000
Directors' remuneration	-	-	-	-
	<u>36,000</u>	<u>27,000</u>	<u>33,000</u>	<u>24,000</u>

d) Balances

	<u>Group</u> <u>2025</u>	<u>Parent</u> <u>Company</u> <u>2025</u>	<u>Group</u> <u>2024</u>	<u>Parent</u> <u>Company</u> <u>2024</u>
Loans and borrowings from associate and other related party	46,905,322	39,155,000	48,116,735	39,155,000
Bank balances and term deposits with related parties	393,597	120,000	279,134	21,099
Due to related parties (note 24)	771,786	8,315	36,480	36,480
Due from related parties (note 11)	-	-	-	0
Due from associates (note 11)	321,089	321,089	142,812	142,812
Loan to a subsidiary (note 17)	-	3,600,000	-	4,950,000
Due from subsidiaries (note 11)	-	8,863,560	-	6,061,953

29 Commitments and contingent liabilities

	<u>Group and Parent Company</u> <u>2025</u>	<u>2024</u>
Guarantees issued by the Parent Company's bankers	1,004,850	693,000
<i>Corporate guarantees issued for subsidiaries and associates by the Company</i>		
Dhofar International Energy Services Company LLC	<u>7,705,322</u>	<u>8,916,735</u>

30 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders 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, 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 and debt. Net debt is calculated as total borrowings as shown in the statement of financial position less cash and cash equivalents, including term deposits without lien. Total capital and debt is calculated as 'equity' as shown in the statement of financial position plus net debt. The gearing ratios at 30 June is as follows:

	<u>Group</u> <u>2025</u>	<u>Parent</u> <u>Company</u> <u>2025</u>	<u>Group</u> <u>2024</u>	<u>Parent</u> <u>Company</u> <u>2024</u>
Loans and borrowings - gross	86,060,322	78,310,000	87,271,735	78,310,000
Less: cash and cash equivalents	(3,636,367)	(3,353,276)	(653,584)	(355,471)
Net debt	82,423,955	74,956,724	86,618,151	77,954,529
Total equity	140,985,304	140,576,716	134,228,869	133,820,282
Total capital and debt	<u>223,409,259</u>	<u>215,533,440</u>	<u>220,847,020</u>	<u>211,774,811</u>
Gearing ratio	<u>36.89%</u>	<u>34.78%</u>	<u>39.22%</u>	<u>36.81%</u>

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31 Fair value measurement

Following table analyses financial instruments carried at fair value, by valuation method. The different level of inputs for determining fair values are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets;

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 - Inputs for the assets that are not based on observable market data (that is, unobservable inputs).

30 June 2025

Group	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<i>Investment in equities through profit or loss</i>				
Quoted investments	19,612,856	-	-	19,612,856
Unquoted investments	-	-	20,037,557	20,037,557
<i>Investment in equities through other comprehensive income</i>				
Quoted investments	746,726	-	-	746,726
Unquoted investments	-	-	590,129	590,129
Investment properties	-	-	4,652,692	4,652,692
Total	20,359,582	-	25,280,378	45,639,960

31 Fair value measurement (continued)

30 June 2024

Group	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<i>Investment in equities through profit or loss</i>				
Quoted investments	18,558,095	-	1,134,212	19,692,307
Unquoted investments	-	-	17,950,699	17,950,699
<i>Investment in equities through other comprehensive income</i>				
Quoted investments	973,411	-	-	973,411
Unquoted investments	-	-	415,065	415,065
Term deposits	730,000	-	-	730,000
Investment properties	-	-	247,212	247,212
Total	20,261,506	-	19,747,188	40,008,694

30 June 2025

Parent Company	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<i>Investment in equities through profit or loss</i>				
Quoted investments	19,339,932	-	-	19,339,932
Unquoted investments	-	-	5,396,447	5,396,447
Investment properties	-	-	247,212	247,212
Total	19,339,932	-	5,643,659	24,983,591

30 June 2024

Parent Company	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<i>Investment in equities through profit or loss</i>				
Quoted investments	18,291,533	-	1,134,212	19,425,745
Unquoted investments	-	-	3,681,854	3,681,854
Investment in term deposits - unquoted	730,000	-	-	730,000
Investment properties	-	-	247,212	247,212
Total	19,021,533	-	5,063,278	24,084,811

Investment in debts and Group's borrowings, carry commercial rates of interest and, accordingly, approximate their fair values. The carrying amounts of financial assets and liabilities with a maturity of less than one year approximate their fair values. Investment properties stated at fair value (level 3), which has been determined based on the valuations performed by an independent external valuer. Fair value approximates its carrying value as at 31 December 2024.

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

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31 Fair value measurement (continued)

Measurement of fair values

Valuation techniques and significant unobservable inputs

Type	Valuation Technique	Significant unobservable inputs
Subordinated advances at FVTPL	<i>Option valuation:</i> Black-Scholes option valuation model that considers the principal amount of subordinated advance, its exercise price, balance period for exercise of option, risk-free rate of return and the relative volatility. <i>Loan valuation:</i> Discounted cash flows valuation model that considers the present value of expected future cash flows using discount rate.	- Risk-free rate of interest - Annualised volatility - Discount rate
Investment in equities at fair value through profit or loss	<i>Market approach:</i> The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee.	- Selection of comparable securities.
Valuation of associate at acquisition	<i>Adjusted net asset value approach</i>	- Risk-free rate of interest - Discount rate
Investment properties	<i>Market approach - Open market value</i>	- Selection of comparable properties and recent transactions.

Sensitivity analysis

There has been no significant impact if the discount rate increased/decreased by 0.5%

32 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk, foreign currency risk, and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the 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 of the Parent Company.

a) Market risk

(i) 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 adjustments within a specified period. The Group is exposed to interest-rate risk on its interest-bearing assets (term deposits, loan to subsidiary and convertible bonds) and liabilities (loans and borrowings). The Group carries out periodic analysis and monitors the market interest rates fluctuations taking into consideration the Group's needs. If required, the Group may negotiate the pricing, repay and re-borrow or encash and reinvest.

The Group and Parent Company is exposed to interest-rate risk with respect to financial assets and liabilities having variable interest rates if the interest rate were to shift by 50 basis points, there would have been no change as at the reporting date, as most of the Group's assets and certain borrowings are at fixed interest rate. As these loans are carried at amortised cost, any changes in applicable market interest rates would have no effect on the Group's incomes/expenses. The table below analyses the Group's net assets/liabilities subject to variable and fixed interest rates:

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32 Financial risk management (continued)

a) Market risk (continued)

(i) Interest rate risk (continued)

	<u>Fixed interest</u> <u>rate</u>	<u>Variable interest</u> <u>rate</u>	<u>Total</u>
Group			
30 June 2025			
Financial assets			
Bank balances	3,635,367	-	3,635,367
Investment in associates (bonds)	-	-	-
Total	3,635,367	-	3,635,367
Financial liabilities			
Loans and borrowings -gross	(86,060,322)	-	(86,060,322)
Net liabilities	(82,424,955)	-	(82,424,955)
Parent Company			
30 June 2025			
Financial assets			
Bank balances	3,353,276	-	3,353,276
Investment in associates (bonds)	-	-	-
Loan to a subsidiary	3,600,000	-	3,600,000
Total	6,953,276	-	6,953,276
Financial liabilities			
Loans and borrowings -gross	(78,310,000)	-	(78,310,000)
Net liabilities	(71,356,724)	-	(71,356,724)
Group			
30 June 2024			
Financial assets			
Bank balances	652,095	-	652,095
Investment in associates (bonds)	549,800	-	549,800
Term deposits	730,000	-	730,000
Total	1,931,895	-	1,931,895
Financial liabilities			
Loans and borrowings -gross	(87,271,735)	-	(87,271,735)
Net liabilities	(85,339,840)	-	(85,339,840)
Parent Company			
30 June 2024			
Financial assets			
Bank balances	355,471	-	355,471
Investment in associates (bonds)	549,800	-	549,800
Loan to a subsidiary	4,950,000	-	4,950,000
Term deposits	730,000	-	730,000
Total	6,585,271	-	6,585,271
Financial liabilities			
Loans and borrowings -gross	(78,310,000)	-	(78,310,000)
Net liabilities	(71,724,729)	-	(71,724,729)

(ii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities in the market. The Group is exposed to equity price risk with respect to its quoted financial assets. This arises from financial assets held by the Group for which prices in the future are uncertain. The Group's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the Board. The Group's policy requires that the overall market position for trading portfolio is monitored on a daily basis by the Group's General Manager and quarterly by the Investment Committee. The Group's strategic financial assets are monitored quarterly by Investment Committee and the Board. After the adoption of equity accounting for associates in the period 2020, the associates are not exposed to price risk.

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32 Financial risk management (continued)

The table below summarises the impact of increase/decrease of the equity index on the gains/losses on the quoted equity securities including the investment in associates which are recorded at fair value in the Parent Company's books, on the assumption that the equity index had increased/decreased by 5% with all other variables held constant:

	<u>Group</u> <u>2025</u>	<u>Parent</u> <u>Company</u> <u>2025</u>	<u>Group</u> <u>2024</u>	<u>Parent</u> <u>Company</u> <u>2024</u>
MSX Index				
Financial assets at fair value through profit or loss	981,782	968,134	1,061,935	1,010,653
Financial assets at fair value through other comprehensive inc	37,336	-	70,672	-
	<u>1,019,118</u>	<u>968,134</u>	<u>1,132,607</u>	<u>1,010,653</u>

a) Market risk (continued)

(ii) Price risk (continued)

(iii) Foreign currency risk

Foreign currency risk is the risk arising from future commercial transactions or recognised financial assets or liabilities being denominated in a currency that is not the Group's functional currency.

The majority of foreign currency transactions are in US Dollars or in currencies linked to the US Dollar. The rate of exchange between the Omani Rial and the US Dollar has remained unchanged since January 1986.

b) Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Group is exposed to credit risk on term deposit, receivables and bank balances. Loss allowances are provided for expected credit losses at the reporting date, if any. The Group monitors receivables on a regular basis and ensures that bank balances and term deposits are placed with reputable financial institutions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. The maximum exposure to credit risk at the reporting date was:

	<u>Group</u> <u>2025</u>	<u>Parent</u> <u>Company</u> <u>2025</u>	<u>Group</u> <u>2024</u>	<u>Parent</u> <u>Company</u> <u>2024</u>
Bank balances	3,635,367	3,352,276	652,095	354,471
Loan to a subsidiary	-	3,600,000	-	4,950,000
Investment in Term deposits	-	-	730,000	730,000
Receivables (excluding prepayments)	352,331	9,184,654	280,426	6,204,765
	<u>3,987,698</u>	<u>16,136,930</u>	<u>1,662,521</u>	<u>12,239,236</u>

The Group limits its credit risk with regard to investment in term deposits and bank balances by dealing predominantly with rated banks. The table below shows the term deposits and bank balances with the counterparties analysed by rating:

Bank ratings	Rating Agency	<u>Group</u> <u>2025</u>	<u>Parent</u> <u>Company</u> <u>2025</u>	<u>Group</u> <u>2024</u>	<u>Parent</u> <u>Company</u> <u>2024</u>
P-1	Moody's	1,288	1,288	738,014	738,014
P-3	Moody's	9,495	-	39,589	-
NP	Moody's	3,624,585	3,350,988	604,492	346,457
		<u>3,635,368</u>	<u>3,352,276</u>	<u>1,382,095</u>	<u>1,084,471</u>

It is not the practice of the Group to obtain collateral over receivables and these are, therefore, unsecured. Credit risk is limited to the carrying value of financial assets in the consolidated and separate statement of financial position.

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach in managing liquidity is to ensure, as far as possible, to have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through adequate amount of credit facilities and the ability to close out market positions.

Due to the dynamic nature of the underlying businesses, management aims at maintaining flexibility in funding by keeping credit lines available. Typically, the Group ensures that it has sufficient cash on demand and facilities available to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition the Group has access to credit facilities.

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32 Financial risk management (continued)

The table below analyses the Parent Company's and Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group	Carrying amount	Less than 3 months	3 to 12 months	Above 1 year	No fixed maturity
At 30 June 2025					
Long-term loans -gross	86,060,322	-	13,068,587	72,991,735	-
Other liabilities	379,274	142,254	71,373	-	165,647
	86,439,596	142,254	13,139,960	72,991,735	165,647
Future interest payable	29,789,155	1,518,198	4,305,655	23,965,302	-
Group	Carrying amount	Less than 3 months	3 to 12 months	Above 1 year	No fixed maturity
At 30 June 2024					
Long-term loans -gross	87,271,735	-	7,790,000	79,481,735	-
Other liabilities	507,738	267,054	72,008	-	168,676
	87,779,473	267,054	7,862,008	79,481,735	168,676
Future interest payable	35,832,164	1,502,124	4,593,739	29,736,301	-
Parent Company	Carrying amount	Less than 3 months	3 to 12 months	Above 1 year	No fixed maturity
At 30 June 2025					
Long-term loans -gross	78,310,000	4,100,000	3,690,000	70,520,000	-
Other liabilities	272,089	39,056	71,373	-	161,660
	78,582,089	4,139,056	3,761,373	70,520,000	161,660
Future interest payable	29,139,086	1,391,957	3,982,255	23,764,874	-
Parent Company	Carrying amount RO	Less than 3 months RO	3 to 12 months RO	Above 1 year RO	No fixed maturity RO
At 30 June 2024					
Long-term loans -gross	78,310,000	-	7,790,000	74,210,000	-
Other liabilities	318,569	80,590	72,008	-	165,971
	78,628,569	80,590	7,862,008	74,210,000	165,971
Future interest payable	34,647,313	1,356,036	4,202,142	29,089,134	-

The above liabilities are categorised into their respective contractual maturities. In order to manage its liquidity risk, the Group may roll over existing facilities, borrow new funds or liquidate its securities to repay.

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33 Segment 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 decisions. The Investment Committee considers the business as three sub-portfolios as below.

The reportable operating segments derive their income by seeking investments/funds to achieve targeted returns commensurate with an acceptable level of risk within each portfolio. These returns consist of interest, dividends and gains on the appreciation in value of investments. The 'strategic investments' include investments in subsidiaries and associates, except Garden Hotel, LLC which is shown in 'Hospitality'. All other equity investments and debt portfolio is included in 'Non-strategic Investments'

The segment information provided to Investment Committee for the reportable business segments is as follows:

Group	Strategic Investments	Non-strategic Investments	Hospitality	Un-allocated	Total
At 30 June 2025					
Dividend income	-	1,020,124	10,356	-	1,030,480
Net income from subsidiary	-	-	60,000	-	60,000
Loss on sale of financial assets at fair value through profit or loss	-	(1,015,741)	-	-	(1,015,741)
Unrealised gain/(loss) on financial assets at fair value through profit or loss	-	1,105,936	(17,809)	-	1,088,127
Interest income	-	-	-	131,105	131,105
Other income	-	-	-	348,060	348,060
Segment total income	-	1,110,319	52,547	479,165	1,642,031
	Strategic Investments	Non-strategic Investments	Hospitality	Un-allocated	Total
Administrative and general expenses	-	-	(59,671)	(1,095,171)	(1,154,842)
Depreciation	-	-	(46,431)	(22,825)	(69,256)
Finance costs	-	-	-	(3,158,271)	(3,158,271)
Deferred finance costs	-	-	-	(47,459)	(47,459)
Share of profit from associates	8,194,187	-	-	-	8,194,187
Segment profit for the period	8,194,187	1,110,319	(53,555)	(3,844,561)	5,406,390
Segment assets	176,108,760	39,650,412	4,629,586	6,231,992	226,620,750
Segment liabilities	-	-	4,140,504	81,494,942	85,635,446
Capital expenditures	-	-	-	971	971

Net income from subsidiary represents gross rental income of RO 60,000 from Garden Hotel.

Group	Strategic Investments	Non-strategic Investments	Hospitality	Un-allocated	Total
At 30 June 2024					
Dividend income	-	1,085,641	53,505	-	1,139,146
Net income from the subsidiary	-	-	45,000	-	45,000
Loss on sale of financial assets at fair value through profit or loss	-	(4,376)	(35,304)	-	(39,680)
Unrealised gain/(loss) on FVTPL	-	(708,810)	(26,546)	-	(735,356)
Interest income	-	-	-	42,039	42,039
Other income	-	-	360	146,323	146,683
Segment total income	-	372,455	37,015	188,362	597,832

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33 Segment information (continued)

Group	Strategic <u>Investments</u>	Non-strategic <u>Investments</u>	<u>Hospitality</u>	<u>Un-allocated</u>	<u>Total</u>
Administrative and general expenses	-	-	(20,176)	(929,982)	(950,158)
Depreciation	-	-	(46,431)	(28,149)	(74,580)
Finance costs	-	-	-	(3,234,931)	(3,234,931)
Amortisation of deferred finance costs	-	-	-	(47,459)	(47,459)
Share of profit from associates	7,622,281	-	-	-	7,622,281
Bargain gain on acquisition of an associate	-	-	-	-	-
Segment profit for the period	<u>7,622,281</u>	<u>372,455</u>	<u>(29,592)</u>	<u>(4,052,159)</u>	<u>3,912,985</u>
Segment assets	<u>174,617,992</u>	<u>37,643,006</u>	<u>4,806,761</u>	<u>3,991,410</u>	<u>221,059,169</u>
Segment liabilities	<u>-</u>	<u>-</u>	<u>5,102,757</u>	<u>81,727,543</u>	<u>86,830,300</u>
Capital expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,093</u>	<u>2,093</u>

Net income from subsidiary represents gross revenue of RO 45,000 from Garden Hotel.

34 Capital commitments

There were no capital commitments outstanding as at 30 June 2025 and 2024.

35 Comparative figures

Certain comparative figures of the previous period have been either regrouped or reclassified, wherever necessary, in order to conform with the presentation adopted in the current period's consolidated financial statements. Such regrouping or reclassification did not affect previously reported net profit or loss or shareholders' equity.

36 Subsequent events

The Financial Services Authority through its letter dated 17 June 2025 approved the merger of the company with OIFC effectively from 1 July 2025. No financial adjustments have been reflected in the financial statements for the period ended as of 30 June 2025.