

DHOFAR INTERNATIONAL DEVELOPMENT AND INVESTMENT COMPANY SAOG AND ITS SUBSIDIARIES
NOTES TO THE UN-AUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 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 30-Sep-2025</u>	<u>Shareholding percentage 31-Dec-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
Dhofar Food & Investment Co. SAOG	49.23%	26.75%	Oman	Meter reading, billing, collection, customer services and debt factoring for utility providers
Dhofar Insurance Company SAOG	50.28%	38.63%	Oman	Insurance services
Wasel Exchange SAOC	100%	-	Oman	Exchange services
Afaq Musana Trading LLC	100%	-	Oman	Contract services
Khedmah Solutions SPC	100%	-	Oman	Delivery services
Associates				
Financial Services Company SAOG	46.15%	46.15%	Oman	Brokerage and investment services
Fin Corp SAOG	21.86%	0.00%	Oman	Financial services
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
Bank Sohar SAOG	13.12%	-	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. 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.

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(Accounting policies continued)

These consolidated and separate financial statements for the period ended 30 September 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. On conclusion of this lawsuit, on 4th March 2025, FSA approved the Company to continue the merger process.

The merger was completed and made effective from July 1, 2025. The Company has provisionally allocated the purchase consideration to identifiable assets acquired and liabilities assumed at fair value in accordance with IFRS 3. The purchase price allocation remains subject to the measurement-period adjustments permitted under IFRS 3 (up to 12 months from the acquisition date) and therefore the amounts reported are provisional and may be revised as valuations are finalised.

As a result of merger, Dhofar Insurance Company SAOG and Dhofar Foods and Investment Company SAOG, previously accounted as associates, have become subsidiaries of the Company, with effect from July 1, 2025, owing to combined shareholding and control subsequent to the merger. As on this date, the equity-accounted carrying amount was remeasured to fair value on the date control was obtained, with any gain or loss recognised in profit or loss.

(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.

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 to all the periods presented, unless otherwise stated.

(e) Going concern

The Group applies the going concern basis of accounting in preparing the financial statements when at the time of approving the financial statements, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group management reviews the financial position on a periodical basis and assesses the requirement of any additional funding, including unutilized credit facilities with banks, to meet the working capital requirements and estimated funds required to meet the liabilities as and when they become due.

The consolidated 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, revalued land and building and investment properties, which are measured at their fair values.

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3 Condensed interim financial statements

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2024, which have been prepared in accordance with International Financial Reporting Standards.

The unaudited interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the period ended 30 September 2025 are not necessarily indicative of the results that may be expected for the financial year 2025.

4 Accounting policies

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has control. As per IFRS 10, 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. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed below:

- The Group has power over the investee;
- The Group is exposed, or has rights, to variable returns from its involvement with the investee; and
- The Group has the ability to use its power to affect its returns.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- potential voting rights held by the Group, other vote holders or other parties
- rights arising from other contractual arrangements
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Further, when the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

As per IFRS 3, 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, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements, if any are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively.
- liabilities or equity instruments related to share-based payment arrangements of the acquiree, or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree, if any are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see below).
- assets (or disposal Groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, if any, are measured in accordance with that standard.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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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. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Any contingent consideration to be transferred by the Group is recognized 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 recognized 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 measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. After initial recognition, goodwill is measured at original amount less any accumulated impairment losses.

If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intra-Group transactions, balances, income and expenses on transactions between the Group companies are eliminated. Profits and losses resulting from intra-Group transactions that are recognized in assets are also eliminated.

Non-controlling interests

The Group recognizes 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 recognized amounts of acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries.

As per IAS 28, the investment in an associate is initially recognized at cost, including transaction cost. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized as a 'bargain gain' immediately in profit or loss in the period in which the investment is acquired.

The Group's investments in its associates are subsequently accounted for using the equity method. Under equity method, the carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date.

The Group's share of post-acquisition profit or loss is recognized in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

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Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associate. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

As per IAS 36, Goodwill relating to the associate included in the carrying amount of the investment is tested for impairment annually. Otherwise, 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 recognizes the amount in the profit or loss. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss, relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

The most recent available financial statements of the associates are used by the Group. When the reporting dates of the Group and the associate are different, the associate prepares the financial statements as of the same date as the financial statements of the Group unless it is impracticable to do.

When the financial statements of an associate are prepared as of a different reporting date from that of the Group, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's financial statements. In any case, the difference between the reporting date of the associate and that of the Group is not more than three months.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognized in statement of comprehensive income. The fair value is the initial carrying amount for the purposes of initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture. In addition, any amounts previously recognized 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 recognized in other comprehensive income are reclassified to profit or loss.

Fair Value Measurement

The Group measures certain assets and liabilities at fair value and requires disclosures of fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantages market must be accessible by the Group.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximize the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable quotations

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting date.

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Intangible Assets

Recognition

Intangible assets that are acquired separately and with a finite useful life such as computer software, *customer relationships, licenses etc.* are recognized at costs less accumulated amortisation and impairment losses.

For internally generated intangible assets, direct costs include staff costs of the development team and an appropriate portion of relevant overheads. Computer software costs recognized as an asset are amortised using the straight-line method over the estimated useful life of 4 - 6.67 years.

The estimated useful life and the amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangibles Acquired in business combination

Intangible assets acquired in a business combination are identified through Purchase Price Allocation exercise performed during the measurement period. Intangible assets acquired in a business combination and recognized separately from goodwill are recognized initially at their fair value at the acquisition date (which is regarded as their cost).

Goodwill and other intangible assets that have an indefinite useful life, such as brand name are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Subsequent to recognition, intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, if any.

The loss arising on an impairment of an asset is determined as the difference between the recoverable amount and carrying amount of the asset and is recognized immediately in profit or loss.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Biological assets

Biological assets held comprise livestock and standing crops and are classified between consumables and bearer biological assets. The consumables and bearer biological assets are further classified as mature and immature biological assets.

Biological assets are valued on a recurring basis at fair value less estimated costs to sell, with any resultant gain or loss recognized in profit or loss.

In the absence of an active market for the biological assets comprising livestock, the fair value of the biological assets is derived using the present value of expected net cash flows from the asset discounted at a rate that comprises a risk-free interest rate plus a premium to account for market risk. The calculation of the future cash flows involves the use of various parameter such as expected milk yield, meat realization, weight of the asset, discount rate, expected mortality, etc. over the life cycle of the biological asset. These parameters for fair valuation are reviewed on an annual basis and necessary adjustments to the valuation model are carried out. In the event of inactive market or inability to measure fair value reliably, the biological assets can be measured at cost on initial recognition for which quoted market prices are not available and for which alternative fair value measurements are determined to be clearly unreliable.

Biological assets comprising standing crops are measured on initial recognition and at each reporting date at the fair values less estimated costs to sell. The initial recognition of agricultural produce harvested from the biological assets are measured at its fair value less estimated costs to sell. The subsequent measurement of harvested agricultural produce from biological assets will be lower of cost and net realisable value as per IAS 2 Inventories.

Biological assets held by a subsidiary comprise of chicks in the broiler house and are stated at fair value less estimated costs to sell with any resultant gain or loss recognized in profit or loss.

In instances where the cost approximates the fair value where little biological transformation has taken place since initial cost occurrence such as purchased eggs which are used for hatching, are stated at cost which comprises the purchase price and expenses incurred in bringing the Consumable biological assets comprising cull cows, male calves, chicken birds and standing crops are classified as current assets and included under 'inventories and biological assets'; and bearer biological assets comprising of female calves and milking cows are classified as non-current assets.

The calculation of closing quantity of inventories of biological assets and finished goods and its valuation requires the use of estimate.

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Leases

Group as a lessee

For any new contracts entered into, the Group considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition, the Group assesses whether the contract meets three key evaluations as follows:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use, i.e., the Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Initial recognition

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability in the separate and consolidated statement of financial position, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

Variable rents that do not depend on an index or rate are recognized as an expense in the period in which the event or condition occurs.

Right of use Assets – Measurement and recognition

The right-of-use assets are measured at cost, which is made up of the initial measurement of the lease liabilities, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the assets at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term. The Group also assesses the right-of-use assets for impairment when such indicators exist.

Lease liability – Measurement and recognition

At the commencement date, the Group measures the lease liabilities at the present value of the lease payments unpaid at that date, discounted using the interest-rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- the amount expected to be payable by the lessee under residual value guarantees
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Subsequent to initial measurement, the lease liability will be reduced for payments made and increased for interest.

Lease - Remeasurement

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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Group as a Lessor

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortized cost (i.e. after a deduction of the loss allowance).

Subsequent to initial recognition, the group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognizing an allowance for expected credit losses on the finance lease receivables.

When a contract includes both lease and non-lease components, the group applies IFRS 15 to allocate the consideration under the contract to each component. Income from non-lease component is dealt with in accordance with other IFRS 15.

Non-Current Assets Held for Sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate that will be disposed of is classified as held for sale when the criteria described above are met.

The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

Inventories

Recognition and measurement

Inventories are stated at lower of cost or net realizable value. The cost of inventories (other than biological assets) is determined by the weighted average price method and on the first in first out basis for project and tool items. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories will be recognized as an expense during the year in respect of continuing operations and in respect of write-downs of inventory to net realisable value and reversal of write-downs of inventory.

The amount of any reversal of any write-down of inventories arising from an increase in NRV shall be recognized as a reduction in the expense previously recognized for the write-down, in the period in which the reversal occurs.

Inventories of processed chicken are measured at fair value less estimated point of sale costs at the point of harvest which becomes the cost of recognition as per IAS 2. The shelf life of processed fresh chicken and the processed frozen chicken is six (6) days and one (1) year respectively.

The cost of inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In case of work-in-progress and finished goods, cost includes an appropriate portion of direct labour and related production overheads based on normal operating capacity. Where necessary, provision is made for obsolete, slow-moving and defective inventories.

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Impairments

Goodwill

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or Groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Non-financial assets

Assets that have an indefinite useful life - for example certain 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. If any such indications exist, then the asset's recoverable amount is estimated.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An impairment loss is recognized if the carrying amount of an asset or cash generating unit is the greater of its value-in-use and its fair value less costs to sell and is recognized immediately in profit or loss unless it is a revalued asset. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with IAS 16.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount and the increase is recognized as income immediately, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized earlier. Any reversal of an impairment loss of a revalued asset shall be treated as a revaluation increase.

Financial instruments

Financial assets and financial liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price.

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Initial recognition

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

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').

Management determines the classification of its financial assets at initial recognition. 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.

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Business model assessment

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 realizing 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 realized.

Debt instruments

A debt instrument is subsequently measured at amortised cost if it meets both of the following conditions:

- 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 (see below assessment).

This assessment is referred to as SPPI test and is performed at an instrument level.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets.
- 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 (see below assessment).

By default, all other debt instruments are classified at fair value through profit or loss (FVTPL). The Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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.

Equity instruments

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

By default, all other equity instruments are classified at fair value through profit or loss (FVTPL).

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Subsequent measurement

All recognized financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(i) Debt instruments classified as at amortised cost

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognizes interest income by applying the credit adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired. Interest income is recognized in profit or loss.

(ii) Debt instruments classified as at FVTOCI

The debt instruments held by the Group classified as at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these debt instruments as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognized in profit or loss. The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these debt instruments had been measured at amortised cost. All other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve.

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve.

Dividends on these investments in equity instruments are recognized in profit or loss when the right to receive is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in profit or loss.

(iv) Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset.

Contract assets

Contract assets represent the Group's right to consideration for services provided to customers for which the Group's right remains conditional on something other than the passage of time. Contract assets represent difference between work completed and certified by the client and invoices raised as per the agreement.

The Group will previously have recognized a contract asset for any work performed. Any amount previously recognized as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

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Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'.

ECL is the probability-weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that the Group expects to receive, discounted at the original effective interest rate. The ECL considers the amount and timing of payments and hence a credit loss arises even if the Group expects to receive the payment in full but later than when contractually due. The ECL method requires assessing credit risk, default and timing of collection since initial recognition. This requires recognizing allowance for ECL in the statement of profit or loss and other comprehensive income even for receivables that are newly originated or acquired.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount of guaranteed debt that has been drawn down as at the reporting date, together with any additional guaranteed amounts expected to be drawn down by the borrower in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

Impairment of financial assets is measured as either 12 months ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. '12 months ECL' represent the ECL resulting from default events that are possible within 12 months after the reporting date. 'Lifetime ECL' represent the ECL that result from all possible default events over the expected life of the financial asset. If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used. The Group always recognizes lifetime expected credit losses (ECL) for trade receivables, contract assets and lease receivables.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

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.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
 - financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2');
- and
- Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date.

12-month ECL are recognized for the first category while 'lifetime ECL are recognized for the second and third category.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost

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- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations
- an actual or expected significant deterioration in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts. For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor.
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Trade and other receivables

The Group makes use of a simplified approach in accounting ECL on trade and other receivables, lease receivables and contract assets, and records the loss allowance as lifetime expected credit losses. To measure the expected credit losses, trade receivables and contract assets have been Grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The loss allowances for financial assets are based on assumptions about risk of default, expected loss rates and discounting factor. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

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Cash at bank

Impairment on cash at bank has been measured on a 12 months ECL basis and reflects short-term maturities of the exposures. The Group considers that the cash at bank have low to fair credit risk based on external credit rating of the counterparty.

Amounts due from related parties

The Group applies IFRS 9 general model approach to measure ECL which uses 3 stage model to recognize ECL depending upon the credit risk of the counter party. To measure the ECL, the Group assess the probability of default by the counter as a result of default event that are possible within 12 months after reporting date. The Group also assess the financial position of the counter party if it has sufficient liquid asset to pay off the balance if repayment is made on demand. In addition, the Group also determines the loss given default of the amounts due from a related party.

Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Upon derecognition:

- The cumulative gains or losses on derecognition of debt instruments designated as at FVTOCI previously recognized in other comprehensive income are reclassified to profit or loss,
- The cumulative gain or loss on derecognition of equity instruments designated as at FVTOCI is not reclassified to profit or loss, instead, it is transferred to retained earnings.

Classification

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

The Group's financial liabilities include trade and other payables, lease liabilities, term loan, bank borrowings, payables for business combinations, subordinated bonds and bank overdraft. These financial liabilities are measured at amortized cost.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs. The repurchase of equity instruments issued by the Group is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of equity instruments issued by the Group.

Compound instruments

The component parts of convertible loan notes issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of equity instruments issued by the Group is an equity instrument. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recognized as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case the balance recognized in equity will be transferred within another line item. Where the conversion option remains unexercised at the maturity date of the convertible loan note, the balance recognized in equity will be transferred to retained earnings. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option. Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible loan notes using the effective interest method.

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Subsequent measurement

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL. A financial liability is classified as held for trading if either:

- it has been acquired principally for the purpose of repurchasing it in the near term
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument. A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if either:
 - such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise
 - the financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Grouping is provided internally on that basis
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL. Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship.

The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is recognized in profit or loss. However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability. Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognized in profit or loss. Fair value is determined in the manner described in note 62(a)(i).

Financial liabilities at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognized in profit or loss as the modification gain or loss within other gains and losses.

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Contract Liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

Share capital

Share capital represents the nominal value of shares that have been issued. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Contingency reserve

In accordance with Article 20 (2) (c) amended by Royal Decree No. 35/95 of the Oman Insurance Companies Law 1979, and the letter CMA 4952/2005 dated 22 November 2005, 10% of the net outstanding claims at the statement of financial position date for general insurance and 1% of the premiums for the year for life business are transferred from retained earnings to a contingency reserve. The Group may discontinue this transfer when the reserve equals to the issued and fully paid-up share capital of the Group.

Revenue

The revenue derived by the Group represents the following:

1. Transfer of goods or services in normal course of business and is recognized at a point in time or over a period of time when performance obligation is satisfied and is based on the amount of the transaction price that is allocated to the performance obligation.
2. Revenue on the basis of Premium Allocation approach (PAA) and General Measurement Model (GMM) for all insurance contracts

The Group shall follow the 5-step revenue recognition model under IFRS 15 Revenue from Contracts with Customers to recognize revenue with respect to transfer of goods or services in the normal course of business.

A. Identification of contract:

The Group shall account for a contract with a customer that is within the scope of IFRS 15 *Revenue from Contracts with Customers* when the following criteria are met:

- the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations.
- the Group can identify each party's rights regarding the goods or services to be transferred.
- the Group can identify the payment terms for the goods or services to be transferred.
- the contract has commercial substance (i.e., the risk, timing or amount of the Group's future cash flows is expected to change as a result of the contract); and it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer

B. Identification of Performance obligations :

A performance obligation is a unit of account and a promise in a contract with a customer to transfer a good or service to the customer.

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in its revenue arrangements for sale of prepaid cards and as an agent in its revenue arrangements for billings and debt collection services.

C. Determining transaction price

The Group shall consider the terms of the contract and its customary business practices to determine the transaction price and the Group shall assume that the goods or services will be transferred to the customer as promised in accordance with the existing contract and that the contract will not be cancelled, renewed or modified. In instances where the Group's revenue is derived from fixed price contracts, the amount of revenue to be earned from each contract is determined by reference to those fixed prices. In determining the transaction price for the sale of products, the Group considers the effects of variable consideration.

D. Allocation of transaction price to the performance obligations

The Group will allocate transaction price to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer that is identified in the contract.

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E. Recognition of revenue

The Group shall recognize revenue as and when the Group satisfies a performance obligation by transferring a promised good or service (i.e., an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

Revenue from service contracts with principals

Revenue from service contracts represents service charges on various services such as bill printing, customer services, collection, meter reading, bill delivery and disconnection/reconnection etc. earned based on the services provided and are accounted over the period of time in the specific period in which the service is provided. In various cases, penalties are levied upon non fulfilment of terms and conditions for delivery of services mentioned in the contract. The Group provides for such penalties in the books of accounts as per the terms and conditions mentioned in the contract and the same is netted off from revenue for the purpose of revenue recognition.

Billings and debt collection services

Revenue from billings and debt collection services represents service charges and commission respectively earned on amounts billed and other services provided which are accounted over the period of time in the specific period in which the service is provided.

Electrical and drilling contract revenue

Revenue is recognized over a period of time upon satisfaction of performance obligation based on output method i.e. percentage of work certified as at the reporting date. Cost of contracts provide for contingency amount and based on historical pattern, the Group does not recognize the revenue till it has certainty in recovering the contingency amount upon fulfilment of the performance obligation.

Maintenance service income

Maintenance service income is recognized on the basis of the terms of the contracts, which are substantially of a short-term nature. Revenue is recognized over a period of time in the specific period in which the services are performed.

Commission income on remittances and demand drafts

Commission income on remittances and demand drafts is recognized at a point in time it is earned which is normally upon affecting the transaction to which it relates. Exchange earnings comprise margins in respect of remittances and money-changing activities and these earnings are recognized at a point in time when the transaction is affected.

Revenue from collection recovery contract

Revenue from collection recovery contract is recognized at the point in time of collection of debts. No revenue is recognized until the debts are collected.

Revenue from supply of AMR Smart Meters

Revenue from AMR Smart Meters are recorded at a point in time when performance obligation is satisfied i.e. meters are delivered to the buyer.

Sale of prepaid cards

Revenue from prepaid cards is recorded at a point in time when performance obligation is satisfied i.e. delivery of prepaid cards to the buyer.

Commission on sale of prepaid cards

Revenue from commission on sale of prepaid cards are recorded at the time of sale of prepaid cards through e-recharges. The commission is earned for the e-recharge services provided and revenue recognized at a point in time in the specific period in which the service is provided.

Construction contracts

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Sale of dairy products, juices and mineral water products, animal feed, rearing cattle for beef meat

Revenue from sale of dairy products, juices and mineral water products, animal feed, rearing cattle for beef meat are recognized at the point-in-time when control of the asset is transferred to the customer, generally on delivery of the products.

Volume rebate

The Group provides retrospective volume rebates to certain customers when the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the future expected rebates, the Group applies the most likely amount method for contracts with a single-volume.

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Insurance and reinsurance contracts

Products sold by the Group are classified as insurance contracts when the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. This assessment is made on a contract-by-contract basis at the contract issue date. In making this assessment, the Group considers all its substantive rights and obligations, whether they arise from contract, law or regulation.

The Group determines whether a contract contains significant insurance risk by assessing if an insured event could cause the Group to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance even if the insured event is extremely unlikely or the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract.

Level of aggregation

The Group identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the Group considers the similarity of risks rather than the specific labelling of product lines. The Group has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, they represent a portfolio of contracts. Some products issued by different entities within the Group are considered as being managed at the issuing entity level. This is because the management of the solvency capital management, which supports the issuance of these contracts, is ringfenced within these entities.

The Group may acquire insurance contracts as part of a business combination or a portfolio transfer. Unlike originally issued contracts, contracts acquired in a settlement phase transfer an insurance risk of adverse claims development. The Group considers such risk to be different from contracts it originally issues and aggregates such contracts in separate portfolios by product line.

Each portfolio is subdivided into groups of contracts to which the recognition and measurement requirements of IFRS 17 are applied.
Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows:

For insurance contract

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and any investment services).

A substantive obligation to provide services ends when:

- The Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those risks.
- The Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

For reinsurance contract

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay amount to the reinsurer or has a substantive right to receive.

A substantive right to receive ends when:

- The Group has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks.
- The Group has a substantive right to terminate the coverage.

i) Initial recognition

At initial recognition, the Group segregates contracts based on when they were issued. A cohort contains all contracts that were issued within a

- Contracts that are onerous on initial recognition
- Contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently
- Any remaining contracts

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The determination of whether a contract or a group of contracts is onerous is based on the expectations as at the date of initial recognition, with fulfilment cash flow expectations determined on a probability-weighted basis. The Group determines the appropriate level at which reasonable and supportable information is available to assess whether the contracts are onerous at initial recognition and whether the contracts not onerous at initial recognition have a significant possibility of becoming onerous subsequently. The Group applies significant judgement in determining at what level of granularity the Group has sufficient information to conclude that all contracts within a set will be in the same group. In the absence of such information, the Group assesses each contract individually.

The Group writes Life, Medical and General insurance policies, which are measured as described as below:

a) Life Insurance Contracts

1) Individual life policies

These consist of the following types of policies:

- With profits conventional policies (i.e., policies with a discretionary participation feature) which insure events associated with human life (for example, death or survival) over a long duration.
- Term assurance where the benefits are payable only in the event of death of the insured.

2) Individual credit life policies

These are life insurance contracts underwritten on single premium and on an individual basis and issued to protect financial institutions for their outstanding loans from the customers.

3) Group credit life policies

These are life insurance contracts underwritten on a group basis and issued to financial institutions to protect their outstanding loan portfolios.

4) Group life policies

These are short-term life insurance contracts underwritten on a group basis, the lives covered usually being employees of a common employer.

5) Retail/personal accident policies

These are term life insurance contracts underwritten for a period of one to two years, the lives covered usually being employees by an employer.

b) Medical insurance contracts

1) Group medical policies

These are short-term medical insurance contracts underwritten on a group basis, the lives covered usually being employees of a common employer.

2) Individual medical policies

These are policies for a period which range between one to three years.

c) General insurance contracts

In general insurance contracts, the Group mainly issues short-term insurance contracts in connection with motor and non-motor (which includes risks such as property, engineering, liability and marine risks).

1) Motor insurance

Motor insurance policies compensate insured for damage suffered to their vehicles or liability to third parties arising through motor accidents.

2) Property insurance

Property insurance compensates insured for damage suffered to properties or for the value of property lost.

Policies cover risks such as fire and allied perils, property all risks, householders comprehensive risks, etc.

3) Engineering insurance

Engineering insurance compensates insured for damages to plant & machinery, projects, electronic equipment, heavy machinery/ vehicles, etc. due to accident.

4) Liability insurance

Liability insurance compensates insured for liability arising through public liability, professional indemnity, employers liability, extended warranty, etc.

5) Marine insurance

Marine insurance compensates insured for damage and liability arising through loss or damage to marine craft/ cargoes due to accidents at sea.

d) Allowance in claims liability

Some insurance contracts permit the Group to collect excess, depreciation, or sell a (usually damaged) vehicle or a property required in settling a claim (i.e. salvage). The Group may also have the right to pursue third parties for payment of some or all costs (i.e. subrogation).

e) Reinsurance contracts held

In order to protect itself against adverse experience, the Group has entered into contracts with reinsurers under which it is compensated for losses on one or more contracts issued by the Group.

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ii) Recognition and measurement

a) Insurance contracts issued

The Group recognise a group of insurance contracts that it issues at the earliest of:

- The beginning of the coverage period (inception date); the date the first premium is due (date first premium is received in absence of a contractual due date);

- When a group of contracts becomes onerous.

The Group recognises only contracts issued within a one-year period meeting the recognition criteria by the reporting date. Subject to this limit, a group of insurance contracts can remain open after the end of the current reporting period. New contracts are included in the group when they meet the recognition criteria in subsequent reporting periods until such time that all contracts expected to be included within the group have been recognised.

b) Reinsurance contracts held

Reinsurance contracts transfer significant insurance risk only if they transfer to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts, even if a reinsurance contract does not expose the issuer (reinsurer) to the possibility of a significant loss.

Reinsurance contracts held are accounted for separately from underlying insurance contracts issued and are assessed on an individual contract basis. In aggregating reinsurance contracts held, the Group determines portfolios in the same way as it determines portfolios of underlying insurance contracts issued. The Group considers that each product line reinsured at the ceding entity level to be a separate portfolio. The Group disaggregates a portfolio of its reinsurance contracts held into three groups of contracts:

- Contracts that on initial recognition have a net gain
- Contracts that, on initial recognition, have no significant possibility of resulting in a net gain subsequently
- Any remaining reinsurance contracts held in the portfolio

The Group recognise reinsurance contracts held as follows:

(i) group of non-proportionate reinsurance contracts held, at earlier of:

- at the start of the period of coverage; or

- In case of reinsurance arrangements held for underlying onerous contracts, the date of recognising the underlying onerous contract.

(ii) in the case of proportionate reinsurance, at the later of:

- the beginning of the coverage period; or

- the date the first underlying gross insurance contract is recognised.

(iii) Measurement model

Under IFRS 17, the Group's non-life and short-term life insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the Premium Allocation Approach (PAA), except for long-term life business (being run on General Measurement Model - GMM). The IFRS 17 standard requires contracts with contractual term greater than 1 year to be run on the GMM. However, the Standard also allows for such contracts to be run on PAA if those contracts pass the PAA eligibility test. Insurance contracts with contractual term of greater than 1 year were tested for PAA eligibility before finalizing the measurement model. The PAA simplifies the measurement of insurance contracts in comparison with the GMM in IFRS 17.

The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided under the PAA. Under the GMM, the liability for remaining coverage is calculated as the present value of future cash flows that are expected to arise, an explicit risk adjustment for non-financial risk and a Contractual Service Margin (CSM).

The Group does not adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk under the PAA approach. However, under the GMM, the liability for remaining coverage is adjusted to reflect the time value of money and the effect of financial risk.

Fulfilment cash flows

The fulfilment cash flows are the current unbiased and probability-weighted estimates of the present value of the future cash flows, including a risk adjustment for non-financial risk. In arriving at a probability-weighted mean, the Group considers a range of scenarios to establish a full range of possible outcomes incorporating all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of expected future cash flows. The estimates of future cash flows reflect conditions existing at the measurement date including assumptions at that date about the future.

The Group estimates expected future cash flows for a group of contracts at a portfolio level and allocates them to the groups in that portfolio in a systematic and rational way.

When estimating future cash flows, the Group includes all cash flows within the contract boundary including:

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• Premiums and any additional cash flows resulting from those premiums

• Reported claims that have not yet been paid, claims incurred but not yet reported, future claims expected to arise from the policy and potential cash inflows from recoveries on future claims covered by existing insurance contracts

• An allocation of insurance acquisition cash flows attributable to the portfolio to which the issued contract belongs

• Claim handling costs

• Costs of providing contractual benefits in kind, such as home and vehicle repair

• Policy administration and maintenance costs including recurring commissions expected to be paid to intermediaries for policy administration services only (recurring commissions that are insurance acquisition cash flows are treated as such in the estimate of future cash flows)

• Transaction-based taxes

• An allocation of fixed and variable overheads directly attributable to the fulfilment of insurance contracts including overhead costs such as accounting, human resources, information technology and support, building depreciation, rent, and maintenance and utilities

• Costs incurred for performing investment activities that enhance insurance coverage benefits for the policyholder

• Costs incurred for providing investment-related service and investment-return service to policyholders

• Other costs specifically chargeable to the policyholder under the terms of the contract

The Group updates its estimates at the end of each reporting period using all newly available information, as well as historic evidence and information about trends. The Group determines its current expectations of probabilities of future events occurring at the end of the reporting period. In developing new estimates, the Group considers the most recent experience and earlier experience, as well as other information.

Discount rate

The time value of money and financial risk is measured separately from expected future cash flows with changes in financial risks recognised in profit or loss at the end of each reporting period unless the Group has elected the accounting policy to present the time value of money separately in profit or loss and other comprehensive income.

The Group measures the time value of money using discount rates that reflect the liquidity characteristics of the insurance contracts and the characteristics of the cash flows, consistent with observable current market prices. They exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts (e.g. credit risk).

Expected future cash flows that vary based on the returns on any financial underlying items are discounted at rates that reflect this variability.

Risk adjustment for non-financial risk

The purpose of the Risk Adjustment for non-financial risk is to measure the effect of uncertainty in the cashflows that arise from insurance contracts, other than uncertainty arising from financial risk. The total RA is composed of the RA for LFIC plus the RA for LFRC of the Group's GMM portfolios and for the calculation of LFRC of onerous groups of the PAA portfolios.

Insurance acquisition cash flows

The Group includes insurance acquisition cash flows in the measurement of a group of insurance contracts if they are directly attributable to either the individual contracts in a group, the group itself or the portfolio of insurance contracts to which the group belongs.

The Group estimates, at a portfolio level, insurance acquisition cash flows not directly attributable to the group but directly attributable to the portfolio. The Group then allocates them to the group of newly written and renewed contracts on a systematic and rational basis.

The Group recognises an asset in respect of costs to secure a portfolio or group of insurance contracts, such as costs of selling and underwriting, when these costs are incurred before the recognition of the group of insurance contracts to which these costs relate. The Group recognises such an asset for each existing or future group of insurance contracts to which insurance acquisition cash flows are allocated. The related portion of the asset for insurance acquisition cash flows is derecognised and included in the measurement of the fulfilment cash flows of the associated group of contracts when the group is initially recognised. When only some of the insurance contracts expected to be included within the group are recognised as at the end of the reporting period, the Group determines the related portion of the asset that is derecognised and included in the group's fulfilment cash flows. The related portion is determined on a systematic and rational allocation method that considers the timing of recognition of the contracts in the group.

At each reporting date, the Group reviews the carrying amounts of the asset for insurance acquisition cash flows to determine whether there is an indication that the asset has suffered an impairment. If any such indication exists, the Group adjusts the carrying amount of the asset so that the carrying amount of the asset does not exceed the expected net cash inflow for the associated future groups of contracts. An impairment loss is recognised in profit or loss for the difference. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the extent the impairment conditions no longer exist or have improved and the cumulative amount of impairment loss reversal does not exceed the impairment loss recognised for the asset in prior years.

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Best Estimate Liability (BEL)

The main cash flows included within the BEL are premiums, claims, commission, directly attributable expenses and an allocation of overheads. LFRC BEL includes cash flow estimates relating to future service, whereas LFIC BEL includes cash flow estimates relating to past service and current service.

Claims and claims handling expense cash flows are the core components of the LFIC.

iv(a) Liability for Remaining Coverage (LFRC) under GMM

1) LFRC - Statement of financial position

(i) On initial recognition, the carrying amount of the liability is:

- Estimate of present value of future cashflows (present value of future benefits and attributable expenses less the expected present value of future premiums);
- Add: Risk adjustment for non-financial risk;
- Add: Contractual service margin

Under GMM, a group of insurance contracts is measured as the sum of fulfilment cash flows and CSM. After initial recognition of a group of insurance contracts, the carrying amount of the group at each reporting date is the sum of the LFRC and the LIC. The LFRC comprises of fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date.

(ii) Under GMM, the carrying amount of liability for remaining coverage excluding the CSM, is re-measured at each subsequent reporting date. That is, it comprises the present value of the best estimate of the cash flows required to settle the obligation together with an adjustment for non-financial risk.

An entity should recognise income and expenses for the following changes in the carrying amount of the LFRC:

- Insurance revenue - for the reduction in the LFRC because of services provided in the period;
- Insurance service expenses - for losses on groups of onerous contracts, and reversals of such losses;
- Insurance finance income or expenses - for the effect of the time value of money and the effect of financial risk.

2) Measurement of Contractual Service Margin (CSM)

(i) Initial measurement

The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Group will recognise as it provides insurance contract services in the future. On initial recognition of a group of insurance contracts, the CSM is measured at the equal and opposite amount of the net inflow that arises from the sum of following:

- The fulfilment cash flows;
- Any cash flows arising from the contracts in the Group at that date; and
- The derecognition of any asset recognised for insurance acquisition cash flows and any other asset or liability previously recognised for BEL cash flows related to the group of contracts.

(ii) Subsequent measurement

The carrying amount of the CSM of a group of insurance contracts under GMM at the end of each reporting period, comprises the carrying amount at the start of the reporting period adjusted for:

- Effect of new contracts added to the group
- Interest accretion on the CSM during the period measured at the discount rates at initial recognition;
- Changes in the fulfilment cashflows relating to future service, except to the extent:
 - 1) Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss;
 - 2) Such decreases in the fulfilment cash flows are allocated to the loss component of the LFRC.
- The effect of any currency exchange differences arising on the CSM;
- The amount recognised as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

Effect of new contracts added

The CSM increases if new profitable contracts are added to the group during the reporting period.

Interest accretion on CSM

For contracts measured under GMM, interest is accreted on the carrying amount of the CSM during a reporting period using discount rates locked in on initial recognition of a group of contracts.

Changes in fulfilment cash flows

The CSM is adjusted for changes during the reporting period in fulfilment cash flows relating to future services which may arise through:

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- Experience adjustments (i.e., actual vs. expected amounts) arising from premiums received in the period that relate to future services, and related cash flows such as insurance acquisition cash flows and premium-based taxes, measured at the discount rates applying at the date of initial recognition;
- Changes in estimates of the present value of the future cash flows in the liability for remaining coverage (except for those that relate to the effect of the time value of money and the effect of changes in financial risk) measured at the discount rates applying at the date of initial recognition;

- Changes in the risk adjustment for non-financial risk that relate to future service.

The CSM is not adjusted for the following changes in fulfilment cash flows because they do not relate to future service:

- The effect of the time value of money and changes in the time value of money, and the effect of financial risk and changes in financial risk (These effects comprise the effect, if any, on estimated future cash flows, the effect, if disaggregated, on the risk adjustment for non-financial risk and the effect of a change in discount rate);

- Changes in estimates of fulfilment cash flows in the liability for incurred claims as they relate to current or past services;

- Experience adjustments (i.e., actual vs. expected amounts), except those described above that relate to future services. Generally, experience adjustments relate to past or current service and therefore do not adjust the CSM. However, as an exception, experience adjustments arising from premiums received in the period that relate to future service adjust the CSM.

The terms of some insurance contracts measured under GMM, give an entity discretion over the cash flows to be paid to policyholders. A change in the discretionary cash flows is regarded as relating to future service, and accordingly adjusts the CSM.

Allocation of CSM to profit or loss

The Group recognised CSM over the coverage period in a pattern that reflects the provision of insurance contract services as required by the contract. The CSM for a group of insurance contracts remaining (before any allocation) at the end of the reporting period is allocated over the coverage provided in the current period and expected remaining future coverage, based on coverage units in the group. The number of coverage units in the group is the quantity of insurance contract services provided by the contracts in the group, determined by considering for each contract the quantity of the benefits provided under a contract and its expected coverage period.

The determination of coverage units involves judgement and estimates to best achieve the principle of reflecting the services provided in each

- Reflects the likelihood of an insured event occurring to the extent that it affects the expected coverage period of contracts in the group but not the amount expected to be claimed in a period.
- Reflects the variability across periods in the level of cover provided by the contracts in the group, with the level of cover being the contractual maximum level of cover in each period.

The number of coverage units change as insurance contract services are provided, contracts expire, lapse or surrender and new contracts are added to the group. The total number of coverage units depends on the expected duration of the obligations that the Group has from its contracts. These can differ from the legal contract maturity because of the impact of policyholder behaviour and the uncertainty surrounding future insured events.

By determining a number of coverage units, the Group exercises judgement in estimating the likelihood of insured events occurring and policyholder behaviour to the extent that they affect expected period of coverage in the group, the different levels of service offered across periods (e.g. policyholder exercising an option and adding an additional coverage for a previously guaranteed price) and the 'quantity of benefits' provided under a contract.

3) Onerous contracts - loss component

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Group recognises the excess in insurance service expenses, and it records the excess as a loss component of the LFRC.

When a loss component exists, the Group allocates the following between the loss component and the remaining component of the LFRC for the respective group of contracts, based on the CSM allocation approach described below:

- Expected incurred claims and other directly attributable expenses for the period;
- Changes in the RA for the risk expired; and
- Finance income or expenses from insurance contracts issued.

The amounts of loss component allocation in point a and b above reduce the respective components of insurance revenue and are reflected in Decreases in the future cash flows in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component. Contracts expected on initial recognition to be loss-making are grouped together and such groups are measured and presented separately. Once iv(b) Liability for Remaining Coverage (LFRC) under PAA

The Group applies the PAA approach wherever the eligibility criteria of para 53(a) and (b) of IFRS 17 has been fulfilled for its portfolios. However, in case of any changes in the term and conditions of the contracts or introduction of new contract with coverage period of more than one year, the Group's will re-perform the PAA eligibility test.

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1) LFRC - Statement of financial position

(i) On initial recognition, the carrying amount of the liability is:

- Premiums, if any, received at initial recognition;
- Less: any insurance acquisition cash flows at that date;
- Less: any amount arising from the derecognition at that date of any assets of insurance acquisition cash flows.

(ii) On subsequent measurement, the carrying amount of the liability is:

- Carrying amount of the liability is the carrying amount at the start of the reporting period;
- Plus: Premium received;
- Less: Revenue for the period; (i.e. Gross written premium (GWP) less Unearned Premium)
- Less: Cost of Acquisition (COA) paid; and
- Add: Amortisation of COA (i.e. COA expense less DAC)

2) LFRC - Statement of profit or loss

(i) on initial recognition:

- GWP less unearned premium reserve (UPR) equals insurance revenue;
- Total acquisition costs less Deferred Amortization cost (DAC) equals amortised DAC.

(ii) on subsequent measurement:

- GWP less change in UPR equals insurance revenue;
- Total acquisition costs less change in DAC equals amortized DAC.

Written premiums, unearned premiums and acquisition cost cash flows are determined at the portfolio level and calculated as follows:

- Premium received in the period represents the premiums paid by the policyholders during the period;
- Gross written Premium recognised in the period in which the Group is legally bound through a contract to provide insurance cover;
- Gross UPR representing the premium income receivable under the contract deferred until the revenue is earned throughout the contract;
- Total Acquisition Cash Flows being the direct and indirect costs of obtaining and processing new insurance business; and
- Deferred Acquisition Costs (DAC) amortized over the coverage period.

The above methodology for calculating LFRC is compliant under IFRS 17. Further, based on the current assessment, the Group has decided not to discount the LFRC for PAA portfolios based on the fact that the affect of financing component is not material for long tail contracts.

The Group issues corporate policies on credit. Under IFRS 17, insurance revenue includes expected premium allocation under PAA and determination of expected value of cash flows. Accordingly, the Group accounts for the credit risk factor of receivables and related changes under insurance revenue.

Estimation of the future cash flows includes determination of the expected value, or probability-weighted mean of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The difference between the premiums recorded and the premiums received plus expected premium cashflows is considered as the expected credit loss or impairment impact on insurance contracts. Such impairment charges are considered part of insurance revenue rather than recorded as expenses.

The Group allocates the revenue under PAA based on Straight line method.

iv(c) Liability for incurred claims

The Group calculates the LFIC as follows:

- Best Estimate (BEL) of the fulfilment cash flows;
- Risk adjustment for non-financial risks.

Discounting on LFIC:

The Group has applied discounting to LIC as there are a set of claims that are settled beyond 12 months from the date they are incurred. The Group has also applied discounting to the fulfilment cash flows related to future coverage used in the determination of the onerous loss for the onerous group of contracts.

iv(d) Risk adjustments

The risk adjustment is required when calculating:

- The Liability for Incurred Claims (LFIC) under both the PAA and the GMM;
- The Liability for Remaining Coverage (LFRC) under GMM; and
- The loss component for onerous groups under PAA.

iv(e) Policy fees

Insurance and investment contract policyholders are charged for policy administration services and other contract fees. Insurance policy fees are considered as part of Insurance revenue and recognised as income over the period of service which is generally the period of the policy.

iv(f) Length of cohorts

The Group has selected the cohort duration of one year.

iv(g) Reinsurance contracts held measured under the General Model

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(Accounting policies continued)

The Group's reinsurance contracts held which are accounted for by applying the measurement requirements of the General Model for estimates of cash flows and discount rates, are measured using consistent assumptions. The Group includes in the estimates of the present value of expected future cash flows for a group of reinsurance contracts held the effect of any risk of non-performance by the reinsurer, including the effects of any collateral and losses from disputes. The effect of non-performance risk of the reinsurer is assessed at each reporting date.

In determining the asset representing the risk adjustment for non-financial risk transferred to the reinsurer, the Group assesses the amount of risk transferred by the Group to the reinsurer by calculating the risk adjustment of the underlying contracts before and after the effect of the reinsurance contracts held. The difference is recognised as the asset representing the risk adjustment reinsured.

iv(h) Reinsurance contracts held measured under the Premium Allocation Approach

Under the PAA, the initial measurement of the asset for remaining coverage equals the reinsurance premium paid. The Group measures the amount relating to remaining service by allocating the premium paid over the coverage period of the group.

Where the reinsurance contracts held covers a group of onerous underlying insurance contracts, the Group adjusts the carrying amount of the asset for remaining coverage and recognises a gain when, in the same period, it reports a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group. The recognition of this gain results in the recognition for the loss recovery component of the asset for the remaining coverage of a group of reinsurance contracts held.

Insurance service expense

The Group predominantly incurs costs directly related to fulfilling insurance contracts, identified either at an individual contract level or allocated to groups of contracts using reasonable and supportable information. Following the IFRS 17 classification, expenses are categorized into three main groups: insurance acquisition costs, incurred claims and claim handling expenses, and administrative costs. Insurance acquisition costs, covering selling and underwriting, are deferred as part of the Liability for Remaining Coverage (LFRC) and amortized within Insurance Service Expenses. Incurred claims and claim handling expenses, including investigation and processing costs, are integrated into the Liability for Incurred Claims (LFIC) and contribute to Insurance Service Expenses. Administrative costs, encompassing general administrative expenses related to insurance servicing, are allocated using systematic methods and recognized as incurred on an accruals basis under the Premium Allocation Approach (PAA), expensed directly in the Statement of Profit or Loss as part of insurance service expenses.

Insurance revenue

General insurance contracts, short-term life insurance contracts and long-term group life insurance

Initial recognition

The Group classifies insurance revenue recognition into the Premium Allocation Approach (PAA) and the General Measurement Model (GMM) for all insurance contracts. The recognition of revenue under these approaches is as follows:

PAA

Under PAA, insurance revenue for the period is the amount of expected premium receipts (excluding any investment component), allocated to the period based (a) on the passage of time or (b) if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected timing of incurred insurance service expenses.

GMM

Insurance revenue consists of the amounts relating to the changes in the liability for remaining coverage: -

- (i) amounts related to expected benefits and expenses
- (ii) the change in the risk adjustment for non-financial risk,
- (iii) the amount of the contractual service margin recognised in profit or loss because of the transfer of insurance contract services in the period,
- (iv) experience adjustments for premium receipts and acquisition expenses other than those that relate to future service
- (v) the allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows.
- (vi) Amounts allocated to the loss component

Insurance revenue also includes the portion of premiums that relate to recovering those insurance acquisition cash flows included in the insurance service expenses in each period. Both amounts are measured in a systematic way on the basis of the passage of time.

Income or expenses from reinsurance contracts held

The Group presents income or expenses from a group of reinsurance contracts held and reinsurance finance income or expenses in profit or loss for the period separately. Income or expenses from reinsurance contracts held are split into the following two amounts:

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(Accounting policies continued)

- Amount recovered from reinsurers
- An allocation of the premiums paid

The Group presents cash flows that are contingent on claims as part of the amount recovered from reinsurers. Ceding commissions that are not contingent on claims of the underlying contracts are presented as a deduction in the premiums to be paid to the reinsurer which is then allocated to profit or loss.

The Group establishes a loss recovery component of the asset for the remaining coverage for a group of reinsurance contracts held. This depicts the recovery of losses recognised on the initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group. The loss recovery component adjusts the CSM of the group of reinsurance contracts held. The loss recovery component is then adjusted to reflect:

- Changes in the fulfilment cash flows of the underlying insurance contracts that relate to future service and do not adjust the CSM of the respective groups to which the underlying insurance contracts belong to
- Reversals of loss recovery component to the extent those reversals are not changes in the fulfilment cash flows of the group of reinsurance contracts held
- Allocations of the loss recovery component against the amounts

Insurance finance income and expenses

Insurance finance income or expenses present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk of a group of insurance contracts and a group of reinsurance contracts held.

The use of profit and loss presentation for insurance finance income and expenses

The Group has an accounting policy choice to present all of the period's insurance finance income or expenses in profit or loss or to split the amount between profit or loss and other comprehensive income (OCI). When considering the choice of presentation of insurance finance income or expenses, the Group examines the assets held for that portfolio and how they are accounted for. The accounting policy choice is applied on a portfolio-by-portfolio basis.

Policy fees and transfer fees

Insurance policy holders are charged for policy administration services, transfer fees and other contract fees. Insurance policy fees and transfer fees are considered as part of Insurance revenue and recognised as income over the period of service which is generally the period of the policy.

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5 Cash and bank balances

	<i>Consolidated</i>		<i>Parent Company</i>	
	<i>Un-audited</i>	<i>Audited</i>	<i>Un-audited</i>	<i>Audited</i>
	<u>30-Sep-2025</u>	<u>31-Dec-2024</u>	<u>30-Sep-2025</u>	<u>31-Dec-2024</u>
Current accounts	151,740	48,920	6,119,387	44,315
Call deposits	38,842,674	64,005	-	188
Cash at bank	26,105,689		1,223,885	
Cash on hand	399,545	-	1,000	-
	<u>65,499,647</u>	<u>112,925</u>	<u>7,344,272</u>	<u>44,503</u>

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

6 Receivables and prepayments

	<i>Consolidated</i>		<i>Parent Company</i>	
	<i>Un-audited</i>	<i>Audited</i>	<i>Un-audited</i>	<i>Audited</i>
	<u>30-Sep-2025</u>	<u>31-Dec-2024</u>	<u>30-Sep-2025</u>	<u>31-Dec-2024</u>
Receivable, prepayments and deposits	29,852,078	349,334	10,296,214	43,234
Accrued income	33,424	142,372	281,877	-
Due from related parties	4,437,297	-	288,107	-
Due from associates	288,107	307,628	-	307,628
Due from subsidiaries	-	-	9,020,924	6,989,795
	<u>34,610,907</u>	<u>799,334</u>	<u>19,887,123</u>	<u>7,340,657</u>

Receivables and prepayments are due within one year.

7 Inventories and biological assets

	<i>Consolidated</i>		<i>Parent Company</i>	
	<i>Un-audited</i>	<i>Audited</i>	<i>Un-audited</i>	<i>Audited</i>
	<u>30-Sep-2025</u>	<u>31-Dec-2024</u>	<u>30-Sep-2025</u>	<u>31-Dec-2024</u>
Biological assets	4,775,752	-	-	-
Raw materials (including good in transit)	12,437,429	-	-	-
Packing materials & spares	3,750,637	-	-	-
Finished goods	3,955,985	-	-	-
Consumables biological assets	308,187	-	-	-
Less: Provision for slow moving items	(500,557)	-	-	-
Other inventories	-	-	29,704	-
	<u>24,727,433</u>	<u>-</u>	<u>29,704</u>	<u>-</u>

Movement in biological assets is follows;

	<i>Consolidated</i>	
	<i>Un-audited</i>	<i>Audited</i>
	<u>30-Sep-2025</u>	<u>31-Dec-2024</u>
At 1 Jul 2025	4,697,323	-
Changes due to transformation, harvest & changes in biological assets	78,429	-
At 30 September	<u>4,775,752</u>	<u>-</u>

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8 Insurance Contract Assets & Liabilities

Reconciliation of the components of insurance contract liabilities

				Unaudited Period ended 30-Sep-2025
	BEL	RA	CSM	Total
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	(10,813,030)	-	(1,844,751)	(12,657,782)
	(10,813,030)	-	(1,844,751)	(12,657,782)
Changes related to current services	-	-	-	-
- CSM recognized in profit and loss	-	-	416,820	416,820
- Risk Adjustment recognized in profit and loss	-	(312,608)	-	(312,608)
- Experience adjustments	961,762	-	-	961,762
Changes related to future services	-	-	-	-
- Contracts initially recognized in the period	2,514,281	(283,073)	(2,419,722)	(188,514)
- Changes in estimates that adjust CSM	(470,863)	(22,791)	493,654	-
Changes in	952,495	44,554	-	997,049
Changes that relate to past service	-	-	-	-
Changes that relate to past service - adjustments to LfIC	(80,131)	-	-	(80,131)
Insurance finance expenses through profit and loss	(732,565)	-	(119,774)	(852,339)
Insurance finance expenses through OCI	-	-	-	-
Net foreign exchange income or expense	-	-	-	-
Total changes in statement of profit and loss and OCI	3,144,980	(573,919)	(1,629,023)	942,038
Premiums received	(11,091,382)	-	-	(11,091,382)
Claims paid	428,447	-	-	428,447
Directly attributable expenses paid	258,792	-	-	258,792
Acquisition cost paid	-	-	-	-
Total cash flows	(10,404,143)	-	-	(10,404,143)
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	(18,072,193)	(573,919)	(3,473,774)	(22,119,886)
	(18,072,193)	(573,919)	(3,473,774)	(22,119,886)

Reconciliation of the liability for remaining coverage and the liability for incurred claims for reinsurance contracts

						Unaudited Period ended 30-Sep-2025
PAA	LfRC		LfIC for contracts measured under GM	LfIC for contracts measured under PAA		Total
	Excl. LC	ACQ		PVCF	RA	
Opening reinsurance contract assets	4,115,430	224,962	-	33,104,374	953,023	38,397,790
Opening reinsurance contract liabilities	(1,752,528)	-	-	(388,909)	34,271	(2,107,167)
	2,362,902	224,962	-	32,715,465	987,294	36,290,623
Net income or expense from reinsurance contracts held	-	-	-	-	-	-
- Allocation of reinsurer premium	(34,400,169)	-	-	-	-	(34,400,169)
- Amounts recoverable for claims and other expenses	-	-	-	9,687,004	304,841	9,991,844
- Changes that relate to past service - adjustments to LfIC	-	-	-	325,060	(276,490)	48,569
- Changes in fulfilment cash flows that do not adjust underly	-	(197,427)	-	-	-	(197,427)
- Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-
- Expenses directly attributable to reinsurance	-	-	-	(180,650)	-	(180,650)
Reinsurance finance income through profit and loss	-	-	-	816,848	-	816,848
Investment components	-	-	-	-	-	-
Total changes in statement of profit and loss and OCI	(34,400,169)	(197,427)	-	10,648,261	28,350	(23,920,985)
Premiums paid to reinsurer net of commission	21,457,974	-	-	-	-	21,457,974
Directly attributable expenses paid	-	-	-	180,650	-	180,650
Recoveries from reinsurance	-	-	-	(8,159,038)	-	(8,159,038)
Total cash flows	21,457,974	-	-	(7,978,387)	-	13,479,586
Closing reinsurance contract assets	(10,579,293)	27,535	-	35,414,137	1,015,644	25,878,023
Closing reinsurance contract liabilities	-	-	-	(28,798)	-	(28,798)
	(10,579,293)	27,535	-	35,385,339	1,015,644	25,849,225

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9 Reinsurance Contract Assets & Liabilities

Reconciliation of the liability for remaining coverage and the liability for incurred claims for reinsurance contracts

						Unaudited Period ended 30-Sep-2025
PAA	LfRC		LfIC for contracts measured under GM	LfIC for contracts measured under PAA		Total
	Excl. LC	ACQ		PVCF	RA	
Opening reinsurance contract assets	4,115,430	224,962	-	33,104,374	953,023	38,397,790
Opening reinsurance contract liabilities	(1,752,528)	-	-	(388,909)	34,271	(2,107,167)
	2,362,902	224,962	-	32,715,465	987,294	36,290,623
	-	-	-	-	-	-
Net income or expense from reinsurance contracts held	-	-	-	-	-	-
- Allocation of reinsurer premium	(34,400,169)	-	-	-	-	(34,400,169)
- Amounts recoverable for claims and other expenses	-	-	-	9,687,004	304,841	9,991,844
- Changes that relate to past service - adjustments to LfIC	-	-	-	325,060	(276,490)	48,569
- Changes in fulfilment cash flows that do not adjust underlying CSM	-	(197,427)	-	-	-	(197,427)
- Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-
- Expenses directly attributable to reinsurance	-	-	-	(180,650)	-	(180,650)
Reinsurance finance income through profit and loss	-	-	-	816,848	-	816,848
Reinsurance finance income through OCI	-	-	-	-	-	-
Net foreign exchange income or expense	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Total changes in statement of profit and loss and OCI	(34,400,169)	(197,427)	-	10,648,261	28,350	(23,920,985)
	-	-	-	-	-	-
Premiums paid to reinsurer net of commission	21,457,974	-	-	-	-	21,457,974
Directly attributable expenses paid	-	-	-	180,650	-	180,650
Recoveries from reinsurance	-	-	-	(8,159,038)	-	(8,159,038)
Total cash flows	21,457,974	-	-	(7,978,387)	-	13,479,586
	-	-	-	-	-	-
Closing reinsurance contract assets	(10,579,293)	27,535	-	35,414,137	1,015,644	25,878,023
Closing reinsurance contract liabilities	-	-	-	(28,798)	-	(28,798)
	(10,579,293)	27,535	-	35,385,339	1,015,644	25,849,225

GMM	LfRC		LfIC for contracts measured under GM	LfIC for contracts measured under PAA		Total
	Excl. LC	ACQ		PVCF	RA	
Opening reinsurance contract assets	2,432,535	1,168,556	187,842	-	-	3,788,933
Opening reinsurance contract liabilities	-	-	-	-	-	-
	2,432,535	1,168,556	187,842	-	-	3,788,933
Net income or expense from reinsurance contracts held	-	-	-	-	-	-
- Allocation of reinsurer premium	(1,136,311)	-	-	-	-	(1,136,311)
- Amounts recoverable for claims and other expenses	-	-	299,338	-	-	299,338
- Changes that relate to past service - adjustments to LfIC	-	-	35,340	-	-	35,340
- Changes in fulfilment cash flows that do not adjust underlying CSM	-	(715,121)	-	-	-	(715,121)
- Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-
- Expenses directly attributable to reinsurance	-	-	(14,384)	-	-	(14,384)
Reinsurance finance income through profit and loss	123,789	-	1,571	-	-	125,360
Reinsurance finance income through OCI	-	-	-	-	-	-
Net foreign exchange income or expense	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Total changes in statement of profit and loss and OCI	(1,012,522)	(715,121)	321,865	-	-	(1,405,778)
Premiums paid to reinsurer net of commission	2,667,534	-	-	-	-	2,667,534
Directly attributable expenses paid	-	-	14,384	-	-	14,384
Recoveries from reinsurance	-	-	(299,338)	-	-	(299,338)
Total cash flows	2,667,534	-	(284,954)	-	-	2,382,580
Closing reinsurance contract assets	4,087,547	453,435	224,753	-	-	4,765,735
Closing reinsurance contract liabilities	-	-	-	-	-	-
	4,087,547	453,435	224,753	-	-	4,765,735

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10 Investment in equities at fair value through profit or loss

	Consolidated		Parent company	
	<i>Un-audited</i>	<i>Audited</i>	<i>Un-audited</i>	<i>Audited</i>
	30-Sep-2025	31-Dec-2024	30-Sep-2025	31-Dec-2024
Quoted - Local	36,314,303	18,697,388	39,351,684	18,408,191
Unquoted - Local	16,975,713	19,816,017	2,501,909	5,396,448
Quoted - Foreign	39,175	-	-	-
Unquoted - Foreign	49,826	-	49,826	-
Money market funds	6,254,796	-	-	-
	59,633,813	38,513,405	41,903,419	23,804,639

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

	Consolidated		Parent company	
	<i>Un-audited</i>	<i>Audited</i>	<i>Un-audited</i>	<i>Audited</i>
	30-Sep-2025	31-Dec-2024	30-Sep-2025	31-Dec-2024
At 1 January	38,513,406	39,285,647	23,804,639	23,978,723
Acquired through business combination	21,486,947	-	14,269,406	-
Sales proceeds during the period	(178,055)	(2,014,174)	(178,055)	(1,201,552)
Additions during the period	-	217,605	-	100,006
Interest receivable capitalised	-	222,120	-	-
Transfer to Treasury shares	(1,340,516)	-	-	-
Transfer to investment in subsidiary	(2,550,002)	-	-	-
Realised gain during the period	(706,777)	(61,307)	62,379	(22,397)
Unrealised gain/(loss) during the period	4,408,811	863,514	3,945,050	949,859
	59,633,815	38,513,405	41,903,419	23,804,639

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

	Holding		No. of		
	%	Fair value	securities	Fair value	Cost
2025					
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	2,973,815	1,518,031	4,509,486	1,518,031
National Packaging Factory LLC	15	81,000	81,000	81,000	40,500

11 Financial assets at fair value through other comprehensive income

	Consolidated	
	<i>Un-audited</i>	<i>Audited</i>
	30-Sep-2025	31-Dec-2024
Quoted securities		
Quoted - Local	10,284,800	866,736
Unquoted - Local	5,729,019	-
Quoted - Foreign	68,010	632,287
	16,081,829	1,499,023

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

	Consolidated	
	<i>Un-audited</i>	<i>Audited</i>
	30-Sep-2025	31-Dec-2024
Opening Value	1,499,023	907,823
Acquired through business combination	19,104,244	-
Transfer to Treasury shares	(4,058,523)	-
Changes in fair value for the year	(462,916)	591,200
Closing	16,081,828	1,499,023

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- 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.

12 Investment in associates

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

	Consolidated	Parent Company	Parent &
	<i>Un-audited</i>	<i>Un-audited</i>	<i>Consolidated</i>
	<u>30-Sep-2025</u>	<u>30-Sep-2025</u>	<u>31-Dec-2024</u>
At 1 January	179,940,978	179,940,978	175,557,790
Acquisition of associates through merger	120,244,741	120,453,677	
Transfer to subsidiaries	(37,844,517)	(37,844,517)	
Increase in shares through conversion	-	-	-
Conversion/redemption of Dhofar Insurance Company bonds into sha	-	-	549,800
Sale and conversion of shares of an associate	(3,400,000)	(3,400,000)	(549,800)
Gain/ (loss) on conversion of shares	-	-	(232,260)
Realised gain /(loss) on sale	(1,013,802)	(1,013,802)	(20,628)
Share of profit for the period	14,590,323	14,381,387	14,656,555
Share of other comprehensive income for the period	960,196	960,196	62,592
Bargain gain on acquisition of an associate	-	-	-
Dividend received during the period	(5,845,481)	(5,845,481)	(6,783,599)
Share of loss from associate related to prior periods [Note 14(g)]	-	-	(559,628)
Share of interest on Tier 1 Capital Securities	<u>(2,132,016)</u>	<u>(2,132,016)</u>	<u>(2,739,844)</u>
At 30 September	<u>265,500,421</u>	<u>265,500,421</u>	<u>179,940,978</u>

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

30 September 2025	Symbol	Holding	Equity	Market value
Consolidated		%	accounted	of listed
			value	companies
Bank Dhofar SAOG	BKD	23.29	138,543,339	96,283,767
Bank Sohar SAOG	BKSB	13.12	122,608,009	126,747,906
Fincorp SAOG	FINC	39.18	1,394,173	643,005
Financial Services Company SAOG	FSC	46.15	1,415,058	1,449,231
Salalah Medical Supplies Manufacturing Co. LLC	SMSM	25.00	1,539,842	N/A
National Bureau of Commercial Information	NBCI	7.35	-	-
			<u>265,500,421</u>	<u>225,123,908</u>

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13 Investment in subsidiaries

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

	Un-audited	Parent Company
	<u>30-Sep-2025</u>	<u>Audited</u>
		31-Dec-2024
At 1 January	1,077,819	1,104,534
Transfer from associates	23,688,310	
Transfer from investments in FVTPL	3,314,358	
Acquisition through business combination	7,422,910	
Increase in share capital of a subsidiary	-	1,000,000
Share of loss for the period	(1,011,367)	(1,157,300)
Share of other comprehensive income/(loss) for the period	(21,962)	590,585
Dividend received from subsidiaries	-	(460,000)
At 30 September	<u>34,470,068</u>	<u>1,077,819</u>

b) On account of the Company's merger with Oman Investment and Finance Company SAOG (OIFC) with effect from July 1, 2025, the , the Company's group structure has expanded to include three additional subsidiaries: Wasel Exchange SAOC, Afaq Al Musana Trading LLC and Khedmah Solutions SPC.

c) Wasel Exchange SAOC is 100% subsidiary of the Parent Company incorporated in the Sultanate of Oman and the principal activity of the subsidiary is to operate as a money exchange house.

d) Afaq Al Musana Trading LLC is a subsidiary wherein the Parent Company holds 92% shareholding and 8% is held by Khedmah Solutions SPC which is 100% subsidiary of OIFC. The principal activity of Afaq Al Musana trading LLC is contracting, horizontal drilling and maintenance services.

e) Khedmah Solutions SPC is 100% susbsidiary of the Parent Company and the principal activity is investment in other companies. Khedmah Solutions has holding of 85% in Modern Delivery Services Company LLC which is into business of delivery of food and groceries within Sultanate of Oman.

Additionally, as a result of the merger, the Company's associates, Dhofar Insurance Company SAOG and Dhofar Foods and Investment Company SAOG, have become subsidiaries. The Company now holds a 50.28% share in Dhofar Insurance Company SAOG and a 49.23% share in Dhofar Foods and Investment Company SAOG. These entities have been accounted for as subsidiaries from 1 July 2025 onwards.

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14 Share capital

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

	Authorised		Issued and fully paid - up	
	30-Sep-2025	31-Dec-2024	30-Sep-2025	31-Dec-2024
Share capital	100,000,000	75,000,000	79,672,000	54,472,000

The issued share capital comprises of 796.720 million shares (2024: 409.246 million shares). At 30 September 2025, Muscat Overseas Company LLC held 19.78% (2024: 21.97%) and Abdul Hafidh Salim Rajab Al Aujaili held 16.12% (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.

The Parent Company in its Extra Ordinary Meeting held on June 21, 2023 approved an increase in authorised share capital from RO 75 million to RO 100 million and an increase in paid-up capital from RO 54.472 million to RO 79.672 million by issuing 86.810 million additional shares to acquire 100% interest in Oman Investment & Finance Co. SAOG

15 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.

16 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

17 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.

18 Loans and borrowings

	Consolidated		Parent company	
	Un-audited 30-Sep-2025	Audited 31-Dec-2024	Un-audited 30-Sep-2025	Audited 31-Dec-2024
Long-term loans – gross [refer notes (a), (b) & (c) below]	180,781,735	87,271,734	160,969,363	78,310,000
Issuance costs – net of amortisation [refer note (e) below]	(830,527)	(901,715)	(830,527)	(901,715)
Short term loan	-	-	-	-
Closing -net of issuance cost of loans	179,951,208	86,370,019	160,138,836	77,408,285

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19 Other liabilities	<u>Consolidated</u>		<u>Parent company</u>	
	<i>Un-audited</i> <u>30-Sep-2025</u>	<i>Audited</i> <u>31-Dec-2024</u>	<i>Un-audited</i> <u>30-Sep-2025</u>	<i>Audited</i> <u>31-Dec-2024</u>
Due to related parties	5,527,310	771,786	18,559,213	738,158
Payables and accruals	33,425,902	1,119,447	-	1,029,979
Employees end-of-service benefits	-	183,246	-	-
	<u>38,953,211</u>	<u>2,074,479</u>	<u>18,559,213</u>	<u>1,768,137</u>

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20 Revenue from operations

	9 months ended 30-Sep-2025	Consolidated (Un-audited) 9 months ended 30-Sep-2024	3 months ended 30-Sep-2025	3 months ended 30-Sep-2024
Net sales from food items including service income	32,059,615	-	32,059,615	-
Revenue from hospitality services				
	32,059,615	-	32,059,615	-
		Parent company (Un-audited)		
	9 months ended 30-Sep-2025	9 months ended 30-Sep-2024	3 months ended 30-Sep-2025	3 months ended 30-Sep-2024
Net sales from food items including service income	2,704,266	-	2,704,266	-
	2,704,266	-	2,704,266	-

21 Revenue from insurance operations

	9 months ended 30-Sep-2025	Consolidated (Un-audited) 9 months ended 30-Sep-2024	3 months ended 30-Sep-2025	3 months ended 30-Sep-2024
Net revenue from insurance operations	22,616,318	-	-	-
	22,616,318	-	-	-

22 Investment Income

	9 months ended 30-Sep-2025	Consolidated (Un-audited) 9 months ended 30-Sep-2024	3 months ended 30-Sep-2025	3 months ended 30-Sep-2024
Dividend income from investments	1,091,542	1,138,296	61,062	(850)
Change in fair value of investments through profit & loss	4,747,058	(710,596)	3,658,931	24,940
Profit in sale of investments through profit & loss	(859,659)	(46,084)	156,082	(6,404)
Net gain from investment properties				
Net gain/(loss) from associates	(230,662)	-	(230,662)	-
	4,748,278	381,616	3,645,412	17,686
		Parent company (Un-audited)		
	9 months ended 30-Sep-2025	9 months ended 30-Sep-2024	3 months ended 30-Sep-2025	3 months ended 30-Sep-2024
Dividend income from investments	1,049,338	1,077,281	30,530	(850)
Change in fair value of investments through profit & loss	4,760,391	(688,868)	3,655,396	19,771
Profit in sale of investments through profit & loss	(967,495)	(7,180)	48,246	(6,404)
Net gain from investment properties				
Amortised cost investment income				
	4,842,234	381,233	3,734,172	12,517

23 Interest income

	9 months ended 30-Sep-2025	Consolidated (Un-audited) 9 months ended 30-Sep-2024	3 months ended 30-Sep-2025	3 months ended 30-Sep-2024
Placements with banks & other money markets	177,976	81,333	46,871	39,294
	177,976	81,333	46,871	39,294
		Parent Company (Un-audited)		
	9 months ended 30-Sep-2025	9 months ended 30-Sep-2024	3 months ended 30-Sep-2025	3 months ended 30-Sep-2024
Placements with banks & other money markets	485,121	557,241	173,019	201,582
	485,121	557,241	173,019	201,582

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24 Cost of goods sold and services provided

	<i>Consolidated (Un-audited)</i>			
	9 months ended <u>30-Sep-2025</u>	9 months ended <u>30-Sep-2024</u>	3 months ended <u>30-Sep-2025</u>	3 months ended <u>30-Sep-2024</u>
Cost of materials consumed	20,287,512	-	20,287,512	-
Other overhaeds	6,384,499	-	6,384,499	-
	<u>26,672,011</u>	<u>-</u>	<u>26,672,011</u>	<u>-</u>
	<i>Parent Company (Un-audited)</i>			
	9 months ended <u>30-Sep-2025</u>	9 months ended <u>30-Sep-2024</u>	3 months ended <u>30-Sep-2025</u>	3 months ended <u>30-Sep-2024</u>
Cost of services provided	1,538,025	-	1,538,025	-
Other overhaeds	1,100,252	-	1,100,252	-
	<u>2,638,277</u>	<u>-</u>	<u>2,638,277</u>	<u>-</u>

25 Service expenses from insurance operations

	<i>Consolidated (Un-audited)</i>			
	9 months ended <u>30-Sep-2025</u>	9 months ended <u>30-Sep-2024</u>	3 months ended <u>30-Sep-2025</u>	3 months ended <u>30-Sep-2024</u>
Services expense from insurance operation	16,092,658	-	16,092,658	-
	<u>16,092,658</u>	<u>-</u>	<u>16,092,658</u>	<u>-</u>

26 Administrative and general expenses

	<i>Consolidated (Un-audited)</i>			
	9 months ended <u>30-Sep-2025</u>	9 months ended <u>30-Sep-2024</u>	3 months ended <u>30-Sep-2025</u>	3 months ended <u>30-Sep-2024</u>
Staff related costs	3,062,544	1,155,480	2,164,505	347,269
Directors' remuneration and sitting fees	60,400	43,000	24,400	10,000
Occupancy and office related costs	1,954,559	185,667	1,442,256	76,720
Miscellaneous expenses	485,606	-	485,606	181
	<u>5,563,108</u>	<u>1,384,147</u>	<u>4,116,766</u>	<u>434,170</u>
	<i>Parent Company (Un-audited)</i>			
	9 months ended <u>30-Sep-2025</u>	9 months ended <u>30-Sep-2024</u>	3 months ended <u>30-Sep-2025</u>	3 months ended <u>30-Sep-2024</u>
Staff related costs	1,078,175	987,753	300,997	288,488
Directors' remuneration and sitting fees	51,400	34,000	24,400	10,000
Occupancy and office related costs	364,583	163,360	170,948	50,874
Miscellaneous expenses	156,086	-	156,086	-
	<u>1,650,244</u>	<u>1,185,113</u>	<u>652,431</u>	<u>349,362</u>

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27 Net assets per share

	Consolidated		Parent company	
	<i>Un-audited</i> 30-Sep-2025	<i>Audited</i> 31-Dec-2024	<i>Un-audited</i> 30-Sep-2025	<i>Audited</i> 31-Dec-2024
Net assets attributable to equity holders	169,199,581	137,561,323	168,558,603	137,152,736
Number of shares	496,056,141	409,246,316	496,056,141	409,246,316
Net assets per share	0.341	0.336	0.340	0.335

28 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.

	Consolidated		Parent company	
	<i>Un-audited</i> 30-Sep-2025	<i>Un-audited</i> 30-Sep-2024	<i>Un-audited</i> 30-Sep-2025	<i>Un-audited</i> 30-Sep-2024
Net profit for the period	14,514,458	5,065,406	8,812,120	1,271,237
Number of shares	496,056,141	409,246,316	496,056,141	409,246,316
Basic earnings per share	0.029	0.012	0.018	0.003

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.

29 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

	Consolidated		Parent company	
	<i>Un-audited</i> 30-Sep-2025	<i>Audited</i> 31-Dec-2024	<i>Un-audited</i> 30-Sep-2025	<i>Audited</i> 31-Dec-2024
Dividend income from associates		6,783,598		6,783,598
Dividend income from other related parties	8,843,668	915,983	8,843,668	866,383
Sale of shares through an associate		2,138,318	1,011,367	1,431,614
Interest income from a subsidiary	464,540	690	464,540	-
Interest income from an associate and other related parties	-	46,115	0	46,115
Interest expense to an associate and other related parties	2,069,340	4,502,475	2,069,340	2,938,448
Rental income from an associate	54,720	72,960	54,720	72,960
Insurance expenses paid	-	11,807	40,542	10,947
Short-term advance to a subsidiary	-	-	1,842,232	-
Brokerage and commission to an associate	-	5,679	-	2,701

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29 Related party transactions and balances (Continued)

b) Key management compensation

	Consolidated		Parent company	
	<i>Un-audited</i>	<i>Audited</i>	<i>Un-audited</i>	<i>Audited</i>
	30-Sep-2025	31-Dec-2024	30-Sep-2025	31-Dec-2024
Salaries and other short-term employment	1,901,331	535,679	1,874,331	535,679
Employees end-of-service benefits	34,226	24,112	32,226	22,027
Social protection costs	139,786	5,416	139,786	5,416
	<u>2,075,342</u>	<u>565,207</u>	<u>2,046,342</u>	<u>563,122</u>

	Consolidated		Parent company	
	<i>Un-audited</i>	<i>Audited</i>	<i>Un-audited</i>	<i>Audited</i>
	30-Sep-2025	31-Dec-2024	30-Sep-2025	31-Dec-2024
Loans and borrowings from associate and other related party	35,282,778	48,116,735	39,155,000	39,155,000
Bank balances and term deposits with related		68,422	194,476	-
Term deposit with related parties	12,175,709	-	150,302	-
Term deposit with associates	44,174		44,174	
Due to related parties & associates	5,527,310	771,786	106	738,158
Due from associates	288,107	307,628	288,107	307,628
Loan to a subsidiary		-	3,600,000	3,600,000
Due from subsidiaries		-	9,020,924	6,989,795

30 Commitments and contingent liabilities

	Group and Parent Company	
	<i>Un-audited</i>	<i>Audited</i>
	30-Sep-2025	31-Dec-2024
Guarantees issued by the Parent Company's bankers	1,004,850	1,004,850
Corporate guarantees issued for subsidiaries and associates by the Company		
Dhofar International Energy Services Company LLC	<u>7,705,322</u>	<u>8,916,735</u>

31 Capital commitments

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

32 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.

33 Subsequent events

There are no subsequent events affecting the financial statements.

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34 Segment information

The Executive Committee makes the strategic resource allocations on behalf of the Group. The Group has determined the business segments based on the reports reviewed by the Executive Committee that makes strategic decisions. The Executive Committee considers the business as four sub-portfolios as below.

- (1) Investment Segment - It includes all strategic as well as non-strategic investments
- (2) Insurance Segment - It includes all insurance related activities including Life and General Insurance
- (3) Operations Segment - It includes activities pertaining to Meter reading, billing, collection, customer services, debt factoring for utility providers, contracting, drilling and others
- (4) Food Segment - It includes activities related to food sector including dairy, cattlefeed, poultry, edible oil

The segment information for the reportable business segments is as follows:

Group

	<u>Investments</u>	<u>Insurance</u>	<u>Operations</u>	<u>Food</u>		<u>Total</u>
At 30 September 2025						
Segment Revenue	7,412,403	27,105,727	3,806,603	26,411,266	-	64,736,000
Segment Profit / (Loss)	13,674,400	(305,646)	2,153,922	(405,968)	-	15,116,709
Segment Assets	263,347,712	140,072,341	80,063,218	89,443,953	-	572,927,224

	<u>Strategic Investments</u>	<u>Non-strategic Investments</u>	<u>Hospitality</u>	<u>Un-allocated</u>	<u>Total</u>
Consolidated At 30 September 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
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	7,622,281	372,455	(29,592)	(4,052,159)	3,912,985
Segment assets	174,617,992	37,643,006	4,806,761	3,991,410	221,059,169
Segment liabilities	-	-	5,102,757	81,727,543	86,830,300
Capital expenditures	-	-	-	2,093	2,093

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