

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2025

1. Legal status and principal activities

Dhofar Tourism Company SAOG (the 'Company') is an Oman-based public joint stock company registered with registration number 2079763 on 18 October 1993 in accordance with the Commercial Companies Law of the Sultanate of Oman. The company operates in the hospitality and tourism industry and owns and operates the Wyndham Garden Mirbat ('the Hotel'). The address of the Company is P.O. Box 2808, Postal Code 211, Salalah, the Sultanate of Oman, which is also the registered office of the Company.

A franchise agreement executed on 15 October 2021, between the Company and Wyndham Hotel Group (UK) Limited (the 'Operator'), a company registered and existing under the laws of United Kingdom, was signed for a period of 20 years from October 2021 to 2041.

2. Going concern assumption

For the period ended 30 June 2025, the Company incurred loss of RO. 374,030 (2024: loss of RO 438,744) and as on 30 June 2025, the Company had accumulated loss of RO. 2,356,344 which has eroded part of the Company's equity at that date. Further, as of 30 June 2025, the Company's current liabilities exceeded its current assets by RO. 2,529,895 (2024: RO 2,454,735). Although the loss 30 June 2025 compared to previous year, then the Company ability to meet its cash flow requirements and hence, ability to continue as a going concern, depends on the continued finance support of the shareholder and the banks (see note 18). Further, the management believes that the company will be able to generate positive cashflow in the future.

Accordingly, the management believes it is appropriate for the financial statements to be prepared on a going concern basis.

3. Adoption of new and amended International Financial Reporting Standards ('IFRS Accounting Standards')

New standards, amendments and interpretations to existing IFRS Accounting Standards effective 1 January 2024

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2023. However, the following new Standards, amendments to Standards and Interpretations have become effective for the first time for the reporting periods beginning on or after 01 January 2024:

- Amendments to IAS 1:

i) Classification of Liabilities as Current or Non-current

ii) Non-current Liabilities with Covenants

- Amendment to IFRS 16: Lease Liability in a Sale and Leaseback

- Amendments to IAS 7 and IFRS 7: Supplier finance arrangements

- Amendments to IAS 12 for International Tax Reform - Pillar Two Model Rules

The Company has adopted all of the above new Standards and amendments, and it has accounted for and disclosed all the relevant requirements of the new Standards and amendments of existing standards that were applicable to the Company. These amendments did not have any material impact on the presentation of the amounts and disclosures in the financial statements. The management does not expect the adoption of the Standards and Interpretations listed above to have a material impact on the financial statements of the Company in future periods.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2025

3. Adoption of new and amended IFRS Accounting Standards (continued)

Following are the new standards and amendments to existing standards that have been issued, but not yet effective, and are applicable for future reporting periods:

Standards/ amendments to standards	Effective date
- Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability	1 January 2025
- Amendments to IFRS 9 and IFRS 7 for: Classification and Measurement of Financial Instruments	1 January 2026
- IFRS 18: Presentation and Disclosures in Financial Statements (new standard) and consequential amendments of other related standards	1 January 2027
- IFRS 19: Subsidiaries without Public Accountability: - Disclosures	1 January 2027
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Management believes that adoption of the new standards, amendments and interpretations which are in issue, but not yet effective is not likely to have any material impact, on the recognition, measurement, presentation and disclosure of items in the financial statements for current and future periods and foreseeable future transactions. For the new standard IFRS 18, applicable to annual reporting periods beginning on or after 1 January 2027, the Company is currently performing an impact assessment.

4. Material accounting policy information **Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS Accounting Standards') issued by International Accounting Standards Board ('IASB') and the interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') of the IASB. The financial statements comply with the applicable requirements of the Commercial Companies Law of 2019, and the Capital Market Authority of the Sultanate of Oman. These financial statements are prepared under the historical cost convention as modified by certain items of assets that are carried at fair values or revalued amounts.

Functional and presentation currency

The Company's financial statements are presented in the Rial Omani (RO) which is also the functional currency of the Company. All amounts have been rounded to nearest Rial Omani, unless otherwise indicated.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and identified impairment losses, if any, except for land which is stated at revalued amount. The cost of property, plant and equipment are their purchase price together with any incidental expenses in bringing the assets to its present location and condition. Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection capitalised. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment and can be measured reliably. All other expenditure is recognised in the statement of profit and loss as an expense when incurred.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2025

4. Material accounting policy information (continued) **Property, plant and equipment (continued)**

The cost of property, plant and equipment are depreciated on straight line basis over the expected useful lives of the assets. The estimated useful lives are major classes of depreciable assets are given below:

	Year
Buildings	40
Motor vehicles	4
Furniture and fixtures	5
Tools and equipment	5

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Revaluation of land is carried out on a regular basis, not exceeding 2 years, to determine its market value at the date of revaluation. Any increase in the amount carrying arising on revaluation is credited directly to other comprehensive income and shown as the revaluation reserve in equity, except to the extent that a revaluation increase merely restores the carrying value of an asset to its original cost, whereby it is recognized in profit or loss.

A decrease resulting from a revaluation is initially charged directly against any related revaluation surplus held in respect of that same asset, the remaining portion being charged as an expense in the statement of profit or loss. On disposal the related revaluation surplus is credited to the retained earnings.

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit before taxation.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise purchase price and the other direct cost that have been incurred in bringing the inventories to their present location and conditions. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution. Provision is made, where necessary for obsolete, slow moving and defective items.

Financial instruments

Classification

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

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

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

- for assets measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2025

4. Material accounting policy information (continued) **Financial instruments (continued)**

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

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

Measurement

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

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

-Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of comprehensive income.
-Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in statement of comprehensive income. Any gain or loss on derecognition is recognized in statement of comprehensive income.
-Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of comprehensive income. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of comprehensive income.
-Equity investments	The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to statement of comprehensive income.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2025

4. Material accounting policy information (continued) **Financial instruments (continued)**

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

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

Impairment of financial assets

As per IFRS 9 impairment requirements, the Company follows one of the approaches below:

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

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

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

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

Impairment of non-financial assets

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2025

4. Material accounting policy information (continued) **Non-Financial instruments (continued)**

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 recognised as income immediately, provided that the increased carrying amount does not exceed the carrying amount that would have been net of depreciation or amortisation, had no impairment loss been recognised earlier.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank including overdraft balance and call deposit having original maturity of three months or less, which are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments. Bank borrowings that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation and are accounted for using the fair value model. The Company applies fair value measurement for all the assets in this category.

The fair value measurement of non-financial assets considers a market participant's ability to generate economics 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. Management believes that fair value of investment properties is reliably measurable.

Fair valuation gains/losses on investment properties' revaluation are included in the statement of profit or loss in the period in which they arise.

Rental income and operating expenses from/related to investment properties are reported within 'revenue' and 'expenses' respectively.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that it is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

Revenue

The Company uses the five-step model of revenue recognition. In particular, the Company has the following policies with respect to identification of performance obligations, allocation of the transaction price and recognition of revenue allocated to each performance obligation. To determine whether to recognize revenue, the Company follows a 5-step process:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2025

4. Material accounting policy information (continued) **Revenue (continued)**

Step 1 Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 Identify the performance obligations in the contract: 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.

Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue when (or as) the entity satisfies a performance obligation: The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as and when the Company performs; or*
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or*
- The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.*

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Room revenue

Room revenue is recognised over time when the service is provided, being when the customers occupy the room and avail the services included in the room.

Food and beverage revenue

For food and beverages, revenue is recognised is point when the food or beverage is delivered to or consumed by the customer.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2025

4. Material accounting policy information (continued)

Revenue (Continued)

Rentals revenue

Rental income from investment properties is recognised in the statement of profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

Other revenues

Other revenues comprise of guest telephone service, guest transport service, guest laundry service and other miscellaneous services. Revenue is recognized when control of the goods or services has transferred, being at the point in time or over time, as the case may be.

Foreign currency transaction and balances

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in the statement of profit or loss.

At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated into Rial Omani at the rate of exchange prevailing at the reporting date.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Employees' end of service benefits

The provision for employees' terminal benefits is based upon the liability accrued in accordance with the terms of employment of the Company's employees at the reporting date with regard to the requirements of the Oman Labour Law and the Social Security Law, issued by the way of Royal Decree 53/2023, dated 25 July 2023.

Contributions to a defined contribution retirement plan for Omani employees is in accordance with the Omani Social Insurance Scheme are recognised as an expense in the profit or loss as incurred.

Provision for non-Omani employee terminal benefits, which is an unfunded defined benefit retirement plan, is made in accordance with Oman Labour Law and is based on the liability that would arise if the employment of all employees were terminated at the end of the reporting period.

Employee entitlements to annual leave are recognized when they accrue to employees and an accrual is made for the estimated liability for annual leave as a result of services up to the reporting date. The accrual relating to annual leave and leave passage is disclosed as a current liability, while that relating to end-of- service benefits is disclosed as a non-current liability.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2025

4. Material accounting policy information (continued)

Directors' remuneration

The Company follows the Commercial Companies Law of 2019, as amended, and other latest relevant directives issued by Financial Services Authority, for the determination of the amount to be paid as Directors' remuneration. Directors' remuneration is charged to the statement of profit or loss in the year to which they relate.

Dividend distribution

The Board adopts a prudent dividend policy, which complies with regulatory requirements applicable in the Sultanate of Oman. Dividends shall be distributed in accordance with the Company's Articles of Association and shall be subject to the approval of Shareholders. Dividend is recognised on its approval by the appropriate authority.

Income tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, Tax Authority relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income, based on the Company's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The carrying amount of deferred tax assets is reviewed at each reporting date and the deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax liabilities are always provided for in full. Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same Taxation Authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in statement of profit or loss and other comprehensive income, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2025

4. Material accounting policy information (continued)

Provisions, contingent liabilities and contingent assets

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

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

Provisions, contingent liabilities and contingent assets

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote. Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

Leases

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

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

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

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

Dhofar Tourism Company SAOG

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2025

5. Significant management judgement in applying accounting policies and estimation uncertainty

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

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The actual results may differ from the judgements, estimates and assumptions made by management.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the year in which the estimates are revised and in future period effected.

Significant management judgments

The following is significant management judgement in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Recognition of deferred tax assets

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

Estimation uncertainty

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

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. At 31 December 2025, management assessed that the useful lives represent the expected utility of the assets to the Company. The carrying amounts are analyzed in Note 6.

Income tax

Uncertainties exist with respect to interpretation of the tax regulations and the amount of timing of future taxable income. Given the wide range of business relationships and nature of existing contractual agreements, differences arising between the actual result and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

Dhofar Tourism Company SAOG

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2025

5. Significant management judgement in applying accounting policies and estimation uncertainty (continued)

The Company establishes provisions, based on reasonable estimate, for possible consequences of the finalisation of the tax assessment of the Company.

The amount of such provision is based on various factors, such as experience of previous assessment and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Inventories

Inventories are measured at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business with less selling costs. Management estimates the net realisable values of inventories, considering the most reliable evidence available at each reporting date.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the asset. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

The company measures fair value using the following fair value hierarchy that reflects the significance of the input used in the making the measurements:

Level 1

Level 1 assets and liabilities are typically exchange-traded positions traded in active markets. These positions are valued using unadjusted quoted prices in active markets.

Level 2

Fair value is determined by using valuation techniques based on valuation models with directly or indirectly market observable inputs. These valuation techniques include discounted cash flow analysis models, option pricing models, simulation models and other standard models commonly used by market participants. Valuation techniques incorporate assumptions that other market participants would use in their valuations, such as discount rates, default rates, credit spreads and option volatilities. These inputs need to be directly or indirectly observable in order to be classified as level 2.

Level 3

Level 3 assets are valued using techniques similar to those outlined for level 2, except that if the instrument has one or more inputs that are unobservable and significant to the fair value measurement of the instrument in its entirety, it will be classified as level 3.

Dhofar Tourism Company SAOG

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2025

5. Significant management judgement in applying accounting policies and estimation uncertainty (continued)

Impairment of financial assets

The Company assesses the impairment of its financial assets based on the Expected Credit Loss ("ECL") model. Under the expected credit loss model, the Company accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Company measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

The Company measures the expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of Possible.
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are measured for the maximum contractual period over which the entity is exposed to credit risk. The significant estimates relating to the measurement of ECL relate to the fair value of the collaterals in place, the expected timing of the collection and forward-looking economic factors.

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6. Property, plant and equipment

Descriptions	Freehold land	Building	Motor vehicles	Furniture & fixtrues	Tools & equipments	Capital work in progress	Total
Cost / revalued amount	RO	RO	RO	RO	RO	RO	RO
At 1 January 2024 and at 31 December 2024	14,170,000	15,170,000	100,755	1,177,053	1,419,760	92,300	32,129,868
At 1 January 2025	14,170,000	15,170,000	100,755	1,177,053	1,419,760	92,300	32,129,868
Additions	-	-	7,620	-	8,301	-	15,921
Revaluation	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
At 30 June 2025	14,170,000	15,170,000	108,375	1,177,053	1,428,061	92,300	32,145,789
Depreciation / Impairment							
At 1 January 2024	-	1,167,355	86,087	1,142,315	1,300,002	-	3,695,759
Charge for the year	-	532,403	3,872	27,589	26,552	-	590,416
At 31 December 2024	-	1,699,758	89,959	1,169,904	1,326,554	-	4,286,175
At 1 January 2025	-	1,699,758	89,959	1,169,904	1,326,554	-	4,286,175
Charge for the period / year	-	263,292	2,662	740	10,253	-	276,947
Relating to disposals	-	-	-	-	-	-	-
At 30 June 2025	-	1,963,050	92,621	1,170,644	1,336,807	-	4,563,122
Net book value							
At 30 June 2025	14,170,000	13,206,950	15,754	6,409	91,255	92,300	27,582,668
At 31 December 2024	14,170,000	13,470,242	10,795	7,150	93,206	92,300	27,843,693

- Land and building are rendered for registered mortgage against the term loan from Bank Dhofar (note: 15).
- Land represents freehold land located at plot no 171, was revalued on 05 February 2023 at its open market value by an independent professional valuer. Had the land herewith, along with the plot no 166, 174 & 175 (classified under Investment property), been carried at historical cost, the carrying amount on 31 December 2024 would have been RO 153,875 (2023: RO 153,875). The land in plot no 171 and plot no 174 are mortgaged against the term loans from Bank Dhofar and Qatar National Bank respectively.
- Capital work-in-progress comprises of the mobilisation advance paid to a consultant towards the master plan design and infrastructural design at Mirbat. Capital commitments have been disclosed in note 29 of these financial statements.

7. Investment Property

	30 Jun 2025 RO	31 Dec 2024 RO
Cost		
At 1 January	28,700,000	28,700,000
	28,700,000	28,700,000

Investment properties represent the freehold land located at plot no 166, 174 and 175 adjacent to the hotel building. At the end of the reporting period, investment properties are stated at their fair values. The management has independently estimated the fair values of investment properties at the year end, such estimates approximate the recent valuations conducted by the independent valuers (note: 6 (b)).

Dhofar Tourism Company SAOGNOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2025**8. Inventories**

	30 Jun 2025 RO	31 Dec 2024 RO
Food	9,007	17,898
Beverages	7,183	15,236
Tobacco	84	150
	16,274	33,284

9. Trade and other receivables

	30 Jun 2025 RO	31 Dec 2024 RO
Financial assets:		
Trade receivables	260,574	341,092
Less: Allowance for expected credit losses	(28,520)	(28,520)
	232,054	312,572
Non-financial assets:		
Prepayments and other receivables	130,494	71,580
	362,548	384,152

- a) At the end of the reporting period, trade receivables amounting to RO 103,122 (2024: RO 185,024) are neither past due nor impaired.
- b) As on 30 Jun 2025, trade receivables amounting to 153,815 (2024: RO 127,548) are past due, but not impaired. As per the historical experiences of management, all the receivables which are past due but not impaired are collectible.
- c) The ageing analysis of these past due accounts receivables is as follows:

	30 Jun 2025 RO	31 Dec 2024 RO
Due between 30 days to 60 days	142,735	120,219
Due between 61 days to 90 days	1,835	900
Due between 91 days to 120 days	5,515	900
More than 120 days	3,730	5,529
	153,815	127,548

- d) The movement in allowance for expected credit loss is as follows:

	30 Jun 2025 RO	31 Dec 2024 RO
At 1 January	28,520	11,174
Charge for the year / period (note 25)	-	16,806
	28,520	28,520

Dhofar Tourism Company SAOG

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2025

10. Cash and cash equivalents

	30 Jun 2025 RO	31 Dec 2024 RO
Cash at bank	39,235	44,091
Call deposits	3,435	5,422
Cash in hand	3,515	3,518
Cash and bank balances	46,186	53,031

The Company maintains its bank accounts in Rial Omani and US dollar.

11. Share Capital

	30 Jun 2025 RO	31 Dec 2024 RO
Authorised capital	28,000,000	28,000,000
Issued and fully paid-up capital	14,160,000	14,160,000
Issued and fully paid-up capital (numbers of shares)	14,160,000	14,160,000

The Company has one class of ordinary shares of RO 1 each (2024: RO 1 each).

Shareholders who own 10% or more of the Company's share capital at the reporting date are:

	<u>2025</u>		<u>2024</u>	
	Number of <u>shares</u>	Shareholding <u>percentage</u>	Number of <u>shares</u>	Shareholding <u>percentage</u>
Sindbad International Trading Company LLC	3,103,824	21.92%	3,103,824	21.92%
Alawi Real Estate Company LLC	3,098,431	21.88%	3,098,431	21.88%
Dolphin International LLC	2,865,114	20.23%	2,865,114	20.23%
Yousef Alawi Abdullah Al Ibrahim	2,810,427	19.85%	2,810,427	19.85%

The Company in its extra ordinary general meeting conducted on 28 December 2023 resolved to reduce the share capital to RO 14,160,000 by writing off the accumulated losses balance as at 31 December 2022 of RO 13,790,000.

The reduction in share capital was approved by the Ministry of Commerce Industry and Investment on 03 March 2024.

Dhofar Tourism Company SAOG

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2025

12. Legal reserve

As per the Commercial Companies Law of the Sultanate of Oman, annual appropriation of 10% of a company's net profit is to be made to a non-distributable legal reserve, until the amount of legal reserve becomes equal to one-third of the amount of issued share capital. This reserve is not available for distribution. During the year, no amount was transferred to the legal reserve as the Company incurred a loss (2024: Nil).

13. Special reserve

The excess of share issue expenses received from public subscription over expenses incurred has been transferred to a special reserve in accordance with the Company's Articles of Association.

14. Revaluation reserve

Up to 30 September 2018, the Company had a policy of valuing land once in every two years.

On 30 September 2018, due to a change in the Company's business model to rent the property, the land and building were classified as investment properties at fair value model.

On 15 October 2021, the Company changed its business model to manage a hotel business and executed a franchisee agreement with Wyndham Hotel Group (UK) Limited for a period of 20 years from October 2021 to 2041. Accordingly, the land and building considered under this contract were reclassified from investment properties to property, plant and equipment.

The revaluation reserve represents the surplus on revaluation. Further, the reserve is presented within equity net of deferred tax and is not available for distribution until the land is disposed of.

15. Term loans

	30 Jun 2025 RO	31 Dec 2024 RO
Term loan 1	1,125,811	1,125,811
Term loan 2	1,030,851	1,000,000
Total term loans	2,156,662	2,125,811
Less:		
Current portion of term loan (1)	(452,688)	(452,688)
Current portion of term loan (2)	-	(200,000)
Non-current portion of term loans	1,703,974	1,473,123

Term loan – 1

This loan represents a facility of RO 5,252,101 repayable in 7 annual instalments of RO 750,300 each, which commenced from November 2012. During 2016, the balance term loan was restructured and revised payment schedule was devised which comprised 10 annual instalments of RO 225,000 each.

The loan terms were further amended in 2021 wherein the principal is repayable in 5 installments of RO 225,995 each starting from November 2022 to November 2026 and as a 6th and final installment RO 221,831, due on 30 November 2027. During the year, the terms of the loan were further amended wherein the principal is repayable in 5 installments of RO 226,344 each starting from November 2024 to November 2028. Interest will be charged on a monthly basis and recovered from the funding account of the borrower over the full life of the term loan. The loan carries an interest rate of 3% per annum (2024: 3% per annum).

Dhofar Tourism Company SAOG

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2025

As at the end of the reporting period, the Company has defaulted on the first installment due on November 2024. The management is in negotiation with the bank to restructure the terms of the loan to extend the installment payments. However, the Company has not received any confirmation from the bank.

The loan is secured by a registered charge over part of the Company's investment property (plot 174) valued at RO 2,870,000.

Term loan – 2

During the year 2025, the Company obtained a term loan facility of RO 2,080,000 from a commercial bank. An amount of RO 1,030,851 was utilized during the period, resulting in the full and final repayment of a loan from Bank Dhofar, amounting to RO 1,000,000. The loan bears an effective interest rate of 6.40% per annum (2024: 7% per annum). The loan is repayable in 10 annual installments commencing from Jun 2028.

The loan is secured by a registered charge over part of the Company's land and building (plot 171) valued at RO 14,170,000.

16. Employees' end of service benefits

	30 Jun 2025 RO	31 Dec 2024 RO
At 1 January	66,959	50,469
Provided during the year / period	12,240	21,756
Paid during the year / period	(5,246)	(5,266)
	73,952	66,959

17. Bank Overdraft

	30 Jun 2025 RO	31 Dec 2024 RO
Bank Overdraft	481,012	404,921

The Company has obtained overdraft facility for a sanctioned amount of RO 500,000 (2024: RO 500,000) from a commercial bank carrying interest at 6.25% per annum (2024: 7% per annum).

The facility is secured by registered charge over part of the Company's land and building (plot no 171) valued at RO 14,170,000.

18. Trade and other payables

	30 Jun 2025 RO	31 Dec 2024 RO
Financial liabilities:		
Trade payables	575,363	440,687
Other payables and accruals	356,755	471,423
	932,118	912,110

Dhofar Tourism Company SAOG

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2025

19. Related party

Related parties comprise of shareholders, key businesspersons and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

The Company has balances with these related parties, which arise in the normal course of business from the commercial transactions and are entered into at terms and conditions which the management considers to be comparable with those adopted for arm's length transactions with third parties.

a) Below are the balances which are due to related parties at the reporting date:

	30 Jun 2025 RO	31 Dec 2024 RO
Due to related party:		
Wyndham Hotel Group (UK) Limited	14,840	10,509
Dolphin International LLC	69,358	51,744
Due from related party:		
Modern Contracting LLC – Advance for contract	153,888	153,888
Loan from related party:		
Dolphin International LLC	1,047,118	1,047,118

During 2023 the Company entered into a loan agreement with Dolphin International LLC ('Dolphin') for a value ranging between RO 250,000 - RO 300,000 for funding the formulation of master development plan. The loan is provided on an arm's length basis, and interest paid by Dolphin for borrowing this amount will be recharged to the Company without adding any extra margin. This loan is repayable at the discretion of the Company subject to the availability of sufficient cashflows. The arrangement was approved by the Board on 08 October 2023 and has been approved at the Annual General Meeting ('AGM') by shareholders on 29 March 2024.

During 2023 the Company entered into a loan agreement with Dolphin International LLC ('Dolphin') for RO 300,000 for covering general administrative expenses, in addition to maintenance work for the resort. The loan is provided on an arm's length basis, and interest paid by Dolphin for borrowing this amount will be recharged to the company without adding any extra margin. The arrangement was approved by the Board on 12 November 2023 and has been approved on the Annual General Meeting ('AGM') by shareholders on 29 March 2024.

During the previous year, the Company incurred significant expenditures, including chalet refurbishment and the "Horse Beauty Show at Mirbat" event, totaling RO 535,000. This amount was funded by the major shareholder, Dolphin International LLC. The arrangement was approved by the Board on 19 May and 20 August 2024 and has been approved on Annual General Meeting ('AGM') by shareholders' on 26 March 2025.

b) Key management compensation

	Period ended 30 Jun 2025 RO	Period ended 30 Jun 2024 RO
Senior management:		
Salary, allowances and benefits	76,149	84,319
Retirement benefits	4,296	3,280
Director's sitting fees	2,500	2,500
	82,945	90,099

Dhofar Tourism Company SAOG**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2025****c) Transactions with related parties for the year / period ended**

	Period ended 30 Jun 2025 RO	Year ended 31 Dec 2024 RO
Loans received	-	535,000
Interest on loan from related party (note 26)	32,454	51,744
Franchise fees (note 22)	18,106	58,643
Advance for contract	1,900	153,888

20. Net assets per share

Net assets per share is calculated by dividing the net assets or net equity as at the reporting date by the number of shares outstanding as follows:

	Period ended 30 Jun 2025 RO.	Year ended 31 Dec 2024 RO.
Net assets (RO)	46,346,810	46,720,839
Number of shares	14,160,000	14,160,000
Net assets per share (RO)	3.273	3.299

21. Income from operation

Disaggregation of revenue from contracts with customers with respect to:

	Period ended 30 Jun 2025 RO	Period ended 30 Jun 2024 RO
Room revenue	577,468	482,964
Food and beverage revenue	355,745	387,393
Other operating departments' revenue	22,837	16,419
	956,050	886,775

Other operating department revenues comprise health club and spa, guest telephone service, guest transport service, guest laundry service, space rental and other miscellaneous services.

22. Direct costs

	Period ended 30 Jun 2025 RO	Period ended 30 Jun 2024 RO
Salaries and other related costs	290,452	275,411
Utilities expenses	160,828	143,745
Repairs and maintenance expenses	61,139	72,675
IT and networking expenses	13,228	14,165
Franchising fees (Note 8.2)	18,106	23,348
Food cost	126,868	121,056
Admin. & general expenses	25,960	38,276
Other operating charges	54,390	70,270
	750,972	758,946

Dhofar Tourism Company SAOGNOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2025**23. Other income**

	Period ended 30 Jun 2025 RO	Period ended 30 Jun 2024 RO
Gain on disposal of property, plant and equipment	-	6,299
Interest income from call deposits	13	14
	13	6,313

24. General and administrative expenses

	Period ended 30 Jun 2025 RO	Period ended 30 Jun 2024 RO
Salaries and other related costs	60,258	61,905
Insurance expenses	80,797	91,132
Director meeting expenses	4,574	4,295
Registration and renewal expenses	11,797	16,180
Professional charges	3,000	3,000
Government expenses	3,170	1,079
Bank charges	29,637	172
Retainership expenses	4,200	4,300
Travelling expenses	815	435
Miscellaneous expenses	4,027	2,404
	202,275	184,902

25. Finance cost

	Period ended 30 Jun 2025 RO	Period ended 30 Jun 2024 RO
Interest expense on term loans	51,420	52,826
Interest expenses on shareholder loans	32,454	9,433
Interest expense on bank overdraft	12,167	22,244
	96,041	84,503

26. Taxation

The Company is subject to income tax at the rate of 15% (2024: 15%) on the taxable profit. Since the company does not have taxable profit during the year, provision for current tax is Nil.

	Period ended 30 Jun 2025 RO	Year ended 31 Dec 2024 RO
Recognised in statement of comprehensive income:		
Deferred tax expense	-	(33,583)

	30 Jun 2025 RO	31 Dec 2024 RO
Presented in statement of financial position as liabilities:		
Deferred tax liabilities - net	5,828,037	5,828,037

Dhofar Tourism Company SAOG

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2025

Current status of tax assessments

The Company's tax assessments from the year 2021 have not been finalised by the Tax Authority. Management believes that the amount of additional taxes, if any, that may become payable on finalisation of the pending tax assessments would not be material to the Company's financial position at 30 June 2025.

27. Earnings per share - basic and diluted

The calculation of basic earnings per share is based on net profit attributable to ordinary shareholders and the weighted average ordinary number of shares outstanding during the year as follows:

	Period ended 30 Jun 2025 RO	Period ended 30 Jun 2023 RO
Profit (loss) for the period / year (RO)	(374,030)	(438,744)
Weighted average number of shares (number of shares)	14,160,000	14,160,000
Basic profit (loss) per share (RO)	(0.026)	(0.031)

There is no dilutive effect on basic loss per share, therefore basic loss per share is equals to diluted loss per share.

28. Capital commitments

At 30 June 2025 the Company's capital commitments in respect of designing the master plan amounts to RO 157,700 (2024: RO 157,700).

29. Contingent liabilities

At 30 June 2025, the Company had contingent liabilities amounting to RO 2,100 (2023: RO 2,100) in respect of margin deposit and payment guarantee entered in the normal course of business.

30. Financial instruments risk

The Company's Board of Directors has the overall responsibility for the management of Company's exposure to financial risk. It has constituted an Audit Committee within the Board of the Company who are required to review and assess the risk management process. It ensures that internal risk management framework is effective and that a sound system of risk management is in place to safeguard shareholder's interests.

Financial instruments carried on the statement of financial position comprise cash and bank balances, trade and other receivables, commercial loans, bank borrowings, trade and other payables, due to related parties and loan from a related party.

The Company has exposure to the following risks from its use of financial instruments:

a) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from cash and cash equivalents and credit exposures to customers, including outstanding amounts from a related party.

Credit risk management

The Company has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions.

Dhofar Tourism Company SAOG

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2025

Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location. The Company seeks to limit its credit risk with respect to the customers by setting credit limits for customers and monitoring outstanding receivables. The Company has no concentration risk due to the nature to its operations and the credit risk associated with accounts receivable is widely distributed amongst a large number of customers. All major customers are based in Sultanate of Oman.

All corporate customers are duly assessed for their credit worthiness based on the volume of business transacted, their past payment records, credit history within the Company and the industry and history of these customers. On an ongoing basis ageing of receivables is monitored against credit limits set. The Company does not acquire collateral in respect of financial assets. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. As collections are constantly monitored and the financial standing of the party is considered good, the concentration risk is considered to be mitigated.

The Company has established credit policies and procedures that are considered appropriate and commensurate with the nature and size of receivables.

The carrying amount of financial assets represents the maximum credit exposure. The exposure to credit risk at the reporting date is on account of:

	Period ended 30 Jun 2025 RO	Year ended 31 Dec 2024 RO
Trade receivables	232,054	341,092
Other receivables	130,494	26,001
Amount due to related parties	153,888	153,888
Cash and bank balances (including call deposit)	46,186	75,711
	562,622	570,494

Expected credit loss on trade receivables

The Company applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics.

Trade receivables are written off (i.e., de-recognised) when there is no reasonable expectation of recovery. Failure to engage with the Company on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

Loss rates are calculated using a "roll rate" method based on the probability of a receivable progressing through successive stages of delinquency to write off.

Loss rates are based on actual credit loss experience over the past two years. These are then adjusted for the current economy outlook of the geographical region to which the receivables belong.

Receivables past due but not impaired are expected, based on past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables. The Company has obtained credit insurance covering all outstanding receivables.

Dhofar Tourism Company SAOG

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2025

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, in so far as it is reasonably possible, that it will always have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking damage to the Company's reputation. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and credit facilities.

The following are the contractual maturities of the Company's financial liabilities:

	Carrying Value RO	Within 6 months RO	6 to 12 months RO	Above 1 year RO	Total RO
30 June 2025					
Commercial term loan	2,156,662	425,995	225,595	1,505,072	2,156,662
Bank overdraft	481,012	481,012	-	-	481,012
Trade payables	575,363	575,363	-	-	575,363
Due to related parties	1,047,118	1,047,118	-	-	1,047,118
Other payables & accruals	356,755	356,755	-	-	356,755
	4,616,911	2,886,244	225,595	1,505,072	4,616,911

	Carrying Value RO	Within 6 months RO	6 to 12 months RO	Above 1 year RO	Total RO
31 December 2024					
Commercial term loan	2,125,811	225,995	425,995	1,473,821	2,125,811
Bank overdraft	404,921	404,921	-	-	404,921
Trade payables	440,687	440,687	-	-	440,687
Due to related parties	1,109,371	1,109,371	-	-	1,109,371
Other payables & accruals	471,423	471,423	-	-	471,423
	4,552,213	2,652,746	426,344	1,473,821	4,552,213

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company's transactions are primarily in Rial Omani and its foreign currency dealings are principally in US Dollar to which the Rial Omani is pegged and therefore currency risk is considered to be insignificant. There are no significant financial instruments denominated in foreign currencies other than those pegged with US Dollar.

Dhofar Tourism Company SAOG

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2025

Foreign currency trade payables

The Company does not have foreign currency trade and other payables (other than those pegged with US Dollar)

Foreign currency bank balances

The Company does not have foreign currency bank balances other than rial Omani and US Dollar.)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Company has bank overdraft and loan to related party which is exposed to interest rate risk. At 30 June 2025 the total exposure is RO 1,528,131. In case of 100 basis point increase / decrease in interest rate, with all other variables held constant, the income and net assets would have been higher / lower by RO 1,529 (2024: 1,452).

31. Fair value of financial instruments

The fair value of the financial assets and liabilities approximates their carrying value as stated in the statement of financial position.

32. Capital management

The Company's capital consists of share capital, legal reserve, special reserve, revaluation reserve and retained earnings. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support future development of the business and maximize shareholder value. Minimum capital requirement is prescribed by Commercial Companies Law of Sultanate of Oman.

The capital structure of the Company includes, share capital, reserves and retained earnings. The Company monitors the gearing ratio and other parameters for effective capital management. During the year, there is no change there is no change in the capital management policy of the Company.

Gearing ratio

Gearing ratio at the end of the reporting period was as follows:

	Period ended 30 Jun 2025 RO	Year ended 31 Dec 2024 RO
Debt (i)	3,684,793	3,577,850
Equity	46,346,810	46,720,839
Net debt to equity ratio	0.080	0.077

Debt includes long-term and short-term loans, outstanding as at the reporting date.

32. Comparative figures

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions. Such reclassifications do not impact the Company's previous year reported profit or equity.