

Notes to the financial statements

For the period ended 31 March 2026

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 registered address of the Company is P.O. Box 2808, Postal Code 211, Salalah, Sultanate of Oman. From 2023, Dolphin Group are the major shareholders of the Company, holding 83.88% of the share capital.

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 Year of 20 years from October 2021 to 2041 and the facility will be called as "Wyndham Garden Salalah Mirbat". The Company controls the accommodation and food services before they are transferred to customers and bears the associated inventory and credit risk. Accordingly, the Company acts as principal and recognizes revenue on a gross basis. Franchise and royalty fees payable to Wyndham are recognized as operating expenses (note: 22).

2. Going concern assumption

For the year ended 31 December 2025, the Company incurred a loss of ~~₹~~ 984,096 (2024: ~~₹~~ 1,256,769) and as on 31 December 2025, the Company had accumulated losses of ~~₹~~ 2,966,410 (2024: ~~₹~~ 1,982,314). Further, as at 31 December 2025, the Company's current liabilities exceeded its current assets by ~~₹~~ 1,673,169 (2024: \$ 1,407,617). Further, the Company has defaulted on two repayment due instalments of Term Loan - 1. In this regard, the management is in the process of negotiating with the bank to adjust the outstanding amount against the fixed deposit held under lien for the loan, with a view to regularizing the account and seeking waiver of any penal charges arising from the default. As at the reporting date, management is also in the process of obtaining a formal extension and/or waiver from the bank. These conditions indicate a material uncertainty that may cast significant doubt on Company's ability to meet its cash flow requirements and hence, ability to continue as a going concern.

Further one of the major shareholders of the Company, Dolphin International LLC, has granted loans to the Company towards cash flow support during the previous reporting years, such as, working capital support, refurbishment of chalets, and business promotion activity. Consequently, the company observes improvement in the revenue and gross profit margins. In line with the above factors, the management believes that the Company's present performance and cash flow will be improved in the coming years, and further with continued financial support from the shareholders, the Company will be able to improve its operations. 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 2025

The following amendments to Standards and Interpretations have become effective for the first time for the reporting Years beginning on or after 01 January 2025:

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

Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability

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These amendments introduce a consistent framework for assessing when a currency is exchangeable into another currency. Where exchangeability is lacking, the amendments specify how an entity determines the exchange rate to be used and introduce additional disclosure requirements to enable users of the financial statements to understand the effects of any lack of exchangeability. Consequential amendments were also made to IFRS 1 First-time Adoption of International Financial Reporting Standards.

The Company has adopted the above amendments, and it has accounted for and disclosed all the relevant requirements of the 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 amendments to Standard and Interpretations listed above to have a material impact on the financial statements of the Company in future Years.

Standards, amendments and interpretations to existing IFRS Accounting Standards that have been issued but not yet effective

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

Standards/ amendments to standards	Effective date
a. Amendments to IFRS 9 and IFRS 7 for: Contracts referencing Nature-dependent Electricity Generation	1 January 2026
b. Amendments to IFRS 9 and IFRS 7 for: Classification and Measurement of Financial Instruments	1 January 2026
c. Annual Improvements to IFRS Accounting Standards - Volume 11 (Clarifications and corrections in several standards, including IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7)	1 January 2026
d. IFRS 18: Presentation and Disclosures in Financial Statements (new standard) and consequential amendments of other related standards	1 January 2027
e. IFRS 19: Subsidiaries without Public Accountability: Disclosures (new standard)	1 January 2027
f. Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

The management of the Company believes that the adoption of the above new standards, particularly IFRS 18, and the amendments to existing standards may have impact on the presentation of the amounts and disclosures in the financial statements of the future Years when such standards or amendments shall be adopted. The Company will continue to evaluate the impact before first-time application.

In line with evolving IFRS disclosure expectations, particularly those relating to emerging uncertainty-related disclosures encouraged by the IASB Illustrative Examples (issued November 2025), the Company continues to enhance reporting of financial statement uncertainties, including climate-related risks, where material.

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4. Material accounting policy information Statement of compliance

- a) 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 disclosure requirements for the Public Joint stock companies issued by Financial

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Services Authority ('FSA') (formerly 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.

- b) In accordance with Article 150 of the Public Joint-Stock Company Regulations issued pursuant to FSA Decision No. 27/2021, a Public Joint-Stock Company with share capital of \$ 10 million or more shall have an internal audit unit through the appointment of full-time employees. Additionally, Article 158 requires that the internal audit function comprise at least two internal auditors, including Omani national. During the reporting Year, the internal audit unit framed by the the Company had only one non-Omani employee, who also resigned during November 2025. Subsequent to the year end, the Company has appointed a duly qualified non-Omani employee, and is in the process of complying with the requirement of the said Article. Further, the Company is also in the process of appointing an independent expert to evaluate the Internal audit unit as per the regulatory requirement.

Functional and presentation currency

The Company's financial statements are presented in the Rial Omani (﷮) 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.

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 of major classes of depreciable assets are given below:

	Years
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 Year.

Notes to the financial statements

For the period ended 31 March 2026

4. Material accounting policy information (continued)

Property, plant and equipment (continued)

Revaluation of land is carried out on a regular basis, not exceeding 5 years (2024: 2 years), to determine its market value at the date of revaluation. Any increase in the carrying amount 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..

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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.
- 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

Notes to the financial statements

For the period ended 31 March 2026

4. Material accounting policy information (continued)

Financial instruments (continued)

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.

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-Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of comprehensive income. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of comprehensive income.

-Equity investments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to statement of comprehensive income.

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

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

Impairment of financial assets

As per IFRS 9 impairment requirements, the Company 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.

Notes to the financial statements

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4. Material accounting policy information (continued)

Financial instruments (continued)

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

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

Impairment of non-financial assets

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

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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 the statement of comprehensive income. Recoverable amount is the higher of fair value less cost of disposal and value in use.

Where an impairment loss subsequently reverses, 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 net of depreciation or amortization, had no impairment loss been recognized 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 Year in which they arise.

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

Notes to the financial statements

For the period ended 31 March 2026

4. Material accounting policy information (continued)

Non-Financial instruments (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the Year 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 Year 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:

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.

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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 Recognize revenue when (or as) the entity satisfies a performance obligation: The Company satisfies a performance obligation and recognizes 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 recognized at the point in time at which the performance obligation is satisfied.

Room revenue

Room revenue is recognized 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 recognized is point when the food or beverage is delivered to or consumed by the customer.

Notes to the financial statements

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

Rentals revenue

Rental income from investment properties is recognized in the statement of profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized 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 recognized 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

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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 recognized 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 Year.

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.

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.

Notes to the financial statements For the period ended 31 March 2026

4. Material accounting policy information (continued)

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 recognized 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 Years, 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 Year.

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 Year of realization, provided they are enacted or substantively enacted by the end of the reporting Year.

Deferred tax assets are recognized 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 realized.

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.

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Changes in deferred tax assets or liabilities are recognized 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 recognized in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Provisions are recognized 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 recognized 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.

Notes to the financial statements

For the period ended 31 March 2026

4. Material accounting policy information (continued)

Provisions, contingent liabilities and contingent assets

No liability is recognized 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 recognizes 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 recognizes 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 Year 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.

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

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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 Year 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.

Notes to the financial statements For the period ended 31 March 2026

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized 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 utilized. 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.

The Company establishes provisions, based on reasonable estimate, for possible consequences of the finalization 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 realizable value. The net realizable value is the estimated selling price in the ordinary course of business with less selling costs.

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Management estimates the net realizable values of inventories, considering the most reliable evidence available at each reporting date.

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6. Property, plant and equipment

Descriptions	<u>Freehold land</u>	<u>Building</u>	<u>Motor vehicles</u>	<u>Furniture & fixtures</u>	<u>Tools & equipments</u>	<u>Capital work in progress</u>	<u>Total</u>
Cost / revalued amount	RO	RO	RO	RO	RO	RO	RO
At 1 January 2025	14,170,000	15,170,000	100,755	1,177,053	1,419,760	92,300	32,129,868
Additions	-	283,854	7,620	-	47,312	22,320	361,106
Disposals	-	-	-	-	-	-	-
At 31 December 2025	14,170,000	15,453,854	108,375	1,177,053	1,467,072	114,620	32,490,974
At 1 January 2026	14,170,000	15,453,854	108,375	1,177,053	1,467,072	114,620	32,490,974
Additions	-	(8,645)	-	-	414	77,185	68,954
Revaluation	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
At 31 March 2026	14,170,000	15,445,209	108,375	1,177,053	1,467,486	191,805	32,559,928
Depreciation / Impairment							
At 1 January 2025	-	1,699,758	89,959	1,169,904	1,326,554	-	4,286,175
Charge for the Q1	-	130,918	1,224	409	5,022	-	137,573
Charge for the Q2 -Q4	-	401,790	4,345	1,001	16,993	-	424,129
Related to Disposal	-	-	-	-	-	-	-
At 31 December 2025	-	2,232,466	95,529	1,171,314	1,348,569	-	4,847,878
At 1 January 2026	-	2,232,466	95,529	1,171,314	1,348,569	-	4,847,878
Charge for the period / year	-	133,688	-	1,750	7,322	-	142,760
Relating to disposals	-	-	-	-	-	-	-
At 31 March 2026	-	2,366,154	95,529	1,173,064	1,355,891	-	4,990,638
Net book value							
At 31 March 2026	14,170,000	13,079,055	12,846	3,989	111,596	191,805	27,569,291
At 31 December 2025	14,170,000	13,221,388	12,847	5,739	118,504	114,620	27,643,097

- Land and building are rendered for registered mortgage against the term loan from National Bank Of Oman (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 National Bank of Oman and Qatar National Bank respectively.
- Capital work-in-progress comprises of the mobilization advance paid to a consultant towards the master plan design and infrastructural design at Mirbat and a portion of Executive Management Salary for the year 2026. Capital commitments have been disclosed in note 29 of these financial statements.

**Notes to the financial statements
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7. Investment Property

	31 Mar 2026	31 Dec 2025
		
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 Year, investment properties are stated at their fair values. The management has estimated the fair values of investment properties at the year end, the such estimates approximate the recent valuations conducted by the independent valuers (note : 6 (a)).

8. Inventories

	31 Mar 2026	31 Dec 2025
		
Food	18,440	15,821
Beverages	6,750	5,299
Tobacco	86	81
	25,277	21,201

9. Trade and other receivables

	31 Mar 2026	31 Dec 2025
		
Trade receivables	385,276	467,596
Less: Allowance for expected credit losses	(33,890)	(33,890)
	351,386	433,706
Prepayments and other receivables	109,662	101,016
	461,048	534,722

- a) At the end of the reporting period, trade receivables amounting to RO 74,112 (2025: RO 269,973) are neither past due nor impaired.
- b) As on 31 March 2026, trade receivables amounting to RO 277,274 (2025: RO163,733) 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 receivable is as follows:

	31 Mar 2026	31 Dec 2025
		
Due between 30 days to 60 days	164,606	41,439
Due between 61 days to 90 days	45,367	2,040
Due between 91 days to 120 days	1,561	1,156
More than 120 days	65,741	112,098
	277,274	163,733

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

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	31 Mar 2026	31 Dec 2025
		
At 1 January	33,890	28,520
Charge for the year / Year (note 25)	-	5,370
	33,890	33,890

Notes to the financial statements For the period ended 31 March 2026

10. Cash and cash equivalents

	31 Mar 2026	31 Dec 2025
		
Balances with banks - current and call accounts	21,226	26,239
Cash in hand	3,515	3,465
Cash and bank balances	24,741	29,704

The Company maintains its bank accounts in  and US dollar.

11. Share Capital

	31 Mar 2026	31 Dec 2025
		
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  1 each (2024:  1 each).

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

	2026		2025	
	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	3,098,430	21.88%	3,098,430	21.88%
Dolphin International LLC	2,865,113	20.23%	2,865,113	20.23%
Yousef Alawi Abdullah Al Ibrahim	2,810,426	19.85%	2,810,426	19.85%

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 (2025: 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.

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Notes to the financial statements For the period ended 31 March 2026

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 Year 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

	31 Mar 2026	31 Dec 2025
Term loan 1	1,125,811	1,125,811
Term loan 2	-	-
Term loan 3	1,731,632	1,521,554
Total term loans	2,857,443	2,647,365
Less:		
Current portion of term loan (1)	(679,032)	(679,032)
Current portion of term loan (2)	-	-
Non-current portion of term loans	2,178,411	1,968,333

Term loan – 1

This loan represents a facility of **QAR** 5,252,101 borrowed from a commercial bank of Qatar, repayable in 7 annual instalments of **QAR** 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 instalment of **QAR** 225,000 each.

The loan terms were further amended in 2021 wherein the principal is repayable in 5 installments of **QAR** 225,995 each starting from November 2022 to November 2026 and as a 6th and final installment **QAR** 221,831, due on 30 November 2027. During the year 2024, the terms of the loan were further amended wherein the principal is repayable in 5 installments of **QAR** 226,344 each starting from November 2024 to November 2028. Interest will be charged on 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).

As at the end of the reporting Year, the Company has not paid the first two installments due on November 2024 and November 2025. The management is in negotiation with the bank for restructuring 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 with a lien over a fixed deposit of **QAR** 2,039,136 provided by the former shareholder. The registered charge over part of the Company's investment property (plot 174) valued at **QAR** 2,900,000 was released by the bank during April 2024.

Term loan – 2

During the year 2022, the Company obtained a term loan facility of **QAR** 1,000,000 from a commercial bank. The loan was fully repaid during the year. The facility carried an effective interest rate of 7% per annum (2024: 7% per annum).

Notes to the financial statements For the period ended 31 March 2026

Term loan – 3

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During the year, the Company obtained a term loan facility amounting to ~~SR~~ 2,080,000 from a commercial bank. The loan bears interest at a rate of 6.4% per annum and is repayable in eight equal annual installments of principal, following a moratorium Year of two years, wherein each installment representing 12.5% of the total principal amount. The loan is secured by a registered legal mortgage over Plot Nos. 171 valued at RO 14,170,000..

16. Employees' end of service benefits

	31 Mar 2026 SR	31 Dec 2025 SR
At 1 January	53,488	66,959
Provided during the year / Year	7,333	21,846
Paid during the year / Year	(2,018)	(35,317)
	58,802	53,488

17. Bank Overdraft

	31 Mar 2026 SR	31 Dec 2025 SR
Bank Overdraft	354,994	487,453

The Company has obtained overdraft facility for a sanctioned amount of ~~SR~~ 500,000 (2024: ~~SR~~ 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 166,174 and 175).

18. Trade and other payables

	31 Mar 2026 SR	31 Dec 2025 SR
Financial liabilities:		
Trade payables	369,618	394,940
Other payables and accruals	368,114	570,181
	737,732	965,121

Notes to the financial statements For the period ended 31 March 2026

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.

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

	31 Mar 2026	31 Dec 2025
Due to related party:		
Dolphin International LLC	133,327	117,190
Modern Contracting LLC	-	10,000
	133,327	127,190
Due from related party:		
Modern Contracting LLC - Advance for contract	-	-
Loan from related party:		
Dolphin International LLC	1,047,118	1,047,118

During 2023, the Company has entered into a loan agreement with Dolphin International LLC ('Dolphin') for a value ranging between ~~250,000~~ - ~~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. The arrangement was approved by the Board on 08 October 2023 and has been approved on Annual General Meeting ('AGM') by shareholders' on 29 March 2024..

During 2024, the Company has entered into a loan agreement with Dolphin International LLC ('Dolphin') for ~~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 Annual General Meeting ('AGM') by shareholders' on 29 March 2024..

During 2024, the Company incurred significant expenditures, including chalet refurbishment and the "Horse Beauty Show at Mirbat" event, totaling ~~535,000~~, out of which ~~228,494~~ expensed as business promotion (note: 24). 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 ratified by shareholders on 26 March 2025 at the AGM. The loan carries rate of interest of 6.25% (2024: 6.25%) per annum.

These above loans are repayable at the discretion of the Company subject to availability of sufficient cashflows.

b) Key management compensation

	31 Mar 2026	31 Mar 2025
Senior management:		
Salary, allowances and benefits	76,400	32,360
Retirement benefits	4,843	1,738
Director's sitting fees	-	1,450
	81,244	35,549

Notes to the financial statements For the period ended 31 March 2026

c) Transactions with related parties for the period ended

	Period ended 31 Mar 2026	Period ended 31 Mar 2025
Loans received	-	-
Interest on loan from related party (note 25)	16,137	16,687
Franchise fees (note 22)	10,305	11,379
Advance for contract	-	1,900

20. Net assets per share

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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 31Mar 2026	period ended 31 Mar 2025
		
Net assets (RO)	45,726,695	45,736,743
Number of shares	14,160,000	14,160,000
Net assets per share (RO)	3.229	3.230

21. Income from operation

Disaggregation of revenue from contracts with customers with respect to:

	Period ended 31Mar 2026	period ended 31 Mar 2025
		
a) Service Line		
Room revenue	330,622	448,510
Food and beverage revenue	274,056	255,049
Other operating departments' revenue	12,342	13,685
	617,019	717,244
b) Timing of Revenue Recognition		
Point in Time	274,056	255,049
Over time	342,963	462,195
	617,019	717,244

C) All revenue from customers are derived from the Sultanate of Oman.

22. Direct costs

	Period ended 31Mar 2026	period ended 31 Mar 2025
		
Salary and other related costs	162,142	155,555
Utilities expenses	59,345	79,067
Cost of food & beverages	75,882	89,588
Repairs and maintenance expenses	28,148	33,999
IT and networking expenses	5,305	8,167
Franchising and other fees (note: 19)	10,305	13,888
Other operating expense	34,550	50,438
	375,676	430,702

Notes to the financial statements For the period ended 31 March 2026

23. Other income

	Period ended 31Mar 2026	period ended 31 Mar 2025
		
Gain on disposal of property, plant and equipment	-	-
Interest income from call deposits	-	7
Miscellaneous income	-	-
	-	7

24. Business promotion expense

	Period ended 31Mar 2026	period ended 31 Mar 2025
		

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Horse Beauty Show held at Mirbat	-	-
	-	-

There are no business promotion expenses incurred during the period. As a practice the cost incurred for 'Horse Beauty Show ' to promote Mirbat as an international destination and to revive Mirbat's heritage and cultural traditions is classified as Business promotion expenses.

25. General and administrative expenses

	Period ended 31Mar 2026	period ended 31 Mar 2025
		
Salary and related costs	20,875	24,767
Directors' sitting fees (note: 19)	-	2,425
Insurance expenses	18,960	40,177
Registration and renewal expenses	4,382	6,744
Professional charges	1,500	1,500
Government expenses	-	3,170
Retainership expenses	2,100	2,100
Allowance for expected credit loss (note: 9)	-	-
Travelling expenses	559	355
Miscellaneous expenses	3,073	1,240
	51,449	82,479

26. Finance cost

	Period ended 31Mar 2026	period ended 31 Mar 2025
		
Interest on term loans	35,352	26,860
Interest on bank overdraft	5,694	6,102
Interest on loan from related party (note: 19)	16,137	16,137
Bank charges	-	88
	57,182	49,187

Notes to the financial statements For the period ended 31 March 2026

27. 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 in Nil.

a)

	Period ended 31Mar 2026	period ended 31 Mar 2025
		
Recognised in statement of comprehensive income:		
Deferred tax expense	-	-

b) Deferred tax liabilities is attributable to the following:
Deferred tax liabilities/(assets)

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	<u>1 January</u>	Changes recognized in the profit or loss / equity	31 Mar
	<u>RO</u>	<u>RO</u>	<u>RO</u>
Quarter ended 31 March 2026			
Tax effect of revaluation of investment properties	4,289,707	-	4,289,707
Tax effect of depreciation on and revaluation of property, plant and equipment	2,408,849	-	2,408,849
Tax effect of expected credit loss	(1,757)	-	(1,757)
Carried forward tax losses	(832,553)	-	(832,553)
Net deferred tax liability	5,864,246	-	5,864,246
Year ended 31 December 2025			
Tax effect of revaluation of investment properties	4,289,707	-	4,289,707
Tax effect of depreciation on and revaluation of property, plant and equipment	2,372,640	36,209	2,408,849
Tax effect of expected credit loss	(1,757)	-	(1,757)
Carried forward tax losses	(832,553)	-	(832,553)
Net deferred tax liability	5,828,037	36,209	5,864,246

Company is unable to foresee future taxable profits against which the temporary difference can be utilized.

c) Status of assessments

The Company's tax assessments from the year 2022 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 31 March 2026

28. 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:

Notes to the financial statements

For the period ended 31 March 2026

	Period ended 31Mar 2026	period ended 31 Mar 2025
Profit (loss) for the Year / year (س.د)	(10,049)	17,310
Weighted average number of shares (number of shares)	14,160,000	14,160,000
Basic profit (loss) per share (س.د)	(0.001)	0.001

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

29. Capital commitments

At 31 December 2025, the Company's capital commitments in respect of designing the master plan amounts to س.د 132,000 (2025: س.د 149,000).

30. Contingent liabilities

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At 31 December 2025, the Company had contingent liabilities amounting to ~~oMR~~ 2,100 (2024: ~~oMR~~ 2,100) in respect of margin deposit and payment guarantee entered into in the normal course of business.

As disclosed in Notes 2 and 15, the Company has defaulted on two instalments relating to Term Loan 1 as at 31 December 2025. The Company is in discussion with the bank to agree on a revised repayment schedule or to offset the outstanding amounts against the lien on fixed deposits placed by previous members. Under the facility agreement, such non-repayment may trigger default interest of ~~oMR~~ 60,697. As at the reporting date, the bank has neither invoked the default clause nor issued any demand for such interest. Based on management's assessment in accordance with IAS 37, no present obligation exists as at 31 December 2025 and accordingly no provision has been recognised. The potential exposure is therefore disclosed as a contingent liability.

31. 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:

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.

Notes to the financial statements For the period ended 31 March 2026

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.

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.

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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 31Mar 2026	Period ended 31 Mar 2025
Trade receivables	385,276	467,596
Other receivables	109,662	38,66
Amount due from related parties	-	-
Cash and bank balances (including call deposit)	21,226	26,239
	516,164	532,504

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.

Notes to the financial statements For the period ended 31 March 2026

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.

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:

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		<u>Carrying amount</u>	<u>6 months or less</u>	<u>6 - 12 months</u>	<u>Above 1 year</u>	<u>Total</u>
31-Mar-26		RO	RO	RO	RO	RO
Commercial term loan		2,857,443	900,216	225,595	1,731,632	2,857,443
Bank overdraft		354,994	354,994	-	-	354,994
Trade payables		369,618	369,618	-	-	369,618
Due to related parties		1,047,118	1,047,118	-	-	1,047,118
Other payables and accruals		368,114	368,114	-	-	368,114
		4,997,287	3,040,060	225,595	1,731,632	4,997,287
31-Dec-25						
Commercial term loan		2,647,365	900,216	225,595	1,521,554	2,647,365
Bank overdraft		487,453	487,453	-	-	487,453
Trade payables		394,940	593,071	-	-	593,071
Due to related parties		1,047,118	1,047,118	-	-	1,047,118
Other payables and accruals		472,232	472,232	-	-	472,232
		5,049,108	3,500,090	225,595	1,521,554	5,247,240

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.

Notes to the financial statements For the period ended 31 March 2026

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.

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 from related party which is exposed to interest rate risk. At 31March 2026 the total exposure is Ro 1,402,112. In case of 100 basis point increase / decrease in interest rate, with all other variable held constant, the income and net assets would have been lower / higher by Ro 14,021 (2025: Ro 15,346).

32. Fair value measurement

As on the reporting date, the Company believes that the fair value of the financial assets and liabilities approximates their carrying value as stated in the statement of financial position.

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Further, 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 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.

Notes to the financial statements For the period ended 31 March 2026

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.

33. 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 Year was as follows:

	Period ended 31 Mar 2026	Period ended 31 Mar 2025
		
Debt (i)	4,259,555	4,181,936
Equity	45,726,695	45,736,743

Dhofar Tourism Company SAOG

Net debt to equity ratio	0.093	0.091
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Debt includes long-term and short-term loans, outstanding as at the reporting date.

34. 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.