

FINANCIAL SERVICES COMPANY SAOG
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2025

1 Legal status and principal activities

Financial Services Company SAOG (the company) is incorporated as an Omani Joint stock company, listed in the Muscat Securities Market. The address of its registered office is P.O.Box: 2777 Ruwi, Postal Code: 112, Sultanate of Oman.

The company is primarily engaged in the Margin Financing:

- Brokerage;
- Issue Management;
- Margin Financing;
- Portfolio management;
- Investment Advice and Research.

2 Summary of significant account policies

The interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the disclosure requirements set out in the Rules for Disclosure and Proformas issued by the Financial Service Authority of the Sultanate of Oman and the requirement of the Commercial Companies Law of 1974 and its amendments. The principal accounting policies are summarised below. These policies have been consistently applied to all the periods/years presented unless otherwise stated.

2.1 Basis of preparation

The interim financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss and investments available-for-sale which are stated at their fair value and receivables which are stated at amortised cost.

2.2 Critical accounting estimates and judgements

The preparation of interim financial statements in conformity with IFRS requires the use of certain critical accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under

the circumstances. The area requiring higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the interim financial statements is fair value measurement of financial instruments.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The management uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The company has used discounted cash flow analysis for various available-for-sale financial assets that were not traded in active markets. Where it is impractical to use discounted cash flows the company used net asset value or par value of instruments as appropriate.

2.3 Revenue recognition

Dividends in relation to the securities portfolio are credited to income during the period in which entitlement is notified.

Profit or loss on sale of investment represents the difference between sale proceeds and book value of securities sold, calculated on a weighted average basis.

The interest income is accounted for on accrual basis.

2.4 Financing costs

Financing costs comprise interest payable on borrowings and foreign exchange gains and losses. All interest and other costs incurred in connection with borrowings are expensed as incurred, as part of financing costs.

2.5 Financial assets

The company classifies its financial assets in the following categories: at fair value through profit and loss and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges.

Available-for-sale investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

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

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category, including interest, dividend income and realised gain or loss on sale are presented in the income statement in the period in which they arise.

Changes in fair value of available-for-sale investments are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses on sale of investment securities'.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flows analysis making maximum use of market inputs and relying as little as possible on entity-specific inputs. Where it is impractical to use discounted cash flow analysis the company uses net asset value or par value of instruments as appropriate.

The company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its costs is considered as indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2.6 Trade debtors and other receivables

Trade debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Bad debts are written off during the year in which they are identified.

2.7 Cash equivalents

All bank balances with a maturity of three months or less from the date of placement are considered to be cash equivalents.

2.8 End of service benefits

End of service benefits are accrued in accordance with the terms of employment of the company's employees at the balance sheet date, having regard to the requirements of the Oman Labour Law 2003. Employee entitlements to annual leave and leave passage are recognised when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the balance sheet date. These accruals are included in liabilities.

Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurances Law of 1991 are recognised as an expense in the income statement as incurred.

2.9 Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

2.10 Accounts payable and other payables

Accounts payable and other payables are stated at cost.

2.11 Income tax

Income tax on the results for the year comprises current and deferred tax. Income tax is recognised in the income statement. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The temporary differences on the initial recognition of assets or liabilities that affect neither the accounting nor taxable profit is not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

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

2.12 Foreign currencies

Functional and presentation currency

Items included in the company's interim financial statements are measured using Rials Omani which is the currency of the primary economic environment in which the company operates.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Rial Omani at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

2.13 Segment reporting

A segment is a distinguishable component of the company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

2.14 Dividends

Proposed dividends are recognised as a part of capital and reserves.

3 Financial instruments and financial risk management

3.1 Financial risk factors

The company's activities expose it to a variety of financial risks including the effects of changes in market risk including debt and equity market prices, foreign currency exchange rates, interest rates and credit risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. Risk management is carried out by the management under policies approved by the Board of Directors.

(1) Interest rate risk

The company manages its exposure to interest rate risk by ensuring that significant borrowings are on a fixed rate basis.

(2) Price risk

The company is exposed to equity securities price risk because of investments held and classified either as available-for-sale or at fair value through profit or loss.

(3) Credit risk

The company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter parties and continually assessing the creditworthiness of counter parties.

(4) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. Due to the dynamic nature of the business, management aims at maintaining flexibility in funding by keeping credit lines available.

3.2 Fair value estimation

The fair value of publicly traded investments is based on quoted market prices at the balance sheet date. For non-traded financial instruments, the fair value is estimated by reference to the current market value of similar instruments or by reference to the discounted cash flows of the underlying net assets and assumptions that are based on market conditions existing at each balance sheet date. Where it is impractical to use discounted cash flow the company uses net asset value or par value of instruments as appropriate. The carrying amounts of financial assets and liabilities with a maturity of less than one year approximate to their fair values.

4 Dividend and other income

	Nine months ended 30 SEPTEMBER 2025 RO	Nine months ended 30 SEPTEMBER 2024 RO
Dividend income	99,035	72,042
Other income	<u>48,913</u>	<u>54,670</u>
	<u>147,948</u>	<u>126,712</u>

5 Salaries and related costs

	Nine months ended 30 SEPTEMBER 2025 RO	Nine months ended 30 SEPTEMBER 2024 RO
Salaries and allowances	224,462	224,693
End of service benefits	20,790	16,180
Social security cost	<u>1,070</u>	<u>1,898</u>
	<u>246,322</u>	<u>242,771</u>

6 Administrative and general expenses

	Nine months ended 30 SEPTEMBER 2025 RO	Nine months ended 30 SEPTEMBER 2024 RO
Membership and subscription fees	19,255	24,626
Travelling expenses	-	800
Postage and telephone expenses	7,574	9,432
Directors' setting fees	6,300	5,700
Advertisement	1,431	940
Printing and stationery	793	3,741
Training expenses	99	748
Company Insurances	13,697	15,054
Car expenses	950	833
Professional fees	4,880	3,185
Maintenance contracts	17,105	14,009
Buildings expenses	6,864	7,601
Miscellaneous expenses	<u>16,893</u>	<u>14,484</u>
Total Administrations and General Expenses	<u>95,841</u>	<u>101,153</u>

7 Cash in hand and at bank

	30 SEPTEMBER 2025 RO	30 SEPTEMBER 2024 RO
Cash in hand	700	700
Bank current account	<u>1,855,970</u>	<u>1,579,855</u>
	<u>1,856,670</u>	<u>1,580,555</u>

8 Investments

	Market value 30 SEPTEMBER 2025 RO	Carrying value 30 SEPTEMBER 2025 RO	Carrying value 30SEPTEMBER 2024 RO
Financial assets at fair value through profit or loss			
Manufacturing sector	146,414	156,490	148,747
Banking and investment sector	63,692	63,863	80,230
Services sector	<u>20,354</u>	<u>20,215</u>	<u>22,761</u>
	230,460	240,568	251,738
		<u>(10,108)</u>	<u>(11,964)</u>
gain (loss) in value of investment during the period		<u>230,460</u>	<u>239,774</u>

	Market value 30 SEPTEMBER 2025 RO	Carrying value 30 SEPTEMBER 2025 RO	Carrying value 30SEPTEMBER 2024 RO
Available-for-sale investments			
Manufacturing sector	100,258	108,279	108,279
Unquoted Omani shares	<u>1,452,092</u>	<u>1,444,466</u>	<u>1,405,299</u>
	1,552,350	1,552,745	1,513,578
Fair value gain brought forward		(395)	164
Fair value (loss)/gain during the period/year		<u>1,552,350</u>	<u>1,513,742</u>
Carrying value of investments		<u>1,782,810</u>	<u>1,753,516</u>

8 Investments (continued):

(a) Movement of investment in securities during the period is as follows:

	30 SEPTEMBER	30 SEPTEMBER
	2025	2024
	RO	RO
Oman Fisheries		
Financial assets at fair value through profit or loss:		
At beginning of the period	339,138	166,715
Purchase	16,455,624	3,331,171
Change in fair value	(10,108)	(11,964)
Cost of sales	<u>(16,554,194)</u>	<u>(3,246,148)</u>
At end of the period/year	<u>230,460</u>	<u>239,774</u>
Available-for-sale investments:		
At beginning of the period/year	1,552,745	1,513,578
Purchase	-	-
Change in fair value	(395)	164
Cost of sales	<u>-</u>	<u>-</u>
At end of the period	<u>1,552,350</u>	<u>1,513,742</u>
Total at end of the period	<u>1,782,810</u>	<u>1,753,516</u>

(b) Details of the company's investments where it holds in excess of 10% of the investee company's share capital are set out below:

	Holding	Number of	Market value	Cost
	%	Securities	RO	RO
MSX Quoted Securities:				
Globinvest Company	10.6	530,906	849,449	849,449

9 Other receivables

	30 SEPTEMBER 2025 RO	30 SEPTEMBER 2024 RO
Amounts due from other customers	647,502	1,105,502
Amounts due from related parties	46,515	-
Prepayments and accrued income	<u>69,116</u>	<u>50,142</u>
	<u>763,133</u>	<u>1,155,644</u>

10 Investments properties

The Company has financial assets of two buildings, one in Muscat and the other in Salalah. After a thorough study of their uses, the Board considered the conversion of the two buildings to investment properties in accordance with International Accounting Standards.

11 Share capital

Authorised, issued and fully paid up capital at 30 September 2025 comprises 20,000,000 shares of Baisa 100 each (31 December 2024 - 30 September 2024 - 20,000,000 shares of Baisa 100 each).

At 30 SEPTEMBER 2024, the following shareholder held 10% or more shares of the company.

	30 SEPTEMBER 2025		30 SEPTEMBER 2024	
	No.	%	No.	%
Dhofar International Development and Investment Holding Company (SAOG)	9,230,769	46,154	9,230,769	46,154
Mohsin Ahmed Alawi Al Hadad	7,000,000	35	7,000,000	35

12 Legal reserve

In accordance with Article 132 of the Commercial Companies Law No. (18/2019), The board of directors of a company shall in each financial year, set aside ten percent (10%) of the net profits, after deduction of taxes, for establishing a legal reserve until such legal reserve amounts to at least one third of the company's share capital.

13 Bank overdraft

The company has overdraft and bank guarantee facilities with commercial banks in the amounts of RO 1,377,000 and RO 15,000 respectively, which are secured against pledge of company buildings and marketable securities held in company's investments. Interest is charged at 6.5 – 6.75 % per annum. Overdraft facilities are repayable on demand.

14 Accounts payable

Accounts payable represents the amounts due to customers of personal and trust account at 30 SEPTEMBER 2024 in respect of the value of securities sold for them by the company.

15 Accruals and other liabilities

	30 SEPTEMBER	30 SEPTEMBER
	2025	2024
	RO	RO
Provision for employee leave	2,397	1,625
Prepaid rents	-	2,400
Accrued expenses & Other	<u>5,541</u>	<u>5,340</u>
	<u>7,938</u>	<u>9,365</u>

16 End of service benefits

	30 SEPTEMBER	30 SEPTEMBER
	2025	2024
	RO	RO
Opening balance	11,217	8,248
Charge for the year	1,070	1,898
Payment during the year	<u>(5,016)</u>	<u>-</u>
Closing balance	<u>7,271</u>	<u>10,146</u>

17 Segment reporting

The company has only one significant segment, which is buying and selling securities.

18 Earnings per share

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

Profit for the Nine months ended		Weighted average number of shares		Earnings per share (Baizas)	
30 SEPTEMBER 2025	30 SEPTEMBER 2024	30 SEPTEMBER 2025	30 SEPTEMBER 2024	30 SEPTEMBER 2025	30 SEPTEMBER 2024
RO	RO	RO	RO	58,627	RO
	(46,282)	20,000,000	20,000,000	0.003	(0.002)

19 Net asset value per share

The calculation of net asset value per share is based on net assets and the number of shares outstanding at the balance sheet date as follows:

	30 SEPTEMBER 2025	30 SEPTEMBER 2024
Net assets	3,065,960	3,021,850
Number of shares	20,000,000	20,000,000
Net asset value per share (RO)	0.153	0.151

20 Related party transactions

The company has entered into transactions with entities over which certain Directors are able to exercise significant influence or with shareholders who own more than 10% of the company's share capital. In ordinary course of business, such related parties provide services and funding to the company. The company also provides services and funding to certain related parties. The Board members consider that terms of services and finance are approximate to these which can be obtained from other entities.

(a) The significant transactions with related parties are as follows:

	Nine months ended 30 SEPTEMBER 2025 RO	Nine months ended 30 SEPTEMBER 2024 RO
Buying and selling of securities	6,192,388	1,942,695
Net brokerage commission	15,026	4,866
Dividend income	10,618	-
Directors' sitting fees	6,300	5,700

(b) The outstanding balances with related parties are as follows:

	30 SEPTEMBER 2025 RO	30 SEPTEMBER 2024 RO
Accounts receivable and other receivable	46,515	-
Accounts payable	164,212	60,945

21 Contingent liability

	30 SEPTEMBER 2025 RO	30 SEPTEMBER 2024 RO
Guarantee given to FSA	<u>15,000</u>	<u>15,000</u>
	<u>15,000</u>	<u>15,000</u>

22 Customer securities held in trust

The company operates trust accounts and holds securities in its name on trust and on behalf of its customers, in accordance with the provision of the Capital Market Law. All the trust accounts are not managed by the company and are classified as follows:

	30 SEPTEMBER 2025 RO	30 SEPTEMBER 2024 RO
Accounts receivables from Margin Financing	-	-
Other trust accounts	<u>261,744</u>	<u>308,415</u>
	<u>261,744</u>	<u>308,415</u>

23 Segment Reporting

The company has only one significant segment which is buying and selling securities, market value, revenue and the result of geographic areas of the company's segment which should be reported during the nine-month period ended 30 SEPTEMBER 2025 are as follows:

Identity of Segments:	Local trust RO	foreign trust RO	Gulf trust RO	Totals RO
Market value as at 30-9-2025	256,636	-	5,108	261,744
Brokerage commissions	266			266
Interest income	-	-	-	-
Segment income				