

Notes to the financial statements

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Gulf Hotels (Oman) Company Limited SAOG ("the Company") is registered in the Sultanate of Oman as a public joint stock company. The Company owns and operates the Crowne Plaza Hotel ("the Hotel") in Muscat, Sultanate of Oman.

The Company is a subsidiary of Golden Sands Hotel Company LLC ("the ultimate Parent Company"), an entity registered and incorporated in the United Arab Emirates.

2 SIGNIFICANT AGREEMENTS

Under the Hotel Management Agreement (HMA) dated 12 May 2013, which became effective on 1 May 2013, the Hotel is licensed, marketed and managed by IHC Hotel Limited U. K (the "Operator") under the brand name "Crowne Plaza".

The following amounts are payable to the Operator under the HMA:

- License fees - Based on the Adjusted Gross Revenue of the Hotel and payable monthly.
- Incentive management fee – Based on the Adjusted Gross Operating Profit and payable monthly.
- Reservation fees, included in the sold room rate, are paid monthly in arrears and comprise charges for website bookings, reservation contributions, marketing contributions and loyalty program-related fees.

While the initial agreement was for a term of 10 years, the agreement was extended until 30 April 2033 in a prior period.

Notes to the financial statements

3 BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS

3.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) the relevant requirements of the Commercial Companies Law of the Sultanate of Oman and the relevant disclosure requirements issued by the Financial Services Authority.

The financial statements are presented in Omani Rials which is the functional currency of the Company.

3.2 New and amended IFRS adopted by the Company

The financial statements have been drawn up based on accounting standards, interpretations and amendments effective at 1 January 2025. The Company has adopted the following new and revised Standards and Interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee, which were effective for the current accounting period:

- Amendments to IAS 1 'Presentation of Financial Statements' clarify the requirements for classification of liabilities as current or non-current and non-current liabilities with covenants. The amendments clarify that if a liability is subject to covenants, the Company may only classify a liability as non-current if it meets the covenant tests as at the reporting date, even if the lender does not test compliance until a later date. The meaning of settlement of a liability is also clarified.
- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures' clarify the characteristics of supplier finance arrangements and require additional disclosure in understanding the effects of such arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.
- Amendments to IFRS 16 'Leases' (Lease liability in a sale and leaseback) explain how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

The Management believes the adoption of the above amendments has not had any material impact on the recognition, measurement, presentation and disclosure of items in the financial statements for the current accounting period.

3.3 New and amended IFRS which are in issue but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, are disclosed below. The Company intends to adopt these standards and amendments, if applicable, when they become effective.

- Amendments to IAS 21 'The effects of changes in foreign exchange rates' (Lack of exchangeability)
- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' (Classification and measurement requirements of financial instruments)

Notes to the financial statements

3 BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS (Continued)

3.3 New and amended IFRS which are in issue but not yet effective (Continued)

- Annual amendments to IFRS – Volume 11 amend the following:
 - IFRS 1 'First time adoption of IFRS' – Hedge accounting by a first time adopter;
 - IFRS 7 'Financial instruments: Disclosures' – Gain or loss on derecognition;
 - Guidance on implementing IFRS 7 – Credit risk disclosures and disclosure of deferred difference between fair value and transaction price;
 - IFRS 9 'Financial instruments' – Derecognition of lease liabilities and transaction price
 - IFRS 10 'Consolidated financial statements' – Determination of a 'de facto agent'
 - IAS 7 'Statement of cash flows' – Cost method
- IFRS 18 'Presentation and Disclosure in Financial Statements' replaces IAS 1 'Presentation of Financial Statements'. The new requirements on presentation and disclosure will provide information to better understand Company's financial performance, improve labelling, aggregation and disaggregation of information and disclosure of management-defined performance measures in the financial statements.
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures' (Reduced disclosures for eligible entities)

Except for the adoption of IFRS 18, the Management believes the adoption of the other amendments is not likely to have any material impact on the recognition, measurement, presentation and disclosure of items in the financial statements for future periods.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the financial statements, the Management is required to make estimates and assumptions which affect reported income and expenses, assets, liabilities and related disclosures. The use of available information and application of judgement based on historical experience and other factors are inherent in the formation of estimates that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods effected. In particular, estimates that involve uncertainties and judgements which have significant effect on the financial statements are as follows:

- *Valuation of freehold land*

The estimation of fair value of the freehold land at the end of the reporting period is based on independent valuation undertaken by professional valuers at periodic intervals or when the Management believes the fair value of the freehold land is materially different from its carrying value.

- *Useful lives of property, plant and equipment*

The Management determines the estimated useful lives of property, plant and equipment for calculating depreciation. The Management's estimate of the useful lives of these assets is based on various factors such as historical experience, market practice, operating cycles, maintenance programs and normal wear and tear.

- *Provision for slow and non-moving inventories*

Provision for slow and non-moving inventories is based on Management's estimates of the realizable value of the inventories based on the Company's provisioning policy or otherwise, historical experiences considering the usage of the inventories.

Notes to the financial statements

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

- *Expected credit losses (ECLs)*

The Company applies the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 3 years and the corresponding historical credit losses experienced within this period.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified GDP growth, oil prices and inflation rates to be the most relevant factors, and accordingly, adjusts the historical loss rates based on expected changes in these factors.

At every reporting date, the default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between default rates, forecast economic conditions and ECLs require the use of estimates. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

ECL on amounts due from related parties and other receivables is provided if the amount is deemed material. ECL on bank balances and term deposit is determined using credit rating information supplied by independent rating agencies, where available, and is provided if the amount is deemed material.

- *Impairment of non-financial assets*

At the end of the reporting period, the Management has assessed if there are any indicators of impairment of non-financial assets (property, plant and equipment). Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The Management has concluded based on assessment of available evidence, that impairment has not arisen in the carrying values of property, plant and equipment at the end of the reporting period.

Notes to the financial statements

5 MATERIAL ACCOUNTING POLICY INFORMATION

The following accounting policies have been consistently applied in dealing with items considered material to the Company's financial statements.

a) Accounting convention

These financial statements have been prepared under the historical cost convention as amended by the revaluation model of accounting for freehold land.

b) Revenue from contracts with customers

Revenue is recognized when control of the goods or services is transferred to the customer, at an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. A substantial portion of the Company's revenue is received in cash, while credit sales, if any, are on terms of 90 days credit.

Room revenue

Revenue from room occupancy is recognised over time as the services are provided by the Hotel and as the customer receives and consumes the benefits provided by the Hotel simultaneously. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated based on their relative stand-alone selling prices.

Food and beverages

Revenue from food and beverage is recognized at the point in time when control of the item is transferred to the customer, either upon delivery or when consumed by the customer.

Other operating income

Other operating income comprises revenue from other services rendered such as health club memberships, pool access, laundry and transport, and other miscellaneous services. Revenue is recognized when control of the goods or services has been transferred, either at the point in time or over time, as applicable.

c) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment. Following initial recognition at cost, expenditure incurred to replace a component of an item of property, plant and equipment which increases the future economic benefits embodied in the item of property, plant and equipment is capitalised. All other expenditures are recognised in the statement of income as an expense as incurred.

Items of property, plant and equipment are derecognised upon disposal or when no future economic benefit is expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset is included in the statement of income in the year the item is derecognized.

Notes to the financial statements

5 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

c) Property, plant and equipment (Continued)

Freehold land is stated in the statement of financial position at its revalued amount, being the fair value on the basis of its existing use at the date of revaluation. Revaluation is performed with sufficient regularity by an independent valuer where the Management believes the carrying amount differs materially from the fair value. Any revaluation increase arising on the revaluation is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Freehold land is not depreciated. Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of other items of property, plant and equipment. The estimated useful economic lives are as follows:

	Years
Buildings on freehold land	40
Plant and equipment	5
Furniture and fixtures	5
Motor vehicles	3

Capital work-in-progress

Capital work-in-progress is stated at cost and includes all expenditures and costs directly attributable to consultant fees, procurement and installation until such time the assets are put to use, when these will be allocated to property, plant and equipment. Capital work-in-progress is not depreciated.

d) Fair value hierarchy

The Company has classified fair value measurements for certain non-financial assets (freehold land) on a recurring basis using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

For land, the Company applies valuation techniques on a recurring basis, ensuring they are appropriate under the circumstances and supported by sufficient market data to measure fair value. The land is valued based on its highest and best use, with fair value measurements classified as Level 2 in the fair value hierarchy. The sales comparison approach has been used to determine Level 2 fair value, with key inputs including the price per square meter derived from current-year sales of comparable land lots in the area, considering location and size.

e) Inventories

Inventories are stated at lower of cost and net realisable value. The cost of inventories is based on the weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is a price at which inventories can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for slow and non-moving items.

Notes to the financial statements

5 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

f) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents consist of call deposits, bank balances and cash with an original maturity of three months from the date of acquisition.

g) Taxation

Taxation is provided for in accordance with the Sultanate of Oman's fiscal regulations.

Deferred taxation is provided using the liability method on all temporary differences at the reporting date. It is calculated at the tax rates that are expected to apply to the period when it is anticipated the liabilities will be settled, and is based on the rates (and laws) that have been enacted at the end of the reporting period.

Deferred tax assets are recognized in relation to carry forward losses and unused tax credits to the extent that it is probable that future taxable profits will be achieved.

h) Trade receivables

Trade receivables are amounts due from customers for goods sold and services rendered in the ordinary course of business and represent the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). They are generally due for settlement within 90 days and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing component, when they are recognised at fair value. The Company holds the trade receivable with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

i) Financial assets

Recognition and initial measurement

The Company's financial assets comprise trade and other receivables, term deposit, bank balances and cash. These financial assets are classified, at initial recognition, as subsequently measured at amortised cost. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Notes to the financial statements

5 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

i) Financial assets (Continued)

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets at amortised cost:

The Company measures financial assets at amortised cost if both of the following conditions are met:

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

Interest income from financial assets, if any, is included in interest income using the effective interest rate method. Impairment losses are presented as separate line item in the statement of income.

j) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. The Company measures impairment using the expected credit loss (ECL) model for different categories of financial assets.

Trade receivables

The Company recognises allowance for expected credit losses (ECLs) applying a simplified approach for trade receivables, at an amount equal to lifetime ECLs. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the trade receivables and the economic environment.

Other financial assets

For other financial assets, which are subject to impairment, the ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a lifetime ECL is recognised for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

For amounts due from related parties, other receivables, bank balances and cash, and term deposit; the ECL adjustments are made only if they are material.

Notes to the financial statements

5 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

j) Impairment (Continued)

Write off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Non-financial assets

At the end of each reporting period, the Management assesses if there is any indication of impairment of non-financial assets. If an indication exists, the Management estimates the recoverable amount of the asset or cash generating unit (CGU) and recognises an impairment loss in the statement of income.

The recoverable amount is assessed as higher of asset's or CGU's value in use (VIU) and fair value less costs to sell. In assessing the VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects market assessments of the time value of money and other asset specific risks. The Management also assesses if there is any indication that an impairment loss recognized in prior years no longer exists or has reduced. The resultant impairment loss reversals are recognised immediately in the statement of income.

k) Employees' end of service and other benefits

Payment is made to the Government of the Sultanate of Oman's Social Protection Fund (SPF) as per Royal Decree number 52 / 2023 for Omani employees for retirement benefits and other contingencies. Effective July 2024, payment is also made to SPF for maternity leave benefits for employees.

Provision is made for amounts payable under the Sultanate of Oman's Labour Law as per Royal Decree number 53 / 2023 applicable to expatriate employees' accumulated years of service at the end of the reporting period.

l) Leases

Payments associated with short-term leases and of low-value assets are recognised on a straight-line basis as an expense in the statement of income.

Notes to the financial statements

5 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

m) Foreign currency transactions

Foreign currency transactions and monetary assets and liabilities are translated into Omani Rials at the exchange rate prevailing on the transaction date and at the end of the reporting period. Exchange differences arising are taken to the statement of income.

n) Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

o) Financial liabilities

All financial liabilities are initially measured at fair value and are subsequently measured at amortised cost.

p) Director's remuneration

The Company follows the Commercial Companies Law of Oman, and other relevant directives issued by Financial Services Authority (FSA), in regard to determination of the amount to be paid as Directors' remuneration and meeting attendance fees. Directors' remuneration and meeting attendance fees are charged to the statement of income in the year to which they relate.

q) Dividend

The Board of Directors recommends to the Shareholders the dividend to be paid out of the profits after taking into account appropriate parameters including the requirements of the Commercial Companies Law of the Sultanate of Oman, and other relevant directives issued by FSA while recommending the dividend. Dividends are recognized as a liability only in the period in which the dividends are approved by the Shareholders.

r) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components whose operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

6 PROPERTY, PLANT AND EQUIPMENT

- a) The Company's Hotel property is constructed on freehold land. The freehold land was revalued in the year 2023 based on valuation undertaken by an independent valuer on 27 December 2023. The increase in fair value, net of deferred tax liability, was adjusted against the revaluation reserve. At the end of the reporting period, the Management believes that the fair value of the freehold land is not materially different from its carrying value.

Had the land been carried under the cost model, the carrying value of the land would have been RO 94,680 (2024 – RO 94,680).

- b) Capital work in progress at the end of the reporting period comprises project payments pertaining to the Hotel's renovation plan in accordance with the "Property Improvement Plan" as per the HMA. The renovation of the Hotel property is expected to be completed in 2025.

Notes to the financial statements

7 INVENTORIES

	30 June 2025 RO	30 June 2024 RO
Beverages	45,586	79,510
Less: provision for slow and non-moving inventories	(1,303)	(1,303)
	<u>44,283</u>	<u>78,207</u>

8 TRADE AND OTHER RECEIVABLES

	30 June 2025 RO	30 June 2024 RO
Trade receivables	181,024	228,360
Less: allowance for expected credit losses	(15,941)	(7,312)
Trade receivables (net)	<u>165,083</u>	<u>221,048</u>
Amounts due from related parties	22,418	4,756
Prepayments	206,924	179,955
Other receivables	101,500	49,552
	<u>495,925</u>	<u>455,311</u>

The following further notes apply:

- a) Trade receivables are non-interest bearing and are generally on terms of 90 days credit (2024 – same terms).
- b) The movements in allowance for expected credit losses for trade receivables are given below:

	30 June 2025 RO	30 June 2024 RO
At the beginning of the period	15,417	7,348
Established during the period	524	--
Written back during the period	--	36
At the end of the period	<u>15,941</u>	<u>7,312</u>

9 BANK BALANCES AND CASH

	30 June 2025 RO	30 June 2024 RO
Bank balances	1,622,139	1,169,967
Cash in hand	15,000	15,000
	<u>1,637,139</u>	<u>1,184,967</u>

The following further note applies:

Bank balances include call deposits which earn interest at commercial rates (2024 – similar terms).

Notes to the financial statements

10 SHARE CAPITAL

- a) At the end of the reporting period, the authorized, issued and fully paid-up share capital of the Company is RO 3,428,322 comprising 3,428,322 shares of RO 1 each (2024 – share capital of RO 3,428,322 comprising 3,428,322 shares of RO 1 each).
- b) At the end of the reporting period, the registered Shareholders of the Company who own 5% or more of the Company’s shares, and the number of shares they hold are as follows:

		30 June 2025		30 June 2024
	% of Holding	RO	% of Holding	RO
Golden Sands Hotel Company LLC	61.93%	2,123,192	61.93%	2,123,192
Salim and Partners LLC	18.50%	634,264	14.15%	484,943
Oman Holdings International Company SAOC	9.64%	330,394	9.64%	330,394

11 RESERVES

a) Share premium

In accordance with Article 126 of the Commercial Companies Law of Oman, the share premium reserve was established in an earlier period and relates to the premium received on shares issued, net of expenses pertaining to issue.

b) Legal reserve

In accordance with Article 132 of the Commercial Companies Law of Oman, annual appropriation of 10% of the net profit for the year is to be made to the legal reserve until the reserve equals one third of the Company’s share capital. The reserve is not available for distribution but can be utilized to set off against any accumulated losses and increasing the Company’s share capital by issuing shares.

The Company has discontinued such transfers as the reserve has reached the statutory minimum of one third of the share capital in an earlier period.

c) Revaluation reserve

The revaluation reserve represents the excess of revalued amount over the cost arising on revaluation of a freehold land. At the end of the reporting period, the revaluation reserve is stated net of deferred tax liability of RO 3,285,800. The revaluation reserve is not available for distribution.

Notes to the financial statements

12 BANK FACILITIES

	30 June 2025 RO	30 June 2024 RO
Term loan	1,007,648	169,389
Less: Current portion of term loan	(150,000)	169,389
	857,648	--

- (a) The company has availed term loan facility of RO 3 Million from a commercial bank to finance the hotel renovation project, which carries an interest rate of 5.4% per annum. The term loan is repayable in 20 quarterly instalments of RO 150,000 each, commencing after 6 months from the expiry of term loan availability period. The loan is denominated in Rial Omani (RO).
- (b) At the end of reporting period, company has drawn down RO 1,007,648/- from the term loan facility.
- (c) The loan is unsecured with an undertaking from the Company that it would not sell or dispose-off the hotel during the tenor of the term loan and a corporate guarantee of RO 1.86 Million from the parent company Golden Sands Hotel Company LLC
- (d) The fair value of the loan not materially different to its carrying value as it carries a commercial rate of interest.

13 TRADE AND OTHER PAYABLES

	30 June 2025 RO	30 June 2024 RO
Trade payables	310,538	251,003
Amounts due to related parties	20,252	21,922
Accruals and other payables	810,392	735,887
	1,141,182	1,008,812

Notes to the financial statements

14 RELATED PARTY TRANSACTIONS AND BALANCES

- a) The Company enters into transactions in the ordinary course of business with key management personnel (including Board of Directors), and entities in which the key management personnel / significant Shareholders of the Company have significant influence or control. Prices and terms of payment for these transactions are approved by the Management and the Board of Directors. These transactions are entered into on terms and conditions approved by the Management and Board of Directors and subject to Shareholders' approval at the forthcoming Annual General Meeting.

The nature and volume of significant related party transactions were as follows:

	30 June 2025 RO	30 June 2024 RO
Professional fees / Operator fees	128,927	145,745
Other income	2,466	2,960
Other operating costs	3,090	3,090

- b) The details of compensation to key management personnel during the year are as follows:

	30 June 2025 RO	30 June 2024 RO
Short term employment benefits	143,803	146,468
Employees' end of service benefits	6,146	5,946
Other short term employment benefits	36,217	37,717
	<u>186,166</u>	<u>190,131</u>
Directors' sitting fees	13,500	13,000
	<u>199,666</u>	<u>203,131</u>

Board of Directors' meeting attendance fees are subject to approval at the forthcoming Annual General Meeting.

Notes to the financial statements

15 TOTAL REVENUE

	30 June 2025 RO	30 June 2024 RO
Room revenue	1,680,562	1,789,335
Food and Beverage revenue	1,808,836	2,064,292
Other revenue	137,271	163,612
	<u>3,626,669</u>	<u>4,017,239</u>

16 SERVICE EXPENSES

	30 June 2025 RO	30 June 2024 RO
Operation and maintenance expenses	145,049	152,737
Insurance	21,104	20,860
Professional fees / Operator fees	128,927	145,745
Utilities expenses	188,291	219,434
Travel expenses	27,082	22,921
Communication expenses	40,564	30,258
Advertisement expenses	67,816	73,192
	<u>618,833</u>	<u>665,147</u>

Notes to the financial statements

17 SALARIES AND EMPLOYEE RELATED COSTS

a) Salaries and employee related costs comprise the following:

	30 June 2025 RO	30 June 2024 RO
Salaries, wages and other benefits	803,449	894,227
Other short term employee benefits	168,558	60,352
Cost of end of service benefits for expatriate employees	40,384	52,482
Other employee related costs	272,611	297,369
	<u>1,285,002</u>	<u>1,304,430</u>

b) Movement in expatriate employees' end of service benefits liability during the period is as follows:

	30 June 2025 RO	30 June 2024 RO
At the beginning of the period	418,075	412,376
Expense for the period	40,384	52,482
Settled during the period	(12,664)	(2,070)
At the end of the period	<u>445,795</u>	<u>462,788</u>

18 OTHER OPERATING COSTS

	30 June 2025 RO	30 June 2024 RO
Directors' sitting fees	13,500	13,000
Commission	184,862	209,414
Miscellaneous expenses	293,946	271,165
	<u>492,308</u>	<u>493,579</u>

Notes to the financial statements

19 TAXATION

	30 June 2025 RO	30 June 2024 RO
Statement of income		
Current year	68,772	--
Paid relating to previous years	1,394	
Deferred tax charge	(1,000)	95,426
	<u>69,166</u>	<u>95,426</u>
Statement of financial position		
<i>Current liabilities</i>		
Current year	<u>68,772</u>	<u>--</u>
<i>Non-current liabilities</i>		
Deferred tax liability	<u>3,690,849</u>	<u>3,649,468</u>

The following further notes apply:

- The Company is subject to tax at 15% (2024 – 15%) on the profit for the year adjusted for tax purposes.
- The Company's tax assessments up to tax year 2022 have been completed by the Tax Authority with no additional demand for tax.
- The tax assessment for the year 2023 and 2024 has not been finalised by the Tax Authority. The Management believes that the tax assessed, if any, in respect of the unassessed tax year would not be material to the financial position of the Company at the end of the reporting period.
- The movement in the deferred tax liability shown in the statement of financial position at the end of the reporting period is as follows:

	Accelerated capital allowances RO	Provisions RO	Revaluation of land RO	Carried forward losses RO	Total RO
At 1 January 2025	408,556	(2,507)	3,285,800	--	3,691,849
Charged / (credited) to the statement of income	(1,073)	73	--	--	(1,000)
At 30 June 2025	<u>407,483</u>	<u>(2,434)</u>	<u>3,285,800</u>	<u>--</u>	<u>3,690,849</u>
At 1 January 2024	403,593	(1,298)	3,285,800	(134,053)	3,554,042
Charged / (credited) to the statement of income	14,614	6	--	80,806	95,426
At 30 June 2024	<u>418,207</u>	<u>(1,292)</u>	<u>3,285,800</u>	<u>(53,247)</u>	<u>3,649,468</u>

Notes to the financial statements

20 NET ASSETS PER SHARE

Net assets per share is calculated by dividing the net assets at the end of the reporting period by the number of shares outstanding:

	30 June 2025 RO	30 June 2024 RO
Net assets (RO)	25,164,921	24,798,949
Number of shares at end of the period	3,428,322	3,428,322
Net assets per share (RO)	7.340	7.234

21 BASIC EARNINGS PER SHARE

	30 June 2025 RO	30 June 2024 RO
Net profit for the year (RO)	379,188	542,867
Weighted average number of shares outstanding during the period	3,428,322	3,428,322
Basic earnings per share (RO)	0.111	0.158

Notes to the financial statements

22 FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company's activities expose it to various financial risks, primarily being, market risk (currency risk), credit risk and liquidity risk. The Company's risk management is carried out internally in accordance with the approval of the Shareholders.

a) Market risk

Currency risk

The Company is exposed to foreign exchange risk arising from currency exposure primarily with respect to US Dollar, UAE Dirham and Euro.

As the Omani Rial and UAE Dirham are pegged against the US Dollar, the Management does not believe that the Company is exposed to any material currency risk from these currencies. The exposure to Euro currency was not material to the Company's financial position at the end of the reporting period.

b) Credit risk

Trade receivables

Credit risk primarily arises from credit exposures to customers, including outstanding receivables and committed transactions. The Company has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The carrying value of trade and other receivables, and amounts due from related parties approximate their fair values due to the short-term nature of those receivables.

Expected credit losses (ECL)

The Company applies the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables. The expected loss rates are based on the payment profiles of sales over a historical period of 3 years and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. On that basis, expected credit losses were determined for trade receivables as follows:

30 June 2025	Trade receivables RO	Expected loss rate %	Loss allowance RO
0 - 180 days	141,091	0%	--
More than 180 days	39,933	39.92%	15,941
	<u>181,024</u>		<u>15,941</u>
30 June 2024	Trade receivables RO	Expected loss rate %	Loss allowance RO
0 - 180 days	223,197	0.96%	2,149
More than 180 days	5,163	100%	5,163
	<u>228,360</u>		<u>7,312</u>

Bank balances and term deposit

Credit risk from bank balances maintained in current accounts and term deposit with local banks is managed by ensuring balances are maintained with reputed banks only. The ECL on bank balances and term deposit are not expected to be material to the Company's financial position at the end of the reporting period and have accordingly not been provided.

Notes to the financial statements

22 FINANCIAL RISK AND CAPITAL MANAGEMENT (Continued)

b) Credit risk (Continued)

Amounts due from related parties

Amounts due from related parties are expected to have low credit risk. Accordingly, expected credit losses on such dues have not been provided.

c) Liquidity risk

The Company maintains sufficient bank balances and has availed credit facilities from banks to meet its obligations as they fall due for payment. Accordingly, the Company is not subject to significant liquidity risk. All financial liabilities are expected to be repaid within 6 months from the end of the reporting period.

d) Capital management

The Company's objectives when managing capital are:

- to safeguard its ability to continue as a going concern, so that it can continue to provide returns for Shareholders and benefits for other stakeholders; and
- to provide an adequate return to Shareholders by pricing services and goods commensurate with the level of risk.

The Company sets capital in proportion to risk and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the Shareholders, return capital to Shareholders or raise additional capital.

23 OPERATING SEGMENTS

The Company is engaged in the hospitality business in the Sultanate of Oman and operates through the following reportable segments, which are regularly reviewed by the Board of Directors to assess performance and allocate resources:

- Room revenue – Revenue from hotel accommodations
- Food and beverage revenue – Revenue from dining services, banqueting and in-room dining
- Health club revenue – Revenue from fitness and related services

All relevant information relating to the operating segments is disclosed in the statement of income, statement of financial position and notes to the financial statements.

24 COMPARATIVES

Previous period figures have been regrouped or reclassified, wherever necessary, so that they conform to those of the current period.

Notes to the financial statements

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2025	Freehold land RO	Buildings on freehold land RO	Plant and equipment RO	Furniture and fixtures RO	Motor vehicles RO	Capital work in progress RO [note 6 c)]	Total RO
Cost or valuation							
At 1 January 2025	22,000,000	13,329,940	4,009,442	1,741,375	53,650	25,225	41,159,632
Additions during the period	--	6,755	67,298	1,709	--	1,148,055	1,223,817
At 30 June 2025	22,000,000	13,336,695	4,076,740	1,743,084	53,650	1,173,280	42,383,449
Depreciation							
At 1 January 2025	--	7,466,822	3,691,469	1,611,436	40,496	--	12,810,223
Charge for the period	--	134,158	56,003	25,365	2,392	--	217,918
At 30 June 2025	--	7,600,980	3,747,472	1,636,801	42,888	--	13,028,141
Net book values							
At 1 January 2025	22,000,000	5,863,118	317,973	129,939	13,154	25,225	28,349,409
At 30 June 2025	22,000,000	5,735,715	329,268	106,283	10,762	1,173,280	29,355,308

Notes to the financial statements

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2024	Freehold land RO	Buildings on freehold land RO	Plant and equipment RO	Furniture and fixtures RO	Motor vehicles RO	Capital work in progress RO [note 6 c)]	Total RO
Cost or valuation							
At 1 January 2024	22,000,000	13,291,983	3,847,825	1,698,061	53,800	13,525	40,905,194
Additions during the period	--	8,414	58,360	8,547	--	--	75,321
At 30 June 2024	22,000,000	13,300,397	3,906,185	1,706,608	53,800	13,525	40,980,515
Depreciation							
At 1 January 2024	--	7,199,142	3,578,044	1,565,718	53,800	--	12,396,704
Charge for the period	--	133,683	56,677	22,530	--	--	212,890
At 30 June 2024	--	7,332,825	3,634,721	1,588,248	53,800	--	12,609,594
Net book values							
At 1 January 2024	22,000,000	6,092,841	269,781	132,343	--	13,525	28,508,490
At 30 June 2024	22,000,000	5,967,572	271,464	118,360	--	13,525	28,370,921