

**HOTELS MANAGEMENT COMPANY
INTERNATIONAL SAOG**

**Financial Statements for the Period ended 30 September
2025**

Registered office:

P. O. Box 964
Postal Code 133
Al Khuwair
Sultanate of Oman

Principal place of business:

The Chedi
Way No. 3215, Road No. 46
North Ghoubra
Sultanate of Oman

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

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HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Statement of profit or loss and other comprehensive income For the period ended 30 September 2025

EXHIBIT - A

	<i>Note</i>	2025 RO	2024 RO
Revenue	8	5,786,578	5,198,577
Operating costs	9	(5,367,520)	(4,932,138)
Gross profit		419,058	266,439
General, administration and selling and distribution expenses	11	(501,492)	(472,828)
(Impairment loss)/reversal of loss on trade receivables	17	4,866	(17,436)
Board Remuneration	26	(49,000)	-
Management and license fees	12,26	(173,209)	(150,272)
Results from operating activities		(299,777)	(374,097)
Finance income	18	103,649	96,050
Finance expense	21	(3,071)	(68,624)
Gain on disposal of property, plant, and equipment	15	2,943	14,891
Profit for the period - before taxation		(196,256)	(331,780)
Taxation charge	13	29,438	49,767
Total comprehensive income for the year – Exhibit – C		(166,818)	(282,013)
Basic and diluted earnings per share	14	(0.055)	(0.094)

The accompanying notes 1 to 31 form an integral part of these financial statements.

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Statement of financial position

For the period ended 30 September 2025

EXHIBIT – B

		2025	2024
	Note	RO	RO
Property, plant and equipment	15	4,144,405	4,969,429
Term deposits	18	700,000	--
Deferred tax assets	13	134,403	570,522
Total non-current assets		4,978,808	5,539,951
Current assets			
Inventories	16	412,533	381,867
Trade and other receivables	17	523,977	529,861
Due from related parties	26	1,898	14,449
Cash and bank balances	18	1,869,918	1,803,944
Total current assets		2,808,326	2,730,121
Total assets		7,787,134	8,270,072
EQUITY			
Capital and reserves			
Share capital	19	3,000,000	3,000,000
Legal reserve	20	1,000,000	1,000,000
Retained earnings		2,318,698	2,393,974
Total capital and reserves – Exhibit – C		6,318,698	6,393,974
LIABILITIES			
Non-current liabilities			
Term loan	21	-	350,000
End-of-service benefits	22	301,888	464,707
Total non-current liabilities		301,888	814,707
Current liabilities			
Trade and other payables	26	1,164,763	1,061,391
Due to related parties	23	1,785	--
Total current liabilities		1,166,548	1,061,391
Total liabilities		1,468,436	1,876,098
Total equity and liabilities		7,787,134	8,270,072
Net assets value per share	24	2.106	2.131

The financial statements were approved and authorised for issue by the Board of Directors on 20 October 2025 and were signed on its behalf by:

H.H. Sayyid Mohammed Thuwainy Shihab Al Said
Chairman

The accompanying notes 1 to 31 form an integral part of these financial statements.

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Statement of changes in shareholders' equity For the period ended 30 September 2025

EXHIBIT – C

	Share capital RO	Legal reserve RO	Retained earnings RO	Total RO
At 1 January 2024 (as previously reported)	3,000,000	1,000,000	2,675,987	6,675,987
Total comprehensive income for the period	--	--	(282,013)	(282,013)
At 30 September 2024 - Exhibit – B	<u>3,000,000</u>	<u>1,000,000</u>	<u>2,393,974</u>	<u>6,393,974</u>
At 1 January 2025	3,000,000	1,000,000	2,485,516	6,485,516
Total comprehensive income for the period - Exhibit – A	--	--	(166,818)	(166,818)
At 30 September 2025 – Exhibit – B	<u>3,000,000</u>	<u>1,000,000</u>	<u>2,318,698</u>	<u>6,318,698</u>

The accompanying notes 1 to 31 form an integral part of these financial statements.

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Statement of cash flows

For the period ended 30 September 2025

EXHIBIT – D

	<i>Note</i>	2025 RO	2024 RO
Cash flows from operating activities			
Profit for the year before taxation		(196,256)	(331,780)
Adjustments for:			
Depreciation	15	869,852	818,928
End-of-service benefits expense	22	75,678	67,344
Finance income	18	(103,649)	(96,050)
Finance expense	21	3,071	68,624
Allowance /(reversal) for impairment of trade receivables	17	(4,866)	17,436
Gain on disposal of property, plant and equipment	15	(2,943)	(14,891)
		<u>640,887</u>	<u>529,611</u>
 Inventories	16	(44,515)	32,528
Trade and other receivables	17	524,792	558,366
Trade and other payables	23	(429,687)	(530,995)
Due to and due from related parties	26	(31,071)	(50,616)
Cash generated from operating activities		<u>660,406</u>	<u>538,894</u>
End-of-service benefits paid	22	(138,488)	(126,048)
Net cash generated from operating activities		<u>521,918</u>	<u>412,846</u>
 Cash flows from investing activities			
Finance income received	18	137,178	402,219
Finance Paid	21	(3,071)	(68,624)
Purchase of property, plant and equipment	15	(255,556)	(313,561)
Proceeds from term deposits matured	18	-	681,074
Proceeds from sale of property, plant and equipment	15	2,943	15,971
Net cash from investing activities		<u>403,412</u>	<u>1,129,925</u>
 Cash flows from financing activities			
Repayment of term loan	21	(350,000)	(2,450,000)
Finance costs	21	-	-
remuneration paid	25	-	-
Net cash used in financing activities		<u>(350,000)</u>	<u>(2,450,000)</u>
 Net change in cash and cash equivalents		53,412	(1,320,075)
Cash and cash equivalents at the beginning of the period	18	2,516,506	3,124,019
Cash and cash equivalents at the end of the period		<u>2,569,918</u>	<u>1,803,944</u>

Disclosure as required by IAS 7 "Statement Of Cash Flows" has been shown in note 30 to the financial statements.

The accompanying notes 1 to 31 form an integral part of these financial statements.

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements

For the period ended 30 September 2025

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Hotels Management Company International SAOG (“the Company”) is an Omani General Joint Stock Company registered on 14 December 2002 under the Commercial Companies Law and Regulations of the Sultanate of Oman. Currently, the Company owns and operates the Chedi Muscat Hotel (Chedi). The Company has entered into a management agreement with General Hotel Management (Singapore) PTE LTD which is expiring on 18 January 2028.

2 ADOPTION OF NEW AND REVISED IFRS

2.1 STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE ANNUAL PERIOD BEGINNING ON OR AFTER 1 JANUARY 2024

The following new standards, amendments to existing standards or interpretations to various IFRS Accounting Standards are mandatorily effective for the reporting period beginning on or after 1 January 2024:

STANDARD OR INTERPRETATION	TITLE
Amendments to IFRS 16	Leases: Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-Current Liabilities with Covenants
Amendments to IAS 7	Statement of Cash Flows: Supplier Finance Arrangements
Amendments to IFRS 7	Financial Instruments: Disclosures - Supplier Finance Arrangements

IFRS 16: LEASE LIABILITY IN A SALE AND LEASEBACK

On 22 September 2022, the IASB issued amendments to IFRS 16 – Lease Liability in a Sale and Leaseback.

Prior to the amendments, IFRS 16 did not contain specific measurement requirements for lease liabilities that may contain variable lease payments arising in a sale and leaseback transaction. In applying the subsequent measurement requirements of lease liabilities to a sale and leaseback transaction, the amendments require a seller-lessee to determine ‘lease payments’ or ‘revised lease payments’ in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

These amendments had no effect on the financial statements of the Company.

AMENDMENTS TO IAS 1: CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT AND NON-CURRENT LIABILITIES WITH COVENANTS

The IASB issued amendments to IAS 1 in January 2020 Classification of Liabilities as Current or Non-current and subsequently, in October 2022 Non-current Liabilities with Covenants.

The amendments clarify the following:

- ‘An entity’s right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period.
- If an entity’s right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.
- The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.
- In case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity’s own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

These amendments had no effect on the financial statements of the Company.

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements

For the period ended 30 September 2025

2 ADOPTION OF NEW AND REVISED IFRS (continued)

2.1 STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE ANNUAL PERIOD BEGINNING ON OR AFTER 1 JANUARY 2024 (continued)

AMENDMENTS TO IAS 7 & IFRS 7: SUPPLIER FINANCE ARRANGEMENTS

On 25 May 2023, the IASB issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on characteristics of supplier finance arrangements.

The Company has carried out an assessment of its contracts and operations and, concluded that, these amendments have had no effect on the financial statements, regardless of the transition relief provided.

2.2 STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following new/amended accounting standards and interpretations have been issued by IASB that are effective in future accounting periods and the Company has decided not to adopt early:

STANDARD OR INTERPRETATION	TITLE	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
Amendments to IAS 21	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025
Amendments to IFRS 9	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9	Contracts Referencing Nature-dependent Electricity	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

The Company does not expect these amendments and standards issued but not yet effective, to have a material impact on the financial statements of the Company, except for IFRS 18.

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

3 BASIS OF PREPARATION

- These financial statements have been prepared in accordance with the International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRS Accounting Standards), the applicable provisions of the Commercial Companies Law (CCL) and Regulations (CCR) of the Sultanate of Oman and the minimum disclosure requirements issued by the Financial Services Authority (FSA).
- In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements

For the period ended 30 September 2025

3 BASIS OF PREPARATION *(continued)*

- (c) The financial statements are prepared under the historical cost convention modified to include the measurement at fair value of certain financial instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measures and the significance of the inputs to the fair value measurement in its entirety.
- (d) Functional and presentation currency: The financial statements are presented in Rials Omani (RO), which is the Company's functional currency.

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies are summarised below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Segment reporting

The Company determines and presents operating segments based on the information that internally is provided to the General Manager and Senior Management (being the chief operating decision maker).

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 Company's chief operating decision maker to make decisions about resources allocated to the segment and assess its performance, and for which discreet financial information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Interest income and expense

Interest income and expense are accounted on the accruals basis.

Foreign currency transactions

Items included in the financial statements of the Company are measured and presented in Rials Omani being the currency of the primary economic environment in which the Company operates. Foreign currency transactions are translated into Rials Omani at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Rials Omani at the exchange rate prevailing at the reporting date. Differences on exchange are dealt within profit or loss.

Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements only in the period in which the dividends are approved by the Company's shareholders.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, except for freehold land which is not depreciated. Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is 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 profit or loss as an expense as incurred.

The cost of property, plant and equipment is written-down to residual value in equal installments over the estimated useful lives of the assets. The estimated useful lives are:

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements

For the period ended 30 September 2025

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

	Years
Buildings	7 - 25
Plant and machinery	7
Equipment	5-7
Furniture and fixtures	5
Motor vehicles	5
Library books	7

Freehold land is not depreciated as it is deemed to have an indefinite life.

Capital work-in-progress is not depreciated until it is transferred to one of the above categories at the time when it is available for use.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written-down immediately to its recoverable amount.

Any gain or loss on disposal of property, plant and equipment is recognised in profit or loss.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

The useful lives of items in property, plant and equipment are adjusted to the lower of the useful life of the asset or expiry of the usufruct and development agreement for the lease of the land on which buildings are constructed, whichever is earlier (Note 15).

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is computed on the weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of selling expenses.

End-of-service benefits

The provision for employees' terminal benefits is based upon the liability accrued in accordance with the terms of employment of the Company's employees at the reporting date, having regard to the requirements of the Oman Labour Law, 2023 and the Social Protection Law, 2023.

Government of Oman Social Insurance Scheme (the Scheme)

The Company contributes to the Scheme for all Omani employees. The Scheme, which is a defined contributions retirement plan, is administered by the Government of Oman. The Company and Omani employees are required to make monthly contributions to the Scheme at 12.5% and 9% respectively, of gross salaries.

Non-Omani employees' terminal benefits

The provision for end-of-service benefits for non-Omani employees is made in accordance with the requirements of the Oman Labour Law of 2023. Employees are entitled to end-of-service benefits calculated at a rate of 15 days basic salary for first three years of service for the period up to 30 July 2023 and 30 days basic salary for each year of continuous service for the periods thereafter. This is an unfunded defined benefits retirement plan. The company has adopted a policy for advance payments of non-Omani employees terminate benefit for long service staff which helps the company to reduce company's liability and cash future commitments and in the other side helps long service staff to meet their financials' needs

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements

For the period ended 30 September 2025

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Income tax

Income tax on the results for the year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly in shareholders' equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax calculated is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting 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.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. The principal financial instruments of the Company include trade and other receivables, cash and cash equivalents, related party balances and trade and other payables.

Initial recognition

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost; fair value through other comprehensive income – debt instruments; fair value through other comprehensive income – equity instruments; or fair value through profit or loss.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

Financial assets, at initial recognition, may be designated at fair value through profit or loss, if the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis.

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements

For the period ended 30 September 2025

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Initial recognition *(continued)*

Financial liabilities

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss account. A financial liability is classified as at fair value through profit or loss account if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities, at initial recognition, may be designated at fair value through profit or loss if the following criteria are met:

- a) The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis;
- b) The liabilities are part of a Company of financial liabilities which are managed and their performance evaluated on fair value basis, in accordance with a documented risk management strategy; or
- c) The financial liability contains an embedded derivative that would otherwise need to be separately recorded.

Financial liabilities at fair value through profit or loss account are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss account.

Subsequent measurement

Financial assets

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method, if applicable. The effective interest rate method is the method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss account. Any gain or loss on derecognition is also recognised in profit or loss.

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements

For the period ended 30 September 2025

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Reclassification

Financial assets

The Company only reclassify financial assets if, and only if, the objective of the business model for managing those financial assets is changed. Such changes are expected to be very infrequent as these changes must be significant to the Company's operations and demonstrable to external parties.

The Company determines that its business model has changed in a way that is significant to its operations, then it reclassifies all affected assets prospectively from the first day of the next reporting period (the reclassification date). Prior periods are not restated.

Financial liabilities

The Company determines the classification of financial liabilities on initial recognition. Subsequent reclassification is not allowed.

Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss.

Financial liabilities

If the terms of a financial liability are modified and the cash flows of the modified liability are substantially different then, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- a) The rights to receive cash flows from the asset have expired; or
- b) The Company retains the right to receive cash flows from the asset, but assumes an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- c) The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements

For the period ended 30 September 2025

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Derecognition *(continued)*

Financial assets *(continued)*

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in the statement of other comprehensive income is recognised in profit or loss.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set-off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' ('ECL') model. This requires considerable judgment about how changes in economic factors affect expected credit losses, which will be determined on a probability-weighted basis.

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements

For the period ended 30 September 2025

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Measurement of loss allowances

The Company measures loss allowances on either of the following bases:

The financial assets at amortised cost consist of trade receivables and cash and cash equivalents. Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss allowances for trade receivables at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since the initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company assumes that the credit risk on a financial asset has significantly increased since initial recognition and while estimating expected credit loss, when there is objective evidence or impairment indicator for the financial assets.

The Company considers a financial asset to be in default when the counter party is unlikely to pay its credit obligations to the Company in full (based on indicator above), without recourse by the Company to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

Lifetime expected credit losses: These losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, if there is significant increase in credit risk or under simplified approach 12-months expected credit losses: These losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months)

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk. An asset is credit-impaired if one or more events have actually occurred and have a detrimental impact on the estimated future cash flows of the asset.

An entity assesses whether there has been a significant increase in credit risk at each reporting date. The impairment model in IFRS 9 is symmetrical, and assets can move into and out of the lifetime expected credit losses category.

To be 'significant', a larger absolute increase in the risk of default is required for an asset with a higher risk of default on initial recognition than for an asset with a lower risk of default on initial recognition.

Expected credit losses are a probability-weighted estimate of credit losses.

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements

For the period ended 30 30 September 2025

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Measurement of loss allowances *(continued)*

Financial assets that are not credit-impaired at the reporting date

Measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Financial assets that are credit-impaired at the reporting date

Measured as the difference between the gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment reversal or loss.

Presentation of expected credit losses

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets and is charged to the statement of profit or loss.

Write - off

The gross carrying amount of a financial asset is written-off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-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-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, receivables from and payable to related parties, term deposits with banks, cash and cash equivalents and trade and other payables. Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, non-derivative financial instruments of the Company (trade and other receivables, receivables from and payable to related parties, fixed deposits with banks, cash and cash equivalents and trade and other payables) are measured at amortised cost using the effective interest rate method, less any impairment losses. The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense of the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount of the financial liability. Instalments due within one year at amortised cost are shown as a current liability.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits and term deposits with original maturities not greater than three months from placement date. Bank overdrafts 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.

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements

For the period ended 30 September 2025

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Revenue from contracts with customers

Revenue recognition

The Company recognises revenue from the following major sources:

- Room revenue
- Food and beverages
- Spa
- Health club
- Sale of merchandise
- Others (which includes guest transport service, guest laundry service, guest telephone service and other miscellaneous services).

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

Room revenue

Room revenue is recognised over time when the service is provided, being when the customers occupy the room and avail the services included in the room. A receivable is recognised by the Company when the services are delivered to the customers as this represents the point-in-time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Food and beverages

For food and beverages, revenue is recognised when control of the item of food or beverage is transferred to the customer, being at the point the food or beverage is delivered to or consumed by the customer.

Spa

Revenue from spa is recognised when the service is provided, being at the point-in-time in which customer uses the spa facilities.

Health club and gym membership

Revenue from health club and gym is recognised overtime when the customer avails the health club and gym facilities. The upfront fee is received from customers as membership fees, and is amortised over the period of the contract.

Sale of hotel merchandise

For sale of goods to customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the store. Payment of the transaction price is due immediately at the point the customer purchases the goods.

Other revenues

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

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements For the period ended 30 September 2025

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Share capital

Ordinary shares are classified as part of shareholders' equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as deduction from shareholders' equity, net of any tax effects.

Provisions

Provisions are present obligations (legal or constructive) resulted from past events, the settlement of the obligations is probable and the amount of those obligations can be estimated reliably. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the statement of financial position date, that is, the amount that the Company would rationally pay to settle the obligation at the statement of financial position date or to transfer it to a third party.

Provisions are reviewed and adjusted at each statement of financial position date. If outflows, to settle the provisions, are no longer probable, reversal of the provision is recorded as part of other income. Provisions are only used for the purpose for which they were originally recognised.

Value-Added-Tax (VAT)

The Company recognises VAT in line with the rules and regulations set out in the VAT law by the Tax Authority of the Sultanate of Oman. The law requires all eligible sales, supplies, services and consumptions within Oman be subject to 5% VAT. The sales, supplies, services and consumptions outside Oman are subject to zero percent VAT.

Revenue, expenses and assets are recognised at amounts net of VAT. The net amount of VAT recoverable from or payable to the Tax Authority is included as part of receivables or payables in the statement of financial position as VAT refund or VAT payable.

5 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date.

Useful lives of property and equipment

Depreciation is charged so as to write-off the cost of assets over their estimated useful lives. The calculation of useful lives is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates with due consideration to the remaining period of usufruct agreement. Depreciation of building and equipment is calculated after due consideration of the remaining period of the usufruct agreement.

Impairment allowance - Measurement of the expected credit losses allowance

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past experience and historical data, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the accounting policy above.

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements

For the period ended 30 September 2025

5 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Key sources of estimation uncertainty *(continued)*

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision wherever applicable applied according to the inventory type and the degree of aging or obsolescence, based on anticipated selling prices.

Taxation

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of existing contractual agreements, differences arising between the actual results 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 estimates, for possible consequences of finalisation of tax assessments of the Company. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible Tax Authority.

Going concern

The management of the Company reviews their financial position on a periodic basis and assesses the requirement of any additional funding to meet the working capital requirements and estimated funds required to meet the liabilities as and when they become due.

6 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risks including market risk arising from the effects of changes in foreign currency exchange and interest rates, credit risk and liquidity risk. The Company's overall risk management program 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.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and 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 optimising the return.

Currency risk

The Company has very minimal dealings in foreign currency transactions and these transactions are mostly in US Dollars or in other currencies effectively pegged to Rial Omani. All invoices are raised and realised in Rial Omani and the foreign currency purchases are minimal. Management accordingly believes that had these currencies weakened or strengthened against Rial Omani there would have been an insignificant or no impact on the post-tax profits. Further, the currency risk on foreign currency accounts is not significant.

Interest rate risk

The Company is exposed to interest rate risk as it has interest-bearing deposits. Management negotiates with banks and converts deposits from fixed rate to floating rates, or vice versa, where considered necessary on an on-going basis. Management believes that changes in interest rate would not materially affect the Company's performance.

Credit risk

Credit risk arises from bank balances, deposits and credit exposures to corporate customers within Oman and abroad and Ministries and Government institutions. The Company has a credit policy in place and exposure to credit risk is monitored on an on-going basis.

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements

For the period ended 30 September 2025

6. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

Credit risk (continued)

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 on-going basis, aging 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.

At 30 September 2025, though the Company had significant bank balances, management believes that the risk arising out of these balances are minimal as these are with local banks with good financial standing.

Banks

Bank Dhofar SAOG, Oman
Al Ahli Bank SAOG, Oman

Long-term rating

BB Fitch
BB Fitch

At 30 June 2025, though the Company had significant bank balances, management believes that the risk arising out of these balances are minimal as these are with local banks with good financial standing.

Banks

Bank Dhofar SAOG, Oman
Al Ahli Bank SAOG, Oman

Long-term rating

Ba3 Moody's
BB- Fitch

The following table shows the credit limit and balances of the four major types of customers at the reporting date:

	Credit limit		Balance	
	2025	2024	2025	2024
	RO	RO	RO	RO
Travel agents	605,500	845,500	133,671	97,044
Credit card companies	175,000	460,000	34,084	44,981
Corporate	29,100	58,000	1,344	2,185
Government	64,000	98,000	8,497	2,056
	<u>873,600</u>	<u>1,461,500</u>	<u>177,596</u>	<u>146,266</u>

The age of trade receivables and related impairment loss at the reporting date is:

	Weighted average loss rate	Carrying amount	Loss allowance	Net carrying amount	Credit impaired
30 September 2025	%	RO	RO	RO	
1-29 Days	0.40%	87,992	350	87,642	No
30-59 Days	0.76%	18,362	140	18,222	Yes
60-89 Days	-	-	-	-	Yes
90-119 Days	9.56%	1,939	185	1,754	Yes
> 120 days	97.93%	35,810	35,067	743	Yes
		<u>144,103</u>	<u>35,742</u>	<u>108,361</u>	

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements For the period ended 30 September 2025

6 FINANCIAL RISK MANAGEMENT *(continued)*

Financial risk factors *(continued)*

Credit risk *(continued)*

The age of trade receivables and related impairment loss at the comparative date is:

30 September 2024	Weighted average loss rate %	Carrying amount RO	Loss allowance RO	Net carrying amount RO	Credit impaired
Current/not due	0.79%	54,700	434	54,266	No
1-29 Days	2.04%	11,886	242	11,644	Yes
30-59 Days	4.57%	885	40	845	Yes
60-89 Days	12.60%	1,740	219	1,521	Yes
>89 Days	71.21%	32,784	23,346	9,438	Yes
		<u>101,995</u>	<u>24,281</u>	<u>77,714</u>	

Liquidity risk

In accordance with prudent liquidity risk management, the Directors aim to maintain sufficient cash and an adequate amount of committed credit facilities. Management monitors rolling forecasts of the Company's liquidity reserve (comprises undrawn borrowing facility) and cash and cash equivalents on the basis of expected cash requirements.

The table below analyses the Company's financial liabilities into relevant maturity grouping based on the remaining period at the reporting date to the contractual maturities date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying amount RO	Total contractual cash flows RO	Less than one year RO
At 30 September 2025			
Term loan	--	--	--
Trade and other payables	1,164,763	1,164,763	1,164,763
Due to related parties	1,785	1,785	1,785
	<u>1,166,548</u>	<u>1,166,154</u>	<u>1,166,154</u>
At 30 September 2024			
Term loan	350,000	350,000	--
Trade and other payables	1,061,391	1,061,391	1,061,391
Due to related parties	--	--	--
	<u>1,411,391</u>	<u>1,411,391</u>	<u>1,061,391</u>

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements For the period ended 30 September 2025

6 FINANCIAL RISK MANAGEMENT *(continued)*

Financial risk factors *(continued)*

Liquidity risk *(continued)*

Categories of financial instruments	2025 RO	2024 RO
Financial assets		
<i>Amortized costs</i>		
Cash and bank balances including term deposits	2,569,918	1,803,944
Trade and other receivables (excluding prepayments)	523,977	529,861
Due from related parties	1,898	14,449
	<u>3,095,793</u>	<u>2,348,254</u>
Financial liabilities		
<i>Amortized cost</i>		
Trade and other payables	1,164,763	1,061,391
Due to related parties	1,785	--
	<u>1,166,548</u>	<u>1,061,391</u>

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and restore the original capital of the Company. The Company seeks to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

Fair value estimation

The carrying amounts of financial assets and liabilities with a maturity of less than one year approximate to their fair values.

7 SEGMENT INFORMATION

Class of business

The Company operates in the hotel industry. The Company's operating revenues arise from operating the Chedi Muscat Hotel in Muscat, the Sultanate of Oman.

The Company has three reportable segments, as described below which are the Company's strategic business units. The following summary describes the operations in each of the Company's reportable segments:

Rooms

Includes suites, superior room, deluxe rooms, deluxe club rooms, and executive junior suite and Chedi Club suites.

Food and Beverage ("F & B")

Includes the main restaurant and bar, beach restaurant, Chedi pool bar, Serai pool bar, room services, banquettes, lobby lounge, library bar, shisha court yard, long pool bar and tobacco selling.

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements

For the period ended 30 June 2025

7 SEGMENT INFORMATION (continued)

Others

Includes spa, boutique, guest telephone service, guest transport service, guest laundry service and other miscellaneous services.

- General Manager and Senior Management evaluates the performance of each segment on a daily basis, General Hotels Management (“GHM”) evaluates it on a weekly and monthly basis and Board of Directors evaluates it during their meetings.
- Assets and liabilities segments are not being reviewed by the Management, GHM or Board of Directors as it cannot be allocated to each segment since the Company operates in one geographical segment and assets and liabilities are in mixed operational segmentation. But at the same time assets and liabilities are being reviewed as a whole by General Manager and Senior Management, GHM and Board of Directors.

Information regarding the operations reportable segment is shown below. Performance is measured based on segment profit before income tax.

Operational segments

	<u>Rooms</u> RO	<u>F & B</u> RO	<u>Others</u> RO	<u>Unallocated</u> <u>costs</u> RO	<u>Total</u> RO
30 September 2025					
Revenue	3,151,733	2,208,710	426,135	-	5,786,578
Operating costs	(928,361)	(1,717,336)	(180,315)	(2,541,508)	(5,367,520)
Operating income/(loss)	<u>2,223,372</u>	<u>491,374</u>	<u>245,820</u>	<u>(2,541,508)</u>	<u>419,058</u>
30 September 2024					
Revenue	2,682,734	2,076,738	439,106	--	5,198,578
Operating costs	(842,195)	(1,610,125)	(153,468)	(2,326,351)	(4,932,139)
Operating income/(loss)	<u>1,840,539</u>	<u>466,613</u>	<u>285,638</u>	<u>(2,326,351)</u>	<u>266,439</u>

Reconciliation of reportable segments to profit before taxation

	2025 RO	2024 RO
Operating profit	419,058	266,439
Other unallocated operating costs (net)	(493,683)	(475,373)
Management and licence fees	(173,209)	(150,272)
Remuneration	(49,000)	-
Finance expense	(3,071)	(68,624)
Finance income	103,649	96,050
Profit for the period before taxation	<u>(196,256)</u>	<u>(331,780)</u>

Operating segment - geographical segment

The Company operates in the geographical segment of Oman; 100% of sales and resultant debtors (2024: 100%) are within this geographical segment.

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements

For the period ended 30 September 2025

8 REVENUE

Disaggregation of revenue

The Company derives its revenue from the transfer of goods and services over time and point-in-time in the following major product lines

	2025 RO	2024 RO
Rooms	3,151,733	2,682,734
Food and beverages	2,208,710	2,076,738
Spa and health club	209,824	217,896
Other revenues	216,311	221,209
Total – Exhibit – A	<u>5,786,578</u>	<u>5,198,577</u>

Other revenues comprise of guest telephone service, guest transport service, guest laundry service, space rental and other miscellaneous services.

Timing of revenue recognition

At a point-in-time

Rooms	3,151,733	2,682,734
Food and beverages	2,208,710	2,076,738
Spa and health club	175,387	188,220
Other revenues	192,316	193,135
	<u>5,728,146</u>	<u>5,140,827</u>

Over time

Spa and health club	34,437	29,677
Space rental	23,995	28,074
	<u>58,432</u>	<u>57,751</u>

9 OPERATING COSTS

Food and beverages	636,866	641,385
Others direct costs	36,752	39,252
Staff costs (note 10)	2,311,010	2,128,116
Depreciation (note 15)	869,852	818,928
Operating supplies	754,566	643,367
Utility costs	316,833	321,476
Personnel and training	60,422	35,969
Repairs and maintenance	215,953	210,643
IT and communication	70,048	71,379
Staff accommodation maintenance	1,451	2,704
Professional fees	3,023	2,430
Staff Bonus	34,973	-
Other operating expenses	55,771	16,489
Total – Exhibit – A	<u>5,367,520</u>	<u>4,932,138</u>

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements For the period ended 30 September 2025

10 STAFF COSTS

	2025	2024
	RO	RO
Wages, salaries and allowances	1,561,749	1,449,973
End-of-service benefits (note 22)	75,678	67,344
Social security costs	103,575	100,106
Other costs	570,008	510,693
Total – (note-9)	<u>2,311,010</u>	<u>2,128,116</u>

The Company had 296 employees as at 31 September 2024 (2024: 296).

11 GENERAL, ADMINISTRATION AND SELLING AND DISTRIBUTION EXPENSES

Sales and marketing expenses	277,041	254,274
General and administration expenses	193,951	184,554
Directors' sitting fees (note 26)	30,500	34,000
Total – Exhibit – A	<u>501,492</u>	<u>472,828</u>

12 MANAGEMENT AGREEMENTS

The Company has entered into a comprehensive management agreement dated 19 August 2018 with General Hotel Management (Singapore) PTE LTD. The agreement is expiring on 18 January 2028.

Prior agreements were as follows:

- On 28 June 2000 with GHM Services (Muscat) Ltd. for managing the operations of the hotel. The management agreement is effective from 20 January 2003 for a period of 15 years and can be extended for a further period of 5 years. Management fee to GHM Services (Muscat) Ltd. is a set of percentage on the gross revenue.
- On 25 October 2001 with GHM (Mauritius) Ltd, for the use of trademarks and brands owned by General Hotels Management Company Ltd. The agreement is effective from 20 January 2003. The Company pays licence fee to GHM (Mauritius) Ltd. at a set of percentage on the gross revenue.
- On 28 June 2000 the Company entered into an offshore service agreement with GHM Ltd, British Virgin Islands. The Company pays an offshore service fee at a set percentage of the gross operating profit, as defined in the agreement.

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements For the period ended 30 September 2025

13 TAXATION

Recognised in the profit or loss

	2025 RO	2024 RO
Impact on deferred tax in current year (note below)	<u>(29,438)</u>	<u>49,767</u>
Total – Exhibit – A	<u><u>(29,438)</u></u>	<u><u>49,767</u></u>

The Company is subject to income tax at the rate of 15% (2024: 15%) on taxable profits.

Reconciliation

The following is a reconciliation of income tax calculated at the applicable tax rate with the income tax expense:

Profit for the year before taxation	<u>(196,256)</u>	<u>(331,780)</u>
Income tax as per rates mentioned above	<u>(29,438)</u>	<u>(49,767)</u>
Non-deductible/(deductible) expenses		
Deferred tax asset not recognised		
Total – as above	<u><u>(29,438)</u></u>	<u><u>(49,767)</u></u>

Deferred tax assets

Recognised deferred tax assets (net) are attributable to the following items:

	1 January 2025 RO	Recognised in statement of profit or loss RO	30 Sep 2025 RO
Carry forward losses	<u>(104,965)</u>	<u>(29,438)</u>	<u>(134,403)</u>
Net - Exhibit – B	<u><u>(104,965)</u></u>	<u><u>(29,438)</u></u>	<u><u>(134,403)</u></u>

	1 January 2024 RO	Recognised in statement of profit or loss RO	30 Sep 2024 RO
Carry forward losses –current year	<u>520,755</u>	<u>49,767</u>	<u>570,522</u>
Net - Exhibit – B	<u><u>520,755</u></u>	<u><u>49,767</u></u>	<u><u>570,522</u></u>

The tax returns of the Company for the year 2023 and 2024 have not yet been agreed with the Tax Authority. Management is of the opinion that additional taxes, if any, related to the open tax years would not be significant to the Company's financial position as at 30 September 2025

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements

For the period ended 30 September 2025

14 BASIC AND DILUTED EARNINGS PER SHARE

The basic earnings per share has been derived by dividing the profit after taxation by the weighted average number of shares outstanding during the year. The diluted earnings per share is identical to the basic earnings per share.

	2025	2024
Profit for the year after taxation (RO)	<u>(166,818)</u>	<u>(282,013)</u>
Weighted average number of shares outstanding during the year (Nos.)	<u>3,000,000</u>	<u>3,000,000</u>
Basic earnings per share (RO) – Exhibit – A	<u>(0.055)</u>	<u>(0.094)</u>

15 PROPERTY, PLANT AND EQUIPMENT

The Company entered into a usufruct and development agreement with H.H. Sayyid Thuwainy Shihab Al Said (a related party) for the grant of a lease of the land on which buildings are constructed. The lease contract is for a period of 25 years commencing from the date of the Company's commercial operations. No rent is payable for the grant of lease. As consideration for the grant of the lease, at the end of the lease period, the Company will transfer the ownership of the hotel, improvements and all the movable assets, except motor vehicles, land and the staff accommodation built on the owned land to H.H. Sayyid Thuwainy Shihab Al Said at no consideration. The land presented below is the land at Al Ghubra purchased by the Company in the year 2008.

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements

For the period ended 30 September 2025

15 PROPERTY, PLANT AND EQUIPMENT (continued)

	Land RO	Buildings RO	Plant and machinery RO	Equipment RO	Furniture and fixtures RO	Motor vehicles RO	Library books RO	Others RO	CWIP RO	Total RO
Cost										
1 January 2024	669,562	14,961,063	523,265	2,990,935	2,005,766	260,472	16,005	--	661,207	22,088,275
Additions	--	29,057	73,574	99,023	21,470	18,405	--	--	72,032	313,561
Disposal/write-off	--	--	(1,120)	(39,528)	(20,756)	(7,995)	--	--	--	(69,399)
Transfer from CWIP	--	455,293	--	--	277,946	--	--	--	(733,239)	--
30 Sep 2024	669,562	15,445,413	595,719	3,050,430	2,284,426	270,882	16,005	--	--	22,332,437
1 January 2025	669,562	15,450,812	595,719	3,142,533	2,323,599	115,856	16,005	--	--	22,314,086
Additions	--	--	--	178,792	76,763	1	--	--	--	255,556
Disposals/write off	--	--	(830)	(22,141)	(14,077)	--	--	--	--	(37,048)
30 Sep 2025	669,562	15,450,812	594,889	3,299,184	2,386,285	115,857	16,005	--	--	22,532,594
Accumulated Depreciation										
1 January 2024	--	11,345,341	391,649	2,747,001	1,945,849	166,554	16,005	--	--	16,612,399
Charge for the year	--	606,500	35,932	74,260	85,275	16,961	--	--	--	818,928
Disposals/write off	--	--	(1,120)	(38,450)	(20,756)	(7,993)	--	--	--	(68,319)
30 Sep 2024	--	11,951,841	426,461	2,782,811	2,010,368	175,522	16,005	--	--	17,363,008
1 January 2025	--	12,158,354	440,151	2,811,633	2,035,676	93,566	16,005	--	--	17,555,385
Charge for the year	--	612,134	38,037	129,312	84,860	5,509	0	--	--	869,852
Disposals/write off	--	--	(830)	(22,141)	(14,077)	--	--	--	--	(37,048)
30 Sep 2025	--	12,770,488	477,358	2,918,804	2,106,459	99,075	16,005	--	--	18,388,189
Net carrying value – Exhibit – B										
30 Sep 2025	669,562	2,680,324	117,531	380,380	279,826	16,782	--	--	--	4,144,405
30 Sep 2024	669,562	3,493,572	169,258	267,619	274,058	95,360	--	--	--	4,969,429

The land is located at Al Ghobra near Indian School. Building represents staff accommodation constructed on this land and Hotel Building which was constructed on lease hold land as noted above.

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements

For the period ended 30 September 2025

16 INVENTORIES

	2025	2024
	RO	RO
Food and beverages	276,460	219,281
Linen, general stores and others	136,073	162,586
Exhibit – B	412,533	381,867

17 TRADE AND OTHER RECEIVABLES

Trade receivables, gross	202,700	170,778
Less: allowance for expected credit losses	(35,742)	(24,282)
Trade receivables, net	166,958	146,496
Other receivables	253,141	117,807
Interest receivable	--	--
Prepayments	103,878	265,558
Net – Exhibit – B	523,977	529,861

Movement in the Company's allowance for impairment of trade receivables is as follows:

At 1 January	40,608	6,846
Charge/(reversal) during the year – Exhibit – A	(4,866)	17,436
At 30 September	35,742	24,282

Based on the credit policy of the Company, the customers are extended a credit period of up to 30 days in the normal course of business. Details of gross exposure of trade receivables are set out below:

Neither past due nor impaired	125,893	123,044
Past due but not impaired	41,065	23,452
Impaired	35,742	24,282
At 31 September	202,700	170,778

An individual balance of RO 34,459 (2024: RO 15,623) was considered impaired and the Company has arrived at the impairment allowance of RO 35,742 (2024: RO 24,282) based on the historical analysis estimate for collective impairment and expected credit losses.

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements

For the period ended 30 September 2025

17 TRADE AND OTHER RECEIVABLES *(continued)*

Amounts due in excess of the normal credit period were due from independent customers for whom there is no recent history of default as follows:

	2025	2024
	RO	RO
Due - 31 to 60 days	18,331	11,649
Due - 61 to 90 days	424	844
Past due - 91 to 180 days	22,310	10,959
	<u>41,065</u>	<u>23,452</u>

The credit quality of financial assets can be assessed by reference to historical information about counterparty default rates as set out below:

Counterparties without external credit rating

Existing customers with no default in the past	<u>202,700</u>	<u>170,778</u>
--	----------------	----------------

Existing customers with no default in the past are those with whom the Company has dealt for more than six months. At the reporting date, 17 % of the trade receivables is receivable from one customer within this category (2024: 34.80% from one customer), operating in the Sultanate of Oman.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable.

The other classes within debtors do not contain impaired assets

The Company does not hold any collateral as security.

18 CASH AND BANK BALANCES

Cash at bank	457,701	411,537
Term deposits with banks	2,100,000	1,381,074
Cash in hand	12,217	11,333
Total	<u>2,569,918</u>	<u>1,803,944</u>
Less: Term deposits- long term – Exhibit – B	<u>(700,000)</u>	<u>--</u>
	<u>1,869,918</u>	<u>1,803,944</u>

Overdrawn in current accounts represent unpresented cheques at the reporting date. This deficit will make good by transferring funds automatically from call accounts as and when required.

Term deposits and call deposits are placed with commercial banks in the sultanate of Oman. Term deposits earn interest at rate 4.25%-4.50% p.a. (2024: 4.50% p.a.) and call deposits earn interest at rates ranging from 0.5% p.a. to 3% p.a. (2024: 0.5% p.a. to 3% p.a.). US \$ call deposit interest rate is based on monthly Secured Overnight Financing Rate (SOFR). Term deposits include an amount of RO 700,000 which will mature in June 2027. There are no restrictions on bank balances at the reporting date.

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements

For the period ended 30 September 2025

19 SHARE CAPITAL

The Company's authorized share capital comprises of 10 million ordinary shares of RO 1 (2024: RO 1) each and the issued and paid-up share capital comprises of 3,000,000 (2024: 3,000,000) ordinary shares of RO 1 (2024: RO 1) each.

Shareholders owning 10% or more of the Company's shares, whether in their name, or through a nominee account, and the number of shares they hold are as follows:

	Number of shares		Percentage (%)	
	2025	2024	2025	2024
Al Shaba Investments Co. LLC	1,190,000	1,190,000	40	40
Social Protection Fund	600,000	-	20	-
Provident Investment Co. WLL	300,000	300,000	10	10
Capital E Financial Group Limited	300,000	300,000	10	10

20 LEGAL RESERVE

In accordance with Article 132 of the Commercial Companies Law of Sultanate of Oman, annual appropriations of 10% of the profit for the year are made to this reserve until the accumulated balance of the reserve is equal to one-third of the value of the Company's issued and fully paid up share capital. This reserve is not available for distribution. No further transfer has been made, since legal reserve equals one-third of the Company's issued and fully paid up share capital.

21 BANK FACILITIES (Overdraft)

During the year, the Company also obtained an overdraft facility of RO 700,000 at an interest rate of 6% p.a. to meet short-term liquidity needs. The Company also has an additional facility of RO 50,000 towards guarantees, and RO 50,000 towards credit card, which are not yet utilized.

22 END-OF-SERVICE BENEFITS

	2025	2024
	RO	RO
At 1 January	364,698	523,411
Charge for the year (note 10)	75,678	67,344
Payments during the period	(138,488)	(126,048)
At 30 September – Exhibit – B	<u>301,888</u>	<u>464,707</u>

23 TRADE AND OTHER PAYABLES

Trade creditors	254,557	231,653
Advances from customers – note below	110,773	93,738
Accrued expenses	435,279	413,615
Other payables	364,154	322,385
Total – Exhibit – B	<u>1,164,763</u>	<u>1,061,391</u>

Advances from customers

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements

For the period ended 30 September 2025

Advance guest deposits	47,604	26,421
Unclaimed deposits / over payment	15,177	25,886
Gift certificate	3,771	3,870
Membership	32,244	21,288
Others	11,977	16,273
Total – Note above	<u>110,773</u>	<u>93,738</u>

Management expects that 59.12% of the transaction price allocated to unsatisfied contracts as of 30 September 2025 (2024: 40.98%) will be recognised as revenue during the next reporting period.

Other payables include refundable/adjustable payments in future.

24 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 year-end as follows:

Net assets (RO)	<u>6,318,698</u>	<u>6,393,974</u>
Number of shares	<u>3,000,000</u>	<u>3,000,000</u>
Net asset value per share (RO) – Exhibit – B	<u>2.106</u>	<u>2.131</u>

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements For the period ended 30 September 2025

25 DIVIDEND

The Company's shareholders at the Annual General Meeting held on 24 March 2025 did not approve any cash dividend in respect of the year ended 31 December 2024. The Board of Directors have not proposed any cash dividend in respect of the year 2024 (2023: RO Nil) in lieu of the usufruct agreement commitments which will be formally discussed and approved by the shareholders at the forthcoming Annual General Meeting dated 24 March 2025.

26 RELATED PARTIES

Transactions

The Company has entered into transactions at mutually agreed terms with shareholders who own more than 10% of the Company's shares and have significant influence over the Company, with other entities in which shareholders of the Company have an interest, with management companies and senior management. The Company earns revenue and also purchases goods and services from these related parties.

During the year, the following transactions were carried out with related parties:

	2025 RO	2024 RO
Revenue		
Directors of the Company	3,569	8,337
Others	15,745	5,679
	<u>19,314</u>	<u>14,016</u>
Purchase of goods and services		
From entities in which Directors of the Company have an interest	<u>16,883</u>	<u>25,685</u>
Remuneration to directors		
Directors' remuneration	49,000	--
Directors' sitting fees (note 11)	30,500	34,000
	<u>79,500</u>	<u>34,000</u>
Key management compensation		
Basic salaries and allowances	219,157	186,699
Other benefits and expenses	62,431	49,071
	<u>281,588</u>	<u>235,770</u>
Management and license fees		
Management fee (note 12)	101,265	90,975
Licence fee (note 12)	28,933	25,993
Incentive fee (note 12)	11,494	6,477
Marketing service fee	31,517	26,827
Exhibit – A	<u>173,209</u>	<u>150,272</u>

HOTELS MANAGEMENT COMPANY INTERNATIONAL SAOG

Notes to the financial statements For the period ended 30 September 2025

26 RELATED PARTIES *(continued)*

Year end balances

Receivable

-from management company	569	8,040
-from shareholders of the Company	1,330	1,451
Exhibit – B	1,899	9,491

Payable

-to shareholders of the Company	1,865	1,465
-to management company	(80)	(6,423)
Exhibit – B	1,785	(4,958)

Management believes that no impairment allowance is required in 2025 and 2024 in respect of amounts due from related entities.

The amounts due to/from related parties are unsecured, interest-free and have no fixed repayment terms.

27 PURCHASE COMMITMENTS

At 30 September 2025, the Company had purchase commitments amounting to RO 121,495 (2024: RO 55,423).

28 CAPITAL COMMITMENTS

At 30 September 2025, the Company had capital commitments amounting to RO 130,102 (2024: RO 189,382).

29 LEGAL CASES

There is a case against the company for closing the beach and using it as a private one , the court appointed an engineering expert and the case was adjourned to 16th Oct 2025.

30 COMPARATIVE FIGURES

Certain comparative figures have been either regrouped or reclassified to conform with the presentation adopted in the current year's financial statement wherever necessary. Such regroupings or reclassifications did not affect previously reported net loss or shareholders' equity.

31 APPROVALS OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on 20 October 2025.