**A' SHARQIYA INVESTMENT HOLDING CO. (SAOG) AND ITS SUBSIDIARY**

**NOTES TO THE UN-AUDITED SEPARATE AND CONSOLIDATED CONDESED FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

## 1 Legal status and principal activities

**A' Sharqiya Investment Holding Co. SAOG** (the "Parent Company") is incorporated in the Sultanate of Oman as a public joint stock company and is principally engaged in investment related activities. The shares of the Parent Company are listed on the Muscat Securities Market.

The parent company has an investment in a wholly owned subsidiary Qalhat Real Estate Investments & Services LLC, a limited liability company incorporated in the Sultanate of Oman. The principal activities of the Subsidiary are real estate investment and development and the leasing and maintenance of real estate properties.

The parent company and its subsidiary are together referred to as "the group".

## 2 General information and statement of compliance with IFRSs

The Company is a Public Joint Stock Company registered in the Sultanate of Oman in accordance with the Commercial Companies Law of the Sultanate of Oman, 2019 as amended. The registered business address of the Company is P.O. Box 47, Al Harthy Complex, Postal Code 118, Sultanate of Oman.

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

## 3 New or revised standards or interpretations

### 3.1 New standards adopted as at 1 January 2022

There are no new standards commencing from 1 January 2022 which have any significant impact in the Group's financial results or position.

### 3.2 Standards,amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these consolidated and separate financial information, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Group.

## 4 Summary of significant accounting policies

### 4.1 Basis of preparation

The Group's separate and consolidated condensed financial information have been prepared using the measurement bases specified by IFRSs for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

### 4.2 Basis of consolidation

The separate and consolidated condensed financial information incorporate the financial information of the Parent Company and the entity controlled by the Parent Company up to the reporting date. Control is achieved where the Parent Company has the power over the investee, is exposed or has rights to variable return from its involvement with the investee and has the ability to use its power to affect its returns.

### 4.3 Business combinations

Entities are consolidated from the date on which control is transferred to the Parent Company and cease to be consolidated from the date on which control is transferred out of the Parent Company. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary. The Parent Company applies the acquisition method to account for business combinations in accordance with IFRS 3.

Where necessary, adjustments are made to the financial statements of subsidiary to bring the accounting policies used into line with those used by the Parent Company.

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquirer's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

**Summary of significant accounting policies (continued)**

**4.4 Foreign currency translation**

**Functional and presentation currency**

Condensed financial information of the Group are presented in the Rial Omani (RO) which is also the functional currency of the Parent Company and its subsidiary.

**Foreign currency transactions and balances**

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in the statement of profit or loss and other comprehensive income.

In the Group's financial information, all items and transactions of Group entities with a transaction currency other than the Rial Omani (the Group's presentation currency) were translated into the reporting currency. Assets and liabilities have been translated into the Rial Omani at the closing rate at the reporting date.

Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

**4.5 Segment reporting**

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment) whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker ("CODM"), which is subject to risks and rewards that are different from those of other segments. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, make strategic decisions and has been identified as the Board of Directors.

**4.6 Revenue recognition**

> Interest income is recognised on a time-proportion basis using the effective interest method.
> Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.
> Other income is recognized in the period in which entitlement is established.

**4.7 IFRS 9 Financial instruments**

**Recognition & Initial measurement of financial instruments**

All financial assets and liabilities are initially recognized on the trade date, i.e.,the date that the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

**Classification and measurement of financial assets and financial liabilities**

IFRS 9 Financial Instruments introduces principle-based requirements for the classification of financial assets and liabilities. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables. The classification of financial assets under IFRS 9 is generally based on the business model in which the financial asset is managed and contractual cash flow characteristics.

**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 account.

**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 account:

**Business model test:** The objective of the entity business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).

**Cash flow characteristics test:** 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.

**4.7 IFRS 9 Financial instruments (Continued)**

**Business model assessment**

The business model reflects how the Group manages the assets in order to generate cash flows. This is whether the Group objective is solely to collect contractual cash flows from the assets or is it to collect both the contractual cash flows and cash flows arising from the sale of the assets. If neither of these are applicable then the financial assets are classified as other business model. Factors considered by the Group in determining the business model for a Group of assets includes the past experience on how the cash flows for the asset were collected, how the assets performance was evaluated by the key management personnel, how risks are assessed andmanaged and how managers are compensated.

**Contractual cash flows comprise of solely payment of principal and interest**

Where the Group has a business model to collect contractual cash flows, the Group assesses whether the financial instrument cash flows represents solely payments of principal and interest (SPPI). 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. Interest is defined as consideration for time value of money and for the credit risk associated with the principal and for other basic lending risks and costs as well as a profit margin.

In making this assessment, the Group considers whether the contractual cash flows are consistent with the basic lending agreement which means the interest paid only includes the consideration for time value of money and credit risk. Financial instruments whose cash flows characteristics include elements other than time value of money and credit risk do not pass the test and are classified and measured at fair value through profit or loss.

**Financial assets at fair value through other comprehensive income**

Equity instrument which are not held for trading or issued as contingent consideration in business combination, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss. This election is made on an investment-by-investment basis.

Debt instruments where the contractual cash flows are solely principal and interest and the objective of the business model is achieved both by collecting contractual cash flows and selling financial assets.

**Financial assets at fair value through profit or loss accounts**

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 account.

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 recognizing gains or losses on them on a different basis.

**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:

> 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;
> The liabilities are part of Group financial liabilities which are managed and their performance evaluated on fair value basis, in accordance with a documented risk management strategy; or
> 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 the profit or loss account.

**Subsequent measurement and gain or losses**

**Financial assets at amotises cost**

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

**4.7 IFRS 9 Financial instruments (Continued)**

**Financial assets at fair value through other comprehensive income**

**a) Debt instruments**

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

**b) Equity instruments**

These assets are subsequently measured at fair value. Dividends are recognised as income in the profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in the statement of other comprehensive income and are never reclassified to the profit or loss account.

**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 the profit or loss account.

**Financial liabilities**

Financial liabilities are subsequently measured at amortized cost using the effective interest method, if applicable. The effective interest method is the method of calculating the amortized 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 recognized in the profit or loss account. Any gain or loss on derecognition is also recognized in the profit or loss account.

**Reclassification**

**Financial assets**
The Group will 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 Group operations and demonstrable to external parties.

If the Group 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 Group 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 Group 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 Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amountas a modification gain or loss in the profit or loss account.

**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 the profit or loss account.

**De-recognition**

**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:

**4.7 IFRS 9 Financial instruments (Continued)**

**De-recognition (Continued)**

**Financial assets**

a) The rights to receive cash flows from the asset have expired; or
b) The Group 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 Group 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.

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 derecognized) 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 recognized in the statement of other comprehensive income is recognized in the profit or loss account.

From 1 January 2018, any cumulative gain/loss recognized in the statement of other comprehensive income in respect of equity instrument designated as fair value through other comprehensive is not recognized in the profit or loss account on derecognition of such instrument. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognized as a separate asset or liability.

**Financial assets**
When the Group 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 Group continues to recognise the transferred asset to the extent of the Group continuing involvement. In that case, the Group 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 Group 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 Group 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 the profit or loss account.

**Offsetting**
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

> there is a currently enforceable legal right to offset the recognized amounts; and
> there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

**Impairment of financial assets**
IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets receivables`, lease receivables and debt investments at FVOCI, but not on investments in equity instruments. The financial assets at amortized cost consist of trade receivables and cash at bank.

Under IFRS 9, loss allowances are measured on either of the following bases:

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

The Group measures loss allowance at an amount equal to lifetime ECLs, except for the following, which are measured as 12- month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Finance assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

**4.7 IFRS 9 Financial instruments (Continued)**

**General approach**

General approach is a three-stage approach to measuring ECL. Assets migrate through the three stages based on the change in credit quality since initial recognition. Financial assets with significant increase in credit risk since initial recognition, but not credit impaired, are transitioned to stage 2 from stage 1 and ECL is recognized based on the probability of default (PD) of the counter party occurring over the life of the asset. All other financial assets are considered to be in stage 1 unless it is credit impaired and an ECL is recognized based on the PD of the customer within next 12 months. Financial assets are assessed as credit impaired when there is a detrimental impact on the estimated future cash flows of the financial asset.

**Significant increase in credit risk**

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group 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 Group historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Group to actions such as realizing security (if any is held) or based on the certain delinquency period (days past due).

**Simplified approach**

The Group applies simplified approach to measuring credit losses, which mandates recognition of lifetime expected loss allowance for trade receivables without significant financing component. Under simplified approach, there is no need to monitor for significant increases in credit risk and the Group will be required to measure lifetime expected credit losses at all times.

**Measurement of ECLs:**
ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

**Credit- impaired financial assets**
At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

**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 Group 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.

**Presentation of impairment**
Loss allowance for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses related to financial assets are presented separately in the statement of profit or loss and other comprehensive income.

**4.8 Furniture and equipment**

Furniture and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group. Furniture and equipment are subsequently measured using the cost model, cost less accumulated depreciation and impairment losses.

Depreciation is recognised on straight-line to write down the cost less estimated residual value of property, plant and equipment other than land. The following useful lives are applied:

- Office equipment : 2-5 years
- Furniture & fixture : 5 years

The depreciation method, assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Where the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount.

**4 Summary of significant accounting policies** *(continued)*

**4.8 Furniture and equipment (Contiuned)**

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

**Impairment testing**

Property, plant and equipment are subject to impairment testing. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. The management of the Group has reviewed the assets of the Group and is of the opinion that no impairment has occurred to any of the Group's Equipment.

Individual assets or cash-generating units with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

**4.90 Income Tax**

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the balance sheet liability method.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although IAS 12 'Income Taxes' specifies limited exemptions.

**4.10 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and at bank.

**4.11 Equity and dividend payments**

Share capital represents the nominal value of shares that have been issued.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

**4.12 Bank borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest expense in the statement of comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

**4.13 Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific assets or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

**4 Summary of significant accounting policies** *(continued)*

**4.13 Leases**

**Group as a lessee**

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in its separate and consolidated statement of financial position. The right-of-use asset is measured at cost which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Groop, an estimate of any costs to dismantle and remove the asset at the end of the lease and any lease payments made in advance of the lease commencement date(net of any incentives received.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar ter, and with similar security to obtain an asset of equal value. This rate is adjusted, should the lessee entitiy have a different risk profile to that of the Group.

Subsequent to initial measurment, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of lease liability.

The lease liability is assessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of remeasurment of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recogninsed in the profit or loss.

The measurment of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

**Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating the operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**4.14 Staff terminal benefits**

The provision for employees' terminal benefits is based upon the liability accrued in accordance with the terms of employment of the Group's employees at the reporting date, having regard to the requirements of the Oman Labour Law, 2003 and the Social Security Law, 1991.

**Government of Oman Social Insurance Scheme (the Scheme)**

The Group 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 Group and Omani employees are required to make monthly contributions to the Scheme at the prescribed rate of gross salaries.

**Non-Omani employee 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 2003. Employees are entitled to end of service benefits calculated at the rate of 15 days basic salary for each of the first three years of continuous service and at a rate of 30 days basic salary for each year of continuous service following the first three years. This is an unfunded defined benefits retirement plan. Accrued non-Omani staff terminal benefits are payable on termination of employment.

**4.15 Provisions, contingent liabilities and contingent assets**

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Group and they can be estimated reliably. Timing or amount of the outflow may still be uncertain.

**4 Summary of significant accounting policies** *(continued)*

**4.15 Provisions, contingent liabilities and contingent assets (continued)**

A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

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

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

**4.16 Significant management judgement in applying accounting**

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

**Significant management judgements**

The following are the judgements made by management in applying the accounting policies of the Group that have the most significant effect on the financial

**Estimation uncertainty**

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

**Recognition of deferred tax assets**

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

**Useful lives of depreciable assets**

Management reviews the useful lives of depreciable assets at each reporting date. At 30 September 2022 management assesses that the useful lives represent the expected utility of the assets to the Group. The carrying amounts are mentioned in Note 5.

**Impairment of equity investments**

The Group follows the guidance of IFRS 9 to determine when a financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health ofand short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

**Measurement of the expected credit loss allowance**

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, 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.

**Income tax**

Uncertainties exist with respect to interpretation of the tax regulations and the amount of timing of future taxable income. Given the wide range of business relationship and nature of existing contractual agreements, differences arising between the actual result and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimate, for possible consequences of the finalisation of the tax assessment of the Group. The amount of such provision is based on various factors, such as experience of previous assessment and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

## 5 Financial risk management

### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: Market risk (price risk, foreign exchange risk and interest rate risk), liquidity risk and credit risk. As taking risk is core to the financial business and operational risks are an inevitable consequence of any business, the group's aim is to achieve an appropriate balance between risk and return while minimising the potential adverse effects on the financial performance.

The Board of Directors defines risk limits and sets suitable policies in this regard for management of credit risk, liquidity risk as well as market risk relating to the investment and liability management activities of the Group. Risk Management is carried out by the Management in accordance with documented policies approved by the Board of Directors.

**(a) Price risk**

The Group trades in financial instruments to take advantage of short-term and long-term capital market movements. All investment securities present a risk of loss of capital. The Group controls this risk through a careful selection of securities and other financial instruments within specified limits. The maximum risk resulting from financial instruments is determined by the carrying amount of the financial instruments. The Group's overall market positions for listed securities are monitored on a daily basis by the Investment Manager and are reviewed periodically by the Investment Committee.

**(b) Foreign exchange risk**

Foreign exchange risk is the risk that any foreign currency positions taken by the Group may be adversely affected due to volatility in exchange rates. The Group's exposure to foreign exchange risk arises from recognised assets and liabilities.

The Group manages the risks through regular monitoring of the currency markets and maintaining appropriate mix of net assets denominated in foreign currencies to minimise the foreign exchange risk exposure. Where it is considered appropriate, the Group uses forward contracts.

**c) Interest rate risk**

Interest rate risk is the uncertainty of future earnings resulting from fluctuations in interest rates. The risk arises when there is a mismatch in the assets and liabilities, which are subject to interest rate adjustment within a specified period. The Group's interest rate risk arises from interest bearing bonds, bank deposits and borrowings. Assets and liabilities carrying variable rates expose the Group to cash flow interest rate risk. The Group carries out periodic analysis and monitors the market interest rates fluctuations taking into consideration the Group's needs.

The bank borrowings are at fixed rate. These barrowings are carried at amortised cost and, accordingly, the Group is not exposed to interest rate risk on such borrowings.

**d) Credit risk**

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from cash and cash equivalents, lease receivables, bonds and other receivables.

With respect to lease receivables, the Group controls its credit risk by monitoring outstanding lease receivables on a regular and timely basis. The Group has 100% (2021 - 100%) concentration of credit risk with respect to lease receivables as entire lease receivables are from one party. As of today, management has not observed any non-compliance with agreed terms.

In case of other receivables, the Group attempts to control credit risk with regards to other receivables by monitoring credit exposures, limiting transactions with specific counter parties and assessing continually the creditworthiness of counter parties.

In case of investments in bonds, the Group carefully analyses and selects the securities.

The Group limits its credit risk with regard to bank deposits by dealing with reputable banks.

None of the financial assets are past due or impaired. The maximum exposure of the group to the credit risk is equivalent to the carrying amount of the financial assets.

**(e) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. It includes the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

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

## 5 Financial risk management (Continued)

### 5.2 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

### 5.3 Fair value estimation

Financial instruments comprise financial asset, financial liabilities and derivatives.

Fair value through OCI investments are stated at fair value (level 1). The different levels of fair valuations have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: 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 3: inputs for the asset or liability that are not based on observable market date (unobservable inputs).

For the remaining financial assets and liabilities, the carrying amount approximates their fair values.

## 6 Furniture and equipment

| | **Office equipment** | | **Furniture and fixtures** | | | **Total** |
|---|---|---|---|---|---|---|
| | **Parent** | **Group** | **Parent** | **Group** | **Parent** | **Group** |
| | **RO** | **RO** | **RO** | **RO** | **RO** | **RO** |
| **Cost** | | | | | | |
| **At 1 January 2022** | **41,265** | **42,736** | **55,698** | **57,070** | **96,963** | **99,806** |
| **Additions** | 2,264 | 2,264 | - | - | 2,264 | 2,264 |
| **At 30 Sept 2022** | **43,529** | **45,000** | **55,698** | **57,070** | **99,227** | **102,070** |
| **Depreciation** | | | | | | |
| **At 1 January 2022** | **35,130** | **36,529** | **55,269** | **56,604** | **90,399** | **93,133** |
| Charge for the period | 2,483 | 2,528 | 221 | 242 | 2,704 | 2,770 |
| **At 30 Sept 2022** | **37,613** | **39,057** | **55,490** | **56,846** | **93,103** | **95,903** |
| **Net book value** | **5,916** | **5,943** | **208** | **224** | **6,124** | **6,167** |

| | Office equipment | | Furniture and fixtures | | | Total |
|---|---|---|---|---|---|---|
| | Parent | Group | Parent | Group | Parent | Group |
| | RO | RO | RO | RO | RO | RO |
| **Cost** | | | | | | |
| At 1 January 2021 | **40,723** | **42,194** | **55,548** | **56,920** | **96,271** | **99,114** |
| Additions | 542 | 542 | - | - | 542 | 542 |
| At 30 Sept 2021 | **41,265** | **42,736** | **55,548** | **56,920** | **96,813** | **99,656** |
| **Depreciation** | | | | | | |
| At 1 January 2021 | **31,637** | **32,976** | **54,954** | **56,261** | **86,591** | **89,237** |
| Charge for the period | 2,715 | 2,760 | 232 | 253 | 2,947 | 3,013 |
| At 30 Sept 2021 | **34,352** | **35,736** | **55,186** | **56,514** | **89,538** | **92,250** |
| Net book value | **6,913** | **7,000** | **362** | **406** | **7,275** | **7,406** |

| | Office equipment | | Furniture and fixtures | | | Total |
|---|---|---|---|---|---|---|
| | Parent | Group | Parent | Group | Parent | Group |
| | RO | RO | RO | RO | RO | RO |
| **Cost** | | | | | | |
| At 1 January 2021 | 40,723 | 42,194 | 55,548 | 56,920 | 96,271 | 99,114 |
| Additions | 542 | 542 | 150 | 150 | 692 | 692 |
| At 31 December 2021 | 41,265 | 42,736 | 55,698 | 57,070 | 96,963 | 99,806 |
| **Depreciation** | | | | | | |
| At 1 January 2021 | 31,637 | 32,976 | 54,954 | 56,261 | 86,591 | 89,237 |
| Charge for the year | 3,490 | 3,550 | 318 | 346 | 3,808 | 3,896 |
| At 31 December 2021 | 35,127 | 36,526 | 55,272 | 56,607 | 90,399 | 93,133 |
| Net book value | 6,138 | 6,210 | 426 | 463 | 6,564 | 6,673 |

**7 Leases ( receivables & payables)**

| | **30 September 2022** | | 30 September 2021 | | 31 December 2021 | |
|---|---|---|---|---|---|---|
| | **Parent** | **Group** | Parent | Group | Parent | Group |
| | **RO** | **RO** | RO | RO | RO | RO |
| Gross investment in finance lease | **-** | **9,132,372** | - | **10,196,292** | - | 9,983,711 |
| Less: unearned lease income | **-** | **(4,008,142)** | - | **(4,536,582)** | - | (4,389,396) |
| Present value of minimum lease receivables | **-** | **5,124,230** | - | **5,659,710** | - | 5,594,315 |
| Minimum lease receivables comprise amounts due: | | | | | | |
| Of this Non-current portion of lease receivables | **-** | **4,487,431** | - | **5,142,231** | - | 5,036,251 |
| Current portion of lease receivables | **-** | **636,800** | - | **517,479** | - | 558,064 |
| **Total** | **-** | **5,124,230** | - | **5,659,710** | - | 5,594,315 |

| | **30 September 2022** | | 30 September 2021 | | 31 December 2021 | |
|---|---|---|---|---|---|---|
| | | | Parent | Group | Parent | Group |
| | | | RO | RO | RO | RO |
| Within 1 year | **-** | **1,064,154** | - | 1,064,451 | - | 1,068,170 |
| Later than 1 year but not later than 5 years | **-** | **2,038,565** | - | 2,903,608 | - | 2,686,775 |
| Later than 5 years | ` | **6,029,654** | - | 6,228,233 | ` | 6,228,766 |
| | **-** | **9,132,374** | - | 10,196,292 | - | 9,983,711 |
| | | | | | - | |

Present value of minimum lease receivables comprise amounts due:

| | **30 September 2022** | | 30 September 2021 | | 31 December 2021 | |
|---|---|---|---|---|---|---|
| | **Parent** | **Group** | Parent | Group | Parent | Group |
| | **RO** | **RO** | RO | RO | RO | RO |
| Within 1 year | **-** | **636,800** | - | 517,479 | - | 558,064 |
| Later than 1 year but not later than 5 years | **-** | **1,544,993** | - | 1,816,533 | - | 1,582,593 |
| Later than 5 years | **-** | **2,942,439** | - | 3,325,698 | - | 3,453,658 |
| | **-** | **5,124,232** | - | 5,659,710 | - | 5,594,315 |
| Un-guaranteed residual value of the project | **-** | **69,500** | - | 69,500 | - | 69,500 |

QREIS has constructed a housing complex (the project) for the use of Oman LNG LLC (OLNG). The project was completed and handed over to OLNG during March 2002 under a finance lease arrangement. The lease agreement is for a period of twenty three years from the date of hand over of the project.

The housing complex was constructed on land given by the Public Establishment for Industrial Estates (PEIE) to the company on an usufruct basis right for a period of fifty years. The same land was given to ONLG for the period of 23 years, extendable to 50 years. The Group has recorded finance lease receivable and finance lease payable for the same land.

The unguaranteed residual value of the project is based on a valuation study performed by an independent valuer.

The movement of unearned finance income on lease receivable during the year was as follows:

| | **30 September 2022** | | 30 September 2021 | | 31 December 2021 | |
|---|---|---|---|---|---|---|
| | **RO** | **RO** | RO | RO | RO | RO |
| | **Parent** | **Group** | Parent | Group | Parent | Group |
| **At 1 January** | **-** | 4,389,396 | - | 4,972,813 | - | 4,972,813 |
| Recognised during the period/year | **-** | (381,254) | - | (436,231) | - | (583,417) |
| **At 30 September/at 31 December** | **-** | **4,008,142** | - | 4,536,582 | - | 4,389,396 |

**7 Leases ( Contiuned)**

**Lease liabilities**

Lease liabilities are presented in the statement of financial position as follows:

| | |
|---|---|
| Current | |
| Non-current | |

The Group has leased a land. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Group is prohibited from selling or pledging the underlying leased assets as security.

| | |
|---|---|
| Lease payments | |
| Future finance cost | |
| **Net present value** | |

| | 31 December 2021 | | | |
|---|---|---|---|---|
| | Within one year | 2-5 years | After 5 years | Total |
| | Minimum lease payments due | | | |
| **At 1 January** | | | | |
| Recognised during the period/year | | | | |
| **At 30 September/at 31 December** | | | | |

## 8 Financial assets at FVOCI

Financial Instruments throuth OCI can be analysed as follows:

| | **30 September 2022** | | | | 30 September 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Fair value and carrying** | | **Cost** | | Fair value and carrying value | | Cost | |
| | **RO Parent** | **RO Group** | **RO Parent** | **RO Group** | RO Parent | RO Group | RO Parent | RO Group |
| **Local quoted** | | | | | | | | |
| Banking and Investment | **1,414,779** | **1,414,779** | **1,050,567** | **1,050,567** | 1,968,123 | 1,968,123 | 1,112,999 | 1,112,999 |
| Services | **2,096,692** | **2,096,692** | **2,072,648** | **2,072,648** | 1,872,921 | 1,872,921 | 2,170,071 | 2,170,071 |
| Industrial | **3,434,888** | **3,434,888** | **3,122,557** | **3,122,557** | 4,099,508 | 4,099,508 | 3,335,231 | 3,335,231 |
| Insurance | **580,000** | **580,000** | **511,784** | **511,784** | 405,000 | 405,000 | 511,784 | 511,784 |
| | **7,526,359** | **7,526,359** | **6,757,556** | **6,757,556** | 8,345,552 | 8,345,552 | 7,130,085 | 7,130,085 |
| ***Local unquoted*** | | | | | | | | |
| Education | **991,139** | **991,139** | **402,600** | **402,600** | 841,297 | 841,297 | 402,600 | 402,600 |
| ***Foreign quoted*** | **570,576** | **570,576** | **907,616** | **907,616** | 852,688 | 852,688 | 1,346,610 | 1,346,610 |
| **Fair value/cost of investments.** | **9,088,074** | **9,088,074** | **8,067,772** | **8,067,772** | 10,039,537 | 10,039,537 | 8,879,295 | 8,879,295 |

| | **31 December 2021** | | | |
|---|---|---|---|---|
| | **Fair value and carrying** | | **Cost** | |
| | **RO Parent** | **RO Group** | **RO Parent** | **RO Group** |
| **Local quoted** | | | | |
| Banking and Investment | 1,562,608 | 1,562,608 | 900,699 | 900,699 |
| Services | 1,791,174 | 1,791,174 | 2,139,215 | 2,139,215 |
| Industrial | 3,700,695 | 3,700,695 | 3,335,321 | 3,335,321 |
| Insurance | 460,000 | 460,000 | 511,784 | 511,784 |
| | 7,514,477 | 7,514,477 | 6,887,019 | 6,887,019 |
| ***Local unquoted*** | | | | |
| Education | 991,140 | 991,140 | 402,600 | 402,600 |
| ***Foreign quoted*** | 859,081 | 859,081 | 1,284,614 | 1,284,614 |
| **Total fair value /cost of investements** | 9,364,698 | 9,364,698 | 8,574,233 | 8,574,233 |

Certain foreign and local unquoted investments are carried at cost as fair value cannot be reliably determined due to the unpredictable nature of future cash flows.

## 8 Financial assets at FVOCI (continued)

Details of the group's investment securities where market value of its holding is equal to or above 5% of their share capital are set out below:

| | Holding | Number of | Fair value and carrying value | Cost |
|---|---|---|---|---|
| **At 30 September 2022** | **%** | **Securities** | **RO** | **RO** |
| **FVOCI assets- quoted:** | | | | |
| National Gas SAOG | **12.87%** | **10,935,856** | **1,454,735** | **2,061,319** |
| Oman National Engineering & Investment Co. SAOG | **11.48%** | **16,076,461** | **1,513,200** | **1,718,181** |
| Vision Insurance Co.SAOG | **5.00%** | **5,000,000** | **580,000** | **511,784** |
| **FVOCI assets- unquoted:** | | | | |
| A'sharqiya University | **10.00%** | **600,000** | **991,139** | **402,600** |

| | Holding | Number of securities | Fair value and carrying value | Cost |
|---|---|---|---|---|
| | % | | RO | RO |
| AT 30 September 2021 | | | | |
| **FVOCI assets - quoted:** | | | | |
| National Gas SAOG | 14.20% | 12,066,366 | 1,713,423 | 2,273,993 |
| Oman National Engineering & Investment Co. SAOG | 13.00% | 15,600,000 | 1,513,200 | 1,718,181 |
| Vision Insurance Co.SAOG | 5.00% | 5,000,000 | 405,000 | 511,784 |
| **FVOCI assets - unquoted:** | | | | |
| A'sharqiya University | 10% | 600,000 | 841,297 | 402,600 |

| | Holding | Number of | Fair value and carrying value | Cost |
|---|---|---|---|---|
| **At 31 December 2021** | % | Securities | RO | RO |
| Available-for-sale - quoted: | | | | |
| National Gas SAOG | 14.20% | 12,066,356 | 1,532,427 | 2,273,993 |
| Oman National Engineering & Investment Co. SAOG | 12.99% | 15,585,000 | 1,433,820 | 1,718,180 |
| Al - Jazeira services | 5.00% | 5,580,741 | 1,305,893 | 1,125,874 |
| Vision Insurance Co.SAOG | 5.00% | 5,000,000 | 415,000 | 511,784 |
| Available-for-sale - unquoted | | | | |
| A'sharqiya University | 10.00% | 600,000 | 841,297 | 402,600 |

## 9 Prepayments and other receivables

| | **30 September 2022** | | 30 September 2021 | | 31 December 2021 | |
|---|---|---|---|---|---|---|
| | **Parent** | **Group** | Parent | Group | Parent | Group |
| | **RO** | **RO** | RO | RO | RO | RO |
| Prepayments | **5,924** | **7,809** | **3,664** | **6,115** | 29,016 | 40,395 |
| Lease receivables | **-** | **216,833** | **-** | **212,582** | - | |
| VAT payments | **2,899** | **2,899** | **1,196** | **5,618** | - | - |
| Other receivables | **178,946** | **219,781** | **4,899** | **47,696** | - | 61,131 |
| | **187,769** | **447,322** | **9,759** | **272,011** | 29,016 | 101,526 |

## 10 Bank balances and cash

| | **30 September 2022** | | 30 September 2021 | | 31 December 2021 | |
|---|---|---|---|---|---|---|
| | **Parent** | **Group** | Parent | Group | Parent | Group |
| | **RO** | **RO** | RO | RO | RO | RO |
| Cash at bank | **1,736,515** | **3,413,059** | **1,400,802** | **2,517,084** | 1,643,989 | 3,134,726 |
| Cash in hand | **912** | **1,534** | **500** | **1,025** | 151 | 945 |
| | **1,737,427** | **3,414,593** | **1,401,302** | **2,518,108** | 1,644,140 | 3,135,671 |

The bank balances in call accounts, denominated in Rial Omani, US Dollars, UAE Dirham, and Euros are held with commercial banks in Oman and other countries.

**A' SHARQIYA INVESTMENT HOLDING CO. (SAOG) AND ITS SUBSIDIARY**

**NOTES TO THE UN-AUDITED SEPARATE AND CONSOLIDATED CONDESED FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

**11 Share capital**

(a) The authorised share capital of the parent company is 120,000,000 (2021 - 120,000,000) shares of RO 0.100 (2021 - RO 0.100) each, Of which 90,000,000 (2021- 90,000,000) shares of RO 0.100 (2021 - RO 0.100) each have been issued and fully paid.

(b) The shareholders of the Group who own 10% or more of the Group's shares, whether in their name or through a nominee account and the number of shares they hold are as follows:

| | **30 September 2022** | | 30 September 2021 | | 31 December 2021 | |
|---|---|---|---|---|---|---|
| | **Holding %** | **Number of shares** | Holding % | Number of shares | Holding % | Number of shares |
| Salim Said Hamad Fanah Al Araimi | **22.63%** | **20,365,595** | 22.63% | 20,365,595 | 22.63 | 20,365,595 |
| Al Siraj investment and projects Co. | **11.29%** | **10,161,093** | 11.29% | 10,161,093 | 11.29 | 10,161,093 |

**12 Legal reserve**

In accordance with the Commercial Companies Law of Oman 1974, 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 Group's paid-up share capital. This reserve is not available for distribution.

**13 Cumulative changes in fair values**

| | **30 September 2022** | | 30 September 2021 | | 31 December 2021 | |
|---|---|---|---|---|---|---|
| | **Parent** | **Group** | Parent | Group | Parent | Group |
| | **RO** | **RO** | RO | RO | RO | RO |
| **At 1 January** | **895,393** | **895,393** | (307,846) | (307,846) | (307,846) | (307,846) |
| Adjustments of net gains/(loss) upon disposal. | **38,676** | **38,676** | (196,108) | (196,108) | (179,490) | (179,490) |
| Net unrealised gain / (loss) on revaluation | **86,233** | **86,233** | 1,852,849 | 1,852,849 | 1,382,729 | 1,382,729 |
| **At 30 September/at 31 December** | **1,020,302** | **1,020,302** | 1,348,895 | 1,348,895 | 895,393 | 895,393 |

**14 Staff terminal benefits**

| | **30 September 2022** | | 30 September 2021 | | 31 December 2021 | |
|---|---|---|---|---|---|---|
| | **Parent** | **Group** | Parent | Group | Parent | Group |
| | **RO** | **RO** | RO | RO | RO | RO |
| **At 01 January** | **112,866** | **140,700** | **101,982** | **127,291** | 101,982 | 127,291 |
| Charged during the period/year | **9,614** | **9,614** | **8,838** | **8,838** | 10,885 | 10,885 |
| Charged during the period/year to maint.costs | **-** | **2,196** | **-** | **2,080** | - | 2,525 |
| **At 30 September/at 31 December** | **122,480** | **152,510** | **110,820** | **138,209** | 112,867 | 140,701 |

**15 Trade and other payables**

| | **30 September 2022** | | 30 September 2021 | | 31 December 2021 | |
|---|---|---|---|---|---|---|
| | **Parent** | **Group** | Parent | Group | Parent | Group |
| | **RO** | **RO** | RO | RO | RO | RO |
| Accrued expenses and other liabilities | **28,706** | **59,434** | 31,710 | 61,710 | 44,411 | 105,006 |
| **At 30 September/at 31 December** | **28,706** | **59,434** | 31,710 | 61,710 | 44,411 | 105,006 |

**16 Other income**

| | **30 September 2022** | | 30 September 2021 | |
|---|---|---|---|---|
| | **Parent** | **Group** | Parent | Group |
| | **RO** | **RO** | RO | RO |
| Management charges | **30,000** | **-** | **45,000** | **-** |
| Net gain on exchange rates | **32** | **32** | | |
| Other Income | **32,530** | **59,599** | **-** | **9,878** |
| | **62,562** | **59,631** | 45,000 | 9,878 |

**17 Staff costs**

| | **30 September 2022** | | 30 September 2021 | |
|---|---|---|---|---|
| | **Parent** | **Group** | Parent | Group |
| | **RO** | **RO** | RO | RO |
| Salaries and allowances | **157,490** | **157,490** | **142,576** | **142,576** |
| Staff terminal benefits | **7,568** | **7,568** | **12,058** | **12,058** |
| Other staff benefits | **15,367** | **15,367** | **11,063** | **11,063** |
| | **180,425** | **180,425** | **165,697** | **165,697** |

**18 General and administrative expenses**

| | **30 September 2022** | | 30 September 2021 | |
|---|---|---|---|---|
| | **Parent** | **Group** | Parent | Group |
| | **RO** | **RO** | RO | RO |
| Repairs and maintenance | **2,333** | **2,333** | **1,935** | **1,935** |
| Rent | **13,770** | **13,770** | **15,300** | **15,300** |
| Professional fees | **9,643** | **12,643** | **4,721** | **5,909** |
| Directors' sitting fees | **27,400** | **27,400** | **21,500** | **21,500** |
| Fees and other charges | **14,423** | **17,534** | **11,548** | **12,616** |
| Advertisement expense | **900** | **900** | **578** | **578** |
| Telephone and postage | **1,300** | **1,300** | **1,343** | **1,343** |
| Insurance | **6,474** | **6,474** | **6,469** | **6,469** |
| Water and electricity | **1,585** | **1,585** | **888** | **888** |
| Donation | **10,000** | **10,000** | **10,000** | **10,000** |
| Others | **8,280** | **10,570** | **7,318** | **8,162** |
| | **96,109** | **104,510** | **81,600** | **84,700** |

**19 Provision for taxation expense**

| | **30 September 2022** | | 30 September 2021 | |
|---|---|---|---|---|
| | **Parent** | **Group** | Parent | Group |
| | **RO** | **RO** | RO | RO |
| **Statmemnt of Comprehensive income** | | | | |
| Parent company –current period | **28,749** | **28,749** | 5,873 | 5,873 |
| Subsidiary – current period | **-** | **45,520** | - | 46,450 |
| | **28,749** | **74,269** | 5,873 | 52,323 |
| **Current liability:** | | | | |
| Parent company –prior years | **1,234** | **1,234** | 1,234 | 1,234 |
| Parent company –current period | **28,749** | **28,749** | 5,873 | 5,873 |
| Subsidiary – current period | **-** | **45,520** | - | 46,450 |
| | **29,983** | **75,503** | 7,107 | 53,557 |

**Parent Company**

In accordance with the Royal Decree 54 of 2003 amending certain provisions of the income tax laws, dividends received in respect of investments held in local companies are exempted from tax with effect from 1 January 2000 and realised gains from sale of securities listed on Muscat Securities Market are exempted from tax with effect from 1 January 2003.

The tax rates applicable to the parent company is 15% (2021- 15%). For the purpose of determining the taxable result for the year, the accounting profit has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. The adjustments are based on the current understanding of the existing tax laws, regulations and practices.

**Subsidiary – Qalhat Real Estate and Investment and Services LLC**

The subsidiary is subject to income tax at the rate of 15% (2021 : 15%) of the taxable income in accordance with the income tax law of the Sultanate of Oman. For the purpose of determining the tax expense for the year, the accounting profit has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense.
The tax returns of the Parent Company upto the year 2020 are agreed with the Secretariat General for Taxation. The tax return of the subsidiary upto the year 2020 are agreed with the Secretariat General for Taxation.

**A' SHARQIYA INVESTMENT HOLDING CO. (SAOG) AND ITS SUBSIDIARY**

**NOTES TO THE UN-AUDITED SEPARATE AND CONSOLIDATED CONDESED FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

**20 Basic and diluted earnings per share**

Basic earnings per share have been derived by dividing the profit for the year attributable to the equity holders of parents by the weighted average number of shares

| | 30 September 2022 | |
|---|---|---|
| | **Parent** | **Group** |
| | **RO** | **RO** |
| Profit for the period | **997,669** | **355,623** |
| Number of shares outstanding during the period | **90,000,000** | **90,000,000** |
| Basic earnings per share | **0.011** | **0.004** |

As there are no dilutive potential shares, the diluted earnings per share are identical to the basic earnings per share.

**21 Segmental information**

The Investment Committee makes the strategic resource allocations on behalf of the group. The group has determined the operating segments based on the reports reviewed by the Investment Committee that makes strategic decision.

The Investment Committee considers the business as three sub-portfolios. These sub-portfolios consist of quoted investments, unquoted investments and leasing.

The reportable operating segments derive their income by seeking investments/funds to achieve targeted returns consummate with an acceptable level of risk within each portfolio. These returns consist of interest, dividends and gains on the appreciation in value of investments. There were no transactions between reportable segments.

**22 Related party transactions**

The group entered into transactions in the ordinary course of business with other parties in which certain members and senior management have an interest.

(a) Transactions were carried out with related parties as follows:

| | 30 September 2022 | |
|---|---|---|
| | **Parent** | **Group** |
| | **RO** | **RO** |
| Directors' sitting fees | **27,400** | **27,400** |

(b) Key management compensation

| | 30 September 2022 | | 30 September 2021 | |
|---|---|---|---|---|
| | **Parent** | **Group** | Parent | Group |
| | **RO** | **RO** | RO | RO |
| Salaries and other short term benefits | **99,325** | **99,325** | 83,263 | 83,263 |
| Staff terminal benefits | **5,975** | **5,975** | 8,838 | 8,838 |
| Total | **105,300** | **105,300** | 92,101 | 92,101 |

**23 Net assets value per share**

The calculation of the net assets per share is based on net assets attributable to equity holders of Parent (and the number ordinary shares) at the end of the period as follows:

| | 30 September 2022 | |
|---|---|---|
| | **Parent** | **Group** |
| | **RO** | **RO** |
| Net assets attributable to equity holders of Parent | **11,392,296** | **14,860,307** |
| Number of ordinary shares at end of the period | **90,000,000** | **90,000,000** |
| Net assets value per share | **0.127** | **0.165** |

**24 Commitments**

At 30 Sep 2022 the group had investment commitments amounting to RO 172,331/- (30 Sep 2021 - RO 174,928).

**25 Comparative Figures**

Last period's figures have been regrouped or rearranged, whereever necessary, to conform to current period's presentation.