Notes

(forming part of the separate and consolidated financial statements)

1 Nature of operations

A'Sharqiya Investment Holding Co. SAOG (the "Parent Company") and its Subsidiary (together "the Group") are incorporated in the Sultanate of Oman. The Parent Company is a public joint stock company and is principally engaged in investment related activities. The shares of the Parent Company are listed on the Muscat Stock Exchange.

The detail of the investment in the Subsidiary is as follows:

Name of the Subsidiary	Country of incorporation	Principal activity	Proportion of ownership interest
Qalhat Real Estate Investments & Services LLC (QREIS)	Sultanate of Oman	Real estate investment, development, leasing and maintenance	100%

2 General information and statement of compliance with IFRSs

The Parent 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. The registered business address of the Parent Company is P.O. Box 47, Al Harthy Complex, Postal Code 118, Sultanate of Oman.

The separate and consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), the requirements of the Commercial Companies Law of the Sultanate of Oman and the disclosure requirements of the Capital Market Authority (CMA).

3 New or revised Standards or Interpretations

3.1 New Standards adopted as at 1 January 2022

Some accounting pronouncements which have become effective from 1 January 2022 and have therefore been adopted do not have a significant impact on 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 separate and consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Group and no Interpretations have been issued that are applicable and need to be taken into consideration by the Group at either reporting date.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's separate and consolidated financial statements.

4 Summary of significant accounting policies

4.1 Basis of preparation

The separate and consolidated financial statements 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.

Notes

(forming part of the separate and consolidated financial statements)

4 Summary of significant accounting policies (continued)

4.2 Basis of consolidation

The consolidated financial statements consolidate those of the Parent Company and its Subsidiary undertaking as of 31 December 2022. The Subsidiary has the same reporting date as of the Parent Company which is 31 December 2022.

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.

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

All intercompany transactions, balances and gains or losses on transactions between group entities of the Parent Company are eliminated as part of the consolidation process.

In the Parent Company's separate financial statements, the investment in the Subsidiary is carried at cost less impairment, if any.

4.3 Business combinations

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 assets acquired and the liabilities assumed are measured at their acquisition date fair values.

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.

4.4 Foreign currency translation and transaction

Functional and presentation currency

These separate and consolidated financial statements are presented in the Rial Omani (RO) which is also the functional currency of the Parent Company and the Group.

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 separate and consolidated statement of profit or loss and other comprehensive income.

Notes

(forming part of the separate and consolidated financial statements)

4 Summary of significant accounting policies (continued)

4.4 Foreign currency translation and transaction (continued)

In the separate and consolidated financial statements, 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 year-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 Group'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 assessing performance of the operating segments make strategic decisions has been identified collectively as the Board of Directors.

4.6 Revenue

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised in separate and consolidated statement of profit or loss on the date on which the Group's right to receive payment is established.

Other income is recognised in the period in which entitlement is established.

4.7 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial assets and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

The Group determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment

The Group determines its business model at the level that best reflects how it manages group of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument by instrument basis but at a higher level of aggregated portfolios and is based on a number of observable factors.

Notes

(forming part of the separate and consolidated financial statements)

4 Summary of significant accounting policies (continued)

4.7 Financial instruments (continued)

Classification and initial measurement of financial assets (continued)

Business model assessment (continued)
The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- The risks that affect the performance of the business model and how those risks are managed; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

Contractual cash flow characteristics test
The Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI'). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. The Group reclassifies a financial asset when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The Group's cash at bank and other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)
Financial assets held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at FVTPL. Further, irrespective of the business model used, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Notes

(forming part of the separate and consolidated financial statements)

4 Summary of significant accounting policies (continued)

4.7 Financial instruments (continued)

Classification and initial measurement of financial assets (continued)

Financial assets at fair value through other comprehensive income (FVOCI)

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell, and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in OCI will be recycled upon derecognition of the asset.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the impairment requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of expected credit losses require Group to consider a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); and

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Other receivables

Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group makes use of a simplified approach in accounting for other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Cash and cash equivalents

Impairment on cash and cash equivalents has been measured on a 12 month expected credit losses basis and reflects short term maturities of the exposures. The Group considers the cash and cash equivalents have low to fair credit risk based on external credit rating of the counterparty.

Notes

(forming part of the separate and consolidated financial statements)

4 Summary of significant accounting policies (continued)

4.7 Financial instruments (continued)

Classification and initial measurement of financial liabilities (continued)

The Group's financial liabilities include other payables and amount due to a related party which are measured at amortised cost.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the separate and consolidated statement of profit or loss and other comprehensive income under its line items 'finance costs' or 'finance income'.

4.8 Plant and equipment

Plant 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. Plant and equipment are subsequently measured using the cost model, cost less accumulated depreciation and impairment losses, if any.

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

- Plant 5 years
- Office equipment 2-5 years
- Furniture and fixtures 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.

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

4.9 Impairment testing

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. Management of the Group has reviewed the assets of the Group and is of the opinion that no impairment has occurred to plant and 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.

Notes

(forming part of the separate and consolidated financial statements)

4 Summary of significant accounting policies (continued)

4.10 Income tax

Tax expense recognised in separate and consolidated statement of 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 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.

4.11 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank which are subject to insignificant risk of change in fair value.

4.12 Equity and reserve

Share capital is determined using the nominal value of shares that have been issued.

Retained earnings/(accumulated losses) include all current and prior year results as disclosed in the separate and consolidated statement of changes in equity.

4.13 Dividends

The Board of Directors recommends to the shareholders the dividend to be paid out of Parent Company's retained earnings. The Board of Directors take into account appropriate parameters including the requirements of the Commercial Companies Law of the Sultanate of Oman, 2019, as amended, and other relevant directives issued by the CMA while recommending the dividend. Dividends are paid out in the year in which they are declared.

4.14 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 separate and consolidated 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.

4.15 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 fulfilment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

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 Group, 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).

Notes

(forming part of the separate and consolidated financial statements)

4 Summary of significant accounting policies (continued)

4.15 Leases (continued)

Group as a lessee (continued)

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 as 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 term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Group.

Subsequent to initial measurement, 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 the lease liability.

The lease liability is reassessed 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 the remeasurement 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 recognised in profit or loss.

The remeasurement 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 separate and consolidated statement of profit or loss. The right-of-use asset is adjusted for all other lease modifications.

Group as a lessor

As a lessor the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

4.16 Staff terminal benefits

The provision for staff 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 prescribed rates of gross salaries.

Non-Omani employee terminal benefits

The provision of staff terminal benefits for non-Omani employees is made in accordance with the requirements of the Oman Labour Law of 2003. Employees are entitled to staff terminal 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.

Notes

(forming part of the separate and consolidated financial statements)

4 Summary of significant accounting policies (continued)

4.17 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.

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.

4.18 Significant management judgments in applying accounting policies and estimation uncertainty

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

Significant management judgments

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

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.

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.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. At 31 December 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.

Notes

(forming part of the separate and consolidated financial statements)

4 Summary of significant accounting policies (continued)

4.18 Significant management judgement in applying accounting policies and estimation uncertainty (continued)

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 of and 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.

Fair value of unquoted investments

Management estimates the fair value for unquoted investments by using valuation techniques as described in Note 7.

5 Plant and equipment

Parent Company

	Office equipment RO	Furniture and fixtures RO	Total RO
Cost:			
At 1 January 2022	41,265	55,698	96,963
Additions during the year	-	2,678	2,678
At 31 December 2022	**41,265**	**58,376**	**99,641**
Depreciation:			
At 1 January 2022	35,127	55,272	90399
Provided during the year	3,482	237	3,719
At 31 December 2022	**38,609**	**55,509**	**94,118**
Net book value:			
At 31 December 2022	**2,656**	**2,867**	**5,523**

Notes

(forming part of the separate and consolidated financial statements)

5 Plant and equipment (continued)

For the comparative year the carrying amount is presented as follows:

	Office equipment RO	Furniture and fixtures RO	Total RO
Cost:			
At 1 January 2021	40,723	55,548	96,271
Additions during the year	542	150	692
At 31 December 2021	41,265	55,698	96,963
Depreciation:			
At 1 January 2021	31,637	54,954	86,591
Provided during the year	3,490	318	3,808
At 31 December 2021	35,127	55,272	90,399
Net book value:			
At 31 December 2021	6,138	426	6,564

Group

	Plant RO	Office equipment RO	Furniture and fixtures RO	Total RO
Cost:				
At 1 January 2022	-	42,736	57,070	99,806
Additions during the year	-	-	2,678	2,678
Transfer from capital work-in-progress	308,464	-	-	308,464
At 31 December 2022	**308,464**	**42,736**	**59,748**	**410,948**
Depreciation:				
At 1 January 2022	-	36,510	56,623	93,133
Provided during the year	24,339	3,540	267	28,146
At 31 December 2022	**24,339**	**40,050**	**56,890**	**121,279**
Net book value:				
At 31 December 2022	**284,125**	**2,686**	**2,858**	**289,669**

For the comparative year the carrying amounts are presented as follows:

	Office equipment RO	Furniture and fixtures RO	Total RO
Cost:			
At 1 January 2021	42,194	56,920	99,114
Additions during the year	542	150	692
At 31 December 2021	42,736	57,070	99,806
Depreciation:			
At 1 January 2021	32,960	56,277	89,237
Provided during the year	3,550	346	3,896
At 31 December 2021	36,510	56,623	93,133
Net book value:			
At 31 December 2021	6,226	447	6,673

5.1 Capital work-in-progress

	Group	
	31 December 2022 RO	31 December 2021 RO
At 1 January	**282,569**	46,728
Additions during the year	**25,865**	235,841
Transfer to plant and equipment	**(308,434)**	-
31 December	**-**	282,569

The Subsidiary has completed and transferred the water network project to plant and equipment amounting to RO 311,006 on 10 August 2022.

Notes

(forming part of the separate and consolidated financial statements)

6 Leases

Lease receivables

	Parent Company		Group	
	31 December 2022 RO	31 December 2021 RO	**31 December 2022 RO**	31 December 2021 RO
Gross investment in finance lease	**-**	-	**8,915,541**	9,983,711
Less: unearned finance income	**-**	-	**(3,879,290)**	(4,389,396)
Present value of minimum lease receivables	**-**	-	**5,036,251**	5,594,315

Minimum lease receivables comprise of the following:

	Parent Company		Group	
	31 December 2022 RO	31 December 2021 RO	**31 December 2022 RO**	31 December 2021 RO
Not later than 1 year	**-**	-	**1,085,517**	1,068,170
Later than 1 year but not later than 5 years	**-**	-	**1,698,326**	2,686,775
Later than 5 years	**-**	-	**6,131,698**	6,228,766
	-	-	**8,915,541**	9,983,711

Present value of minimum lease receivables comprises of the following:

	Parent Company		Group	
	31 December 2022 RO	31 December 2021 RO	**31 December 2022 RO**	31 December 2021 RO
Not later than 1 year	**-**	-	**663,083**	558,064
Later than 1 year but not later than 5 years	**-**	-	**956,945**	1,582,593
Later than 5 years	**-**	-	**3,416,223**	3,453,658
	-	-	**5,036,251**	5,594,315
Unguaranteed residual value of the Project	**-**	-	**69,500**	69,500

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

The Subsidiary 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 (extendable to 50 years) from the date of hand over of the project. The internal rate of return (IRR) on lease receivables is 16% per annum (2021: 16% per annum).

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

	Parent Company		Group	
	31 December 2022 RO	31 December 2021 RO	**31 December 2022 RO**	31 December 2021 RO
At 1 January	**-**	-	**4,389,396**	4,972,813
Recognised during the year	**-**	-	**(510,106)**	(583,417)
At 31 December	**-**	-	**3,879,290**	4,389,396

Lease liability

In 2000, the Group acquired a land from the Public Establishment for Industrial Estate (PEIE) for a period of 50 years on lease liability. The same land was given to OLNG for the period of 23 years, extendable to 50 years. The Group has recorded finance lease receivable and lease liability for the same land.

Notes

(forming part of the separate and consolidated financial statements)

6 Leases (continued)

Lease liability is presented in the separate and consolidated statement of financial position as follows:

	Parent Company		Group	
	31 December 2022 RO	31 December 2021 RO	**31 December 2022 RO**	31 December 2021 RO
Current	**-**	-	**15,905**	15,073
Non-current	**-**	-	**3,535,193**	3,551,098
	-	-	**3,551,098**	3,566,171

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 separate and consolidated statement of financial position 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.

	Minimum lease payments due			
	Within 1 year RO	**2-5 years RO**	**After 5 years RO**	**Total RO**
31 December 2022				
Lease payments	201,668	1,060,826	5,796,389	**7,058,883**
Finance cost	(185,764)	(902,749)	(2,419,272)	**(3,507,785)**
Net present values	**15,904**	**158,077**	**3,377,117**	**3,551,098**

	Minimum lease payments due			
	Within 1 year RO	2-5 years RO	After 5 years RO	Total RO
31 December 2021				
Lease payments	200,837	830,218	6,228,665	7,259,720
Finance cost	(185,764)	(732,678)	(2,775,107)	(3,693,549)
Net present values	15,073	97,540	3,453,558	3,566,171

The movement of future finance cost on lease liability during the year is as follows:

	Parent Company		Group	
	31 December 2022 RO	31 December 2021 RO	**31 December 2022 RO**	31 December 2021 RO
At 1 January	**-**	-	**3,693,549**	3,880,101
Recognised during the year	**-**	-	**(185,764)**	(186,552)
At 31 December	**-**	-	**3,507,785**	3,693,549

7 Investments

7.1 Financial assets at fair value through other comprehensive income

	Parent Company and Group	
	31 December 2022 RO	31 December 2021 RO
At 1 January	**9,364,698**	9,238,100
Additions during the year	**429,736**	199,324
Disposals during the year	**(718,268)**	(1,455,455)
Unrealised fair value (loss)/gain	**(98,841)**	1,382,729
At 31 December	**8,977,325**	9,364,698

Notes

(forming part of the separate and consolidated financial statements)

7 Investments at fair value (continued)

7.1 Financial assets at fair value through other comprehensive income (continued)

Financial assets at fair value through OCI are analysed as follows:

	Parent Company and Group	
	31 December 2022 RO	31 December 2021 RO
Local quoted:		
Banking and investments	**1,400,086**	1,562,608
Industrial	**3,341,415**	3,700,695
Services	**2,174,780**	1,791,174
Insurance	**575,000**	460,000
	7,491,281	7,514,477
Local unquoted:		
Education	**982,365**	991,140
Foreign quoted	**503,679**	859,081
Total	**8,977,325**	9,364,698

At the end of the reporting period, details of the Group's investments in which the market value exceeds 10% of the market value of its total investment in financial assets at fair value through other comprehensive income portfolio are as follows:

	% of investment portfolio	**Number of shares**	**Market value RO**
31 December 2022			
National Gas SAOG	**13.26**	**10,937,856**	**1,170,351**
Oman National Engineering & Investment Co. SAOG	**20.53**	**16,038,761**	**1,812,380**

	% of investment portfolio	Number of shares	Market value RO
31 December 2021			
National Gas SAOG	18.43	12,066,356	1,725,489
Oman National Engineering & Investment Co. SAOG	15.80	15,585,000	1,479,551

Financial assets at fair value through OCI are denominated in the following currencies:

	Parent Company and Group	
	31 December 2022 RO	31 December 2021 RO
Rial Omani	**8,473,646**	8,505,616
Kuwaiti Dinar	**439,315**	284,636
US Dollar	**64,364**	63,905
Euros	**-**	32,986
Arab Emirates Dirham	**-**	477,555
	8,977,325	9,364,698

Notes

(forming part of the separate and consolidated financial statements)

7 Investments at fair value (continued)

7.1 Financial assets at fair value through other comprehensive income (continued)

Details of the Group's investment in securities where market value of its holding equals to or exceeds 5% of the investee's share capital as at 31 December 2022 and 31 December 2021 are set out below:

	% of shareholding	Number of shares	Market value RO
31 December 2022			
Fair value through OCI financial assets – quoted:			
National Gas SAOG	**12.87**	10,937,856	1,170,351
Oman National Gas Engineering & Investment Co. SAOG	**12.34**	16,038,761	1,812,380
Al-Jazeera Services SAOG	**7.29**	4,464,593	1,250,086
Vision Insurance SAOG	**5.00**	5,000,000	575,000
		36,441,210	**4,807,817**

	% of shareholding	Number of shares	Market value RO
31 December 2022			
Fair value through OCI financial assets – unquoted:			
A'Sharqiyah University	**10**	**600,000**	**982,365**

	% of shareholding	Number of shares	Market value RO
31 December 2021			
Fair value through OCI financial assets – quoted:			
National Gas SAOG	14.20	12,066,356	1,532,427
Oman National Gas Engineering & Investment Co. SAOG	11.99	15,585,000	1,433,820
Al-Jazeera Services SAOG	7.29	4,464,593	1,562,608
Vision Insurance SAOG	5.00	5,000,000	460,000
		37,115,949	4,988,855

	% of shareholding	Number of shares	Market value RO
31 December 2021			
Fair value through OCI financial assets – unquoted:			
A'Sharqiyah University	10	600,000	991,140

Non-quoted investment in A'Sharqiyah University has been valued using Discounted Cash Flow Method. Management has used discount rate of 16.35% to discount future cash flows and a growth rate of 3% has been assumed.

Notes

(forming part of the separate and consolidated financial statements)

7 Investments at fair value (continued)

7.2 Financial assets carried at fair value through profit or loss

	Parent Company and Group	
	31 December 2022 RO	31 December 2021 RO
At 1 January	**119,019**	58,439
Additions during the year	**-**	98,801
Disposals during the year	**-**	(31,004)
Unrealised fair value loss	**(23,775)**	(13,420)
Realised gain on disposals	**-**	6,203
At 31 December	**95,244**	119,019

Financial assets at FVTPL include investment in the following listed equity securities:

	Number of shares	Market value RO
31 December 2022		
VM Ware Inc. Class A	457	21,599
Alibaba Group Holding Ltd.	100	3,391
Vodafone Group Plc	3,600	14,026
Amazon.Com	400	12,936
Roche Holding Ag	1,480	22,308
Activision Buzzard	712	20,984
		95,244

The Group had following financial assets carried at fair value through profit or loss as at 31 December 2021:

	Number of shares	Market value RO
31 December 2021		
VM Ware Inc. Class A	457	20,388
Alibaba Group Holding Ltd.	100	4,576
Vodafone Group Plc	3,600	20,702
Amazon.Com	20	25,674
Roche Holding Ag	1,480	29,458
Activision Buzzard	712	18,221
		119,019

8 Prepayments and other receivables

	Parent Company		Group	
	31 December 2022 RO	31 December 2021 RO	**31 December 2022 RO**	31 December 2021 RO
Financial assets:				
Other receivables	**697,747**	1,200	**188,851**	61,131
	697,747	1,200	**188,851**	61,131
Non-financial assets:				
Prepayments	**21,287**	27,816	**41,918**	40,395
Other receivables	**5,204**	-	**5,204**	-
	724,238	29,016	**235,973**	101,526

Notes

(forming part of the separate and consolidated financial statements)

9 Cash and cash equivalents

	Parent Company		Group	
	31 December 2022 RO	31 December 2021 RO	**31 December 2022 RO**	31 December 2021 RO
Cash at bank	**1,939,524**	1,643,989	**4,029,444**	3,134,726
Cash in hand	**557**	151	**957**	945
	1,940,081	1,644,140	**4,030,401**	3,135,671

There are no restrictions on bank balances at the time of approval of these separate and consolidated financial statements.

10 Share capital

The authorised share capital of the Parent Company comprises of 120,000,000 (2021: 120,000,000) ordinary shares of RO 0.100 (2021: RO 0.100) each. The issued and paid-up capital comprises of 90,000,000 (2021: 90,000,000) shares of RO 0.100 (2021: RO 0.100) each.

Shareholders of the Parent Company who own 10% or more of the Parent Company's shares and the number of shares they hold are as follows:

	2022		2021	
	Number of shares	**% Holding**	Number of Shares	% Holding
Salim Said Hamad Fannah Al Araimi, Omani	**20,365,595**	**22.63**	20,365,595	22.63
Al Siraj Investment and Projects Co. LLC	**10,161,093**	**11.29**	10,161,093	11.29

11 Legal reserve

In accordance with the Commercial Companies Law of the Sultanate of Oman, 2019, annual appropriations of 10% of the profit for the year are made to this reserve until the accumulated balance amounts to at least one third of the value of paid-up share capital of the Parent Company. This reserve is not available for distribution to Shareholders. During the year, the Parent Company and the Group transferred RO 163,492 and RO 163,492 (2021: RO 17,448 and RO 17,448) to the legal reserve.

12 Fair value reserve

	Parent Company		Group	
	31 December 2022 RO	31 December 2021 RO	**31 December 2022 RO**	31 December 2021 RO
At 1 January	**895,393**	(307,846)	**895,393**	(307,846)
Fair value reserve reversal upon disposal	**110,098**	(110,305)	**110,098**	(110,305)
Fair value gain/(loss) on disposal	**102,998**	(69,185)	**102,998**	(69,185)
Net unrealised (loss)/gain on revaluation	**(98,841)**	1,382,729	**(98,841)**	1,382,729
Deferred tax on FVOCI investments	**(15,004)**	-	**(15,004)**	-
At 31 December	**994,644**	895,393	**994,644**	895,393

13 Staff terminal benefits

	Parent Company		Group	
	31 December 2022 RO	31 December 2021 RO	31 December **2022 RO**	31 December 2021 RO
At 1 January	**112,867**	101,982	**140,701**	127,291
Provided during the year	**11,719**	10,885	**14,373**	13,410
At 31 December	**124,586**	112,867	**155,074**	140,701

Notes

(forming part of the separate and consolidated financial statements)

14 Other payables

	Parent Company		Group	
	31 December 2022 RO	31 December 2021 RO	**31 December 2022 RO**	31 December 2021 RO
Accruals and other liabilities	**36,215**	44,411	**112,586**	105,006

All amounts are short-term. The carrying values of other payables are considered to be a reasonable approximation of their fair values.

15 Net assets per share

Net assets per share at reporting date is as follows:

	Parent Company		Group	
	31 December 2022	31 December 2021	**31 December 2022**	31 December 2021
Net assets (RO)	**11,842,243**	10,668,171	**14,803,573**	14,778,235
Number of shares outstanding	**90,000,000**	90,000,000	**90,000,000**	90,000,000
Net assets per share (RO)	**0.132**	0.119	**0.164**	0.164

16 Staff costs

	Parent Company		Group	
	Year ended 31 December 2022 RO	Year ended 31 December 2021 RO	**Year ended 31 December 2022 RO**	Year ended 31 December 2021 RO
Salaries and allowances	**220,678**	190,100	**220,678**	190,860
Staff terminal benefits	**11,719**	10,885	**11,719**	10,885
Other staff benefits	**10,639**	21,569	**10,639**	21,569
	243,036	222,554	**243,036**	223,314

17 General and administrative expenses

	Parent Company		Group	
	Year ended 31 December 2022 RO	Year ended 31 December 2021 RO	**Year ended 31 December 2022 RO**	Year ended 31 December 2021 RO
Directors' sitting fees (Note 19)	**40,300**	32,400	**40,300**	32,400
Rent expenses	**17,820**	20,190	**17,820**	20,190
Professional expenses	**17,045**	13,432	**21,872**	16,408
Fees and other charges	**15,323**	11,668	**18,434**	12,736
Donation	**10,000**	10,000	**10,000**	10,000
Insurance expenses	**9,050**	9,103	**9,050**	9,103
Annual general meeting expenses	**3,500**	4,300	**3,500**	4,300
Repair and maintenance expenses	**3,075**	2,565	**3,075**	2,565
Water and electricity expenses	**2,462**	2,202	**2,462**	2,202
Telephone and postage expenses	**1,967**	2,018	**1,967**	2,018
Advertising expenses	**1,260**	1,697	**1,260**	1,698
Miscellaneous expenses	**12,683**	10,101	**15,798**	10,252
	134,485	119,676	**145,538**	123,872

Notes

(forming part of the separate and consolidated financial statements)

18 Taxation

The Group is subject to income tax at the rate of 15% (2021: 15%) on the taxable income in accordance with the Income Tax Law of the Sultanate of Oman.

a) Recognised in the separate and consolidated statement of comprehensive income and presented in the separate and consolidated statement of financial position

	Year ended 31 December 2022 RO	Year ended 31 December 2021 RO
Parent Company		
Recognised in the separate statement of profit or loss and other comprehensive income:		
Current tax	**(27,596)**	(4,736)
Current tax – prior year	**28,348**	-
	752	(4,736)
Recognised in the separate statement financial position as:		
Deferred tax assets	**39,463**	54,467
Income tax payable	**28,830**	5,971

	Year ended 31 December 2022 RO	Year ended 31 December 2021 RO
Group		
Recognised in the consolidated statement of profit or loss and other comprehensive income:		
Current tax	**(80,761)**	(67,591)
Current tax – prior year	**28,348**	-
	(52,413)	(67,591)
Recognised in the consolidated statement financial position as:		
Deferred tax assets	**39,463**	54,467
Income tax payable	**81,995**	68,825

b) Reconciliation of Income tax expense

The relationship between the expected tax and the reported tax expense in the separate and consolidated statement of profit or loss can be reconciled as follows:

	Parent Company	
	31 December 2022 RO	31 December 2021 RO
Profit before income tax	**1,634,167**	179,218
Add:		
Accounting depreciation	**3,719**	3,808
Disallowed expenses	**300,632**	237,312
Net gain on disposal of foreign investments at fair value through other comprehensive income	**77,106**	-
Unrealised loss on investment at fair value through profit or loss	**23,775**	13,420
Gain on private equity funds charged to retained earnings	**1,156**	3,509
Interest and finance expenses	**605**	-
	2,041,160	437,267
Less:		
Tax depreciation	**(3,719)**	(3,808)
Dividend income on listed shares (non-taxable)	**(1,853,468)**	(401,883)
Taxable profit	**183,973**	31,576
Tax rate	**15%**	15%
Income tax for the year	**27,596**	4,736

Notes

(forming part of the separate and consolidated financial statements)

18 Taxation (continued)

c) Deferred tax

Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 15% (2021: 15%). The net deferred tax in the separate and consolidated statement of financial position and deferred tax (charge)/credit in the separate and consolidated statement of profit or loss is attributable to the following items:

	1 January 2022 RO	Credited to OCI RO	31 December 2022 RO
Parent Company			
Deferred tax asset			
Fair value changes in investments carried at FVOCI	**54,467**	**(15,004)**	**39,463**
Group			
Deferred tax asset			
Fair value changes in investments carried at FVOCI	**54,467**	**(15,004)**	**39,463**

There is no change in the deferred tax since the effect of the timing difference is immaterial.

	1 January 2021 RO	Credited to OCI RO	31 December 2021 RO
Parent Company			
Deferred tax asset			
Fair value changes in investments carried at FVOCI	54,467	-	54,467
Group			
Deferred tax asset			
Fair value changes in investments carried at FVOCI	54,467	-	54,467

d) Current status of tax assessments

The Parent Company's tax assessments to 2019 have been agreed with the Tax Authorities. The assessments for the years 2020 to 2022 have yet to be completed by the Tax Authorities. Management believes that any additional tax liability likely to arise on the completion of the assessments for the above years would not be material to the financial position of the Group at the end of the reporting year.

19 Related party transactions and balances

A party is considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or significant influence. Related parties comprise the subsidiary, shareholders, directors, key management personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

The Group and the Parent Company enter into transactions with shareholders, with entities over which certain Directors have significant influence and with senior management. The Parent Company also transacts with Subsidiary in the ordinary course of business.

	Parent Company		Group	
	31 December 2022 RO	31 December 2021 RO	**31 December 2022 RO**	31 December 2021 RO
Amount due to a related party	**-**	636,484	**-**	-

Amount due to a related party is unsecured, interest free and has no fixed repayment terms.

Transactions with related parties during the year are as follows:

	Parent Company	
	Year ended 31 December 2022	Year ended 31 December 2021
Dividend from Subsidiary	**1,450,000**	-
Management charges from a Subsidiary	**60,000**	60,000

Notes

(forming part of the separate and consolidated financial statements)

19 Related party transactions and balances (continued)

a) Sitting fees and remuneration:

	Parent Company		Group	
	Year ended 31 December 2022 RO	Year ended 31 December 2021 RO	**Year ended 31 December 2022 RO**	Year ended 31 December 2021 RO
Directors' sitting fees (Note 17)	**40,300**	32,400	**40,300**	32,400

b) Key management compensation:

	Parent Company		Group	
	Year ended 31 December 2022 RO	Year ended 31 December 2021 RO	**Year ended 31 December 2022 RO**	Year ended 31 December 2021 RO
Salaries and other short-term benefits	**182,094**	115,320	**182,094**	115,320
Staff terminal benefits	**11,719**	10,885	**11,719**	10,885
	193,813	126,205	**193,813**	126,205

20 Basic and diluted earnings per share

The earnings per share has been derived by dividing the net profit for the year attributable to shareholders of the Parent Company by the weighted average number of shares outstanding. As there are no dilutive potential shares, the diluted earnings per share are identical to the basic earnings per share.

	Parent Company		Group	
	31 December 2022	31 December 2021	**31 December 2022**	31 December 2021
Profit attributable to shareholders (RO)	**1,634,919**	174,482	**486,185**	530,660
Weighted average number of shares	**90,000,000**	90,000,000	**90,000,000**	90,000,000
Basic and diluted earnings per share (RO)	**0.018**	0.002	**0.005**	0.006

21 Segment information of the Group

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 decisions.

The Investment Committee considers the business as two sub-portfolios. These sub-portfolios consist of 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.

Notes

(forming part of the separate and consolidated financial statements)

21 Segment information of the Group (continued)

The segment information provided to Investment Committee for the reportable segments is as follows:

	Investment RO	Leasing RO	Total RO
At 31 December 2022			
Segment revenue			
Lease income	-	510,106	**510,106**
Dividend income	467,525	-	**467,525**
Other income	63,750	125,569	**189,319**
Total segment revenue	**531,275**	**635,675**	**1,166,950**
Segment expenses			
Staff costs	(243,036)	-	**(243,036)**
Finance cost on lease payable	-	(185,764)	**(185,764)**
General and administrative expenses	(74,485)	(71,053)	**(145,538)**
Other finance costs	(2,093)	-	**(2,093)**
Depreciation	(3,719)	(24,427)	**(28,146)**
Decrease in fair value of FVTPL assets	(23,775)	-	**(23,775)**
Taxation	752	(53,165)	**(52,413)**
Total segment expenses	**(346,356)**	**(334,409)**	**(680,765)**
Total profit	**184,919**	**301,266**	**486,185**

	Investment RO	Leasing RO	Total RO
Segment assets include:			
Plant and equipment	5,523	284,146	**289,669**
Deferred tax assets	39,463	-	**39,463**
Investments at fair value through other comprehensive income	8,977,325	-	**8,977,325**
Investments at fair value through profit or loss	95,244	-	**95,244**
Lease receivables	-	4,373,168	**4,373,168**
Current portion of lease receivable	-	663,083	**663,083**
Prepayments and other receivables	174,238	61,735	**235,973**
Cash and cash equivalents	1,940,081	2,090,320	**4,030,401**
Total segment assets	**11,231,874**	**7,472,452**	**18,704,326**
Segment liabilities include:			
Lease liability	-	3,535,193	**3,535,193**
Employees' staff terminal benefits	124,586	30,488	**155,074**
Current portion of lease liability	-	15,905	**15,905**
Other payables	36,215	76,371	**112,586**
Income tax payable	28,830	53,165	**81,995**
Total segment liabilities	**189,631**	**3,711,122**	**3,900,753**

For the comparative year, segment information is presented as follows:

	Investment RO	Leasing RO	Total RO
At 31 December 2021			
Segment revenue			
Lease income	-	583,417	583,417
Dividend income	457,831	-	457,831
Other income	21,690	87,212	108,902
Total segment revenue	479,521	670,629	1,150,150
Segment expenses			
Staff costs	(222,554)	(760)	(223,314)
Finance cost on lease payable	-	(186,552)	(186,552)
General and administrative expenses	(119,676)	(4,196)	(123,872)
Other finance costs	(845)	-	(845)
Depreciation	(3,808)	(88)	(3,896)
Decrease in fair value of FVTPL assets	(13,420)	-	(13,420)
Taxation	(4,736)	(62,855)	(67,591)
Total segment expenses	(365,039)	(254,451)	(619,490)
Total profit	114,482	416,178	530,660

Notes

(forming part of the separate and consolidated financial statements)

21 Segment information of the Group (continued)

	Investment RO	Leasing RO	Total RO
Segment assets include:			
Plant and equipment	6,564	109	6,673
Capital work in progress	-	282,569	282,569
Deferred tax assets	54,467	-	54,467
Investments at fair value through other comprehensive income	9,364,698	-	9,364,698
Investments at fair value through profit or loss	119,019	-	119,019
Lease receivables	-	5,036,251	5,036,251
Current portion of lease receivable	-	558,064	558,064
Prepayments and other receivables	29,016	72,510	101,526
Cash and cash equivalents	1,644,140	1,491,531	3,135,671
Total segment assets	11,217,904	7,441,034	18,658,938
Segment liabilities include:			
Lease liability	-	3,551,098	3,551,098
Employees' staff terminal benefits	112,867	27,834	140,701
Current portion of lease liability	-	15,073	15,073
Other payables	44,411	60,595	105,006
Income tax payable	5,970	62,855	68,825
Total segment liabilities	163,248	3,717,455	3,880,703

22 Financial risk management

Risk management objectives and policies

The Group's activities expose it to a variety of financial risks including market risk (foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. Risk management is carried out by the management under policies approved by the Board of Directors.

Market risk analysis

Market risk is the risk that changes in market prices, such as foreign exchange and interest rates affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Price risk analysis

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities in the market.

The Group is exposed to price risk with respect to its investments. The Group limits market risk by maintaining a selective and strategic portfolio and by regular monitoring of the market. In addition, the Group monitors actively the key factors that affect stock market movements.

Notes

(forming part of the separate and consolidated financial statements)

22 Financial risk management (continued)

Risk management objectives and policies (continued)

Impact on the Group's equity due to quoted equity securities held and classified as fair value through other comprehensive income and profit or loss.

	31 December 2022		31 December 2021	
Security per currency	Change in market price %	Change in fair value RO	Change in market price %	Change in fair value RO
Omani Rial	5	**416,182**	5	425,281
US Dollars	5	**3,218**	5	3,195
Euros	5	**-**	5	1,649
UAE Dirham	5	**-**	5	23,878
Kuwaiti Dinar	5	**21,966**	5	14,232
		441,366		468,235

Foreign currency risk

Foreign exchange risk is the risk that any foreign currency position taken by the Group may be adversely affected due to volatility in exchange rates.

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to US Dollars, UAE Dirhams, Euros and Kuwaiti Dinar. The foreign currency transactions being either in US Dollars or in currencies linked to US Dollar (UAE Dirhams), the management believes that should these currencies weaken or strengthen against the Rial Omani there would be an insignificant or no impact on the pre-tax profits as US Dollar is pegged to Riyal Omani. The management further believes that the impact of Euro and Kuwaiti Dinar weakening or strengthening against the Rial Omani by 1% would have insignificant impact on the pre-tax profits as lesser volume of transactions.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

As at 31 December 2022, the Group is not exposed to any interest rate risk as it does not have any financial instrument subject to variable interest rate.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Credit risk is managed through Group risk management policies and procedures. For banks, only independently rated parties with a rating from reputed credit agency are accepted.

The Group continuously monitors the credit quality based on performance of its customers. The Group's policy is to deal with only credit worthy counter parties. The credit term range between 30 and 90 days. The credit terms for customers as negotiated with customers are subject to an internal approval process which considers performance of its collection in terms of collection received from them. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.

Notes

(forming part of the separate and consolidated financial statements)

22 Financial risk management (continued)

Risk management objectives and policies (continued)

Impairment of financial assets

The Group has following types of financial assets that are subject to the expected credit loss model:

- Other receivables
- Cash at bank

Although, cash at bank and other receivables are subject to the impairment requirements of IFRS 9, but the identified impairment loss was not significant.

As of the reporting date, 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.

The Group's maximum exposure to credit risk is limited to the carrying amount of the financial assets recognised at the reporting date, as summarised below:

	Parent Company		Group	
	31 December 2022 RO	31 December 2021 RO	**31 December 2022 RO**	31 December 2021 RO
Other receivables	**697,747**	1,200	**188,851**	61,131
Cash at bank	**1,939,524**	1,643,989	**4,029,444**	3,134,726
	2,637,271	1,645,189	**4,218,295**	3,195,857

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due, that are settled by delivery of cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Group's reputation.

In accordance with prudent risk management, the Board of Directors aim to maintain sufficient cash and an adequate amount of committed credit facilities.

	Parent Company		Group	
	31 December 2022 RO	31 December 2021 RO	**31 December 2022 RO**	31 December 2021 RO
Other payables	**36,215**	44,411	**112,586**	105,006
Amount due to a related party	**-**	636,484	**-**	-
	36,215	680,895	**112,586**	105,006

Parent Company

	Carrying amount RO	**Not more than 1 year RO**
31 December 2022		
Other payables	36,215	36,215
	36,215	**36,215**

Notes

(forming part of the separate and consolidated financial statements)

22 Financial risk management (continued)

Risk management objectives and policies (continued)

Liquidity risk (continued)

	Carrying amount RO	Not more than 1 year RO
31 December 2021		
Other payables	44,411	44,411
Amount due to a related party	636,484	636,484
	680,895	680,895

Group

	Carrying amount RO	Not more than 1 year RO
31 December 2022		
Other payables	**112,586**	**115,121**
	112,586	**115,121**

	Carrying amount RO	Not more than 1 year RO
31 December 2021		
Other payables	105,006	105,006
	105,006	105,006

23 Fair value measurement

Financial assets measured at fair value in the separate and consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

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

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate to their fair values.

The following table shows the Levels within the hierarchy of financial assets measured at fair value on a recurring basis at 31 December 2022 and December 2021.

Parent Company

	Level 1 RO	Level 2 RO	Level 3 RO	Total RO
Financial asset – 31 December 2022				
Equity investment at FVOCI:				
Quoted investments	7,994,960	-	-	**7,994,960**
Unquoted investments	-	-	982,365	**982,365**
Equity investment at FVTPL:				
Quoted investments	95,244	-	-	**95,244**
	8,090,204	**-**	**982,365**	**9,072,569**

Notes

(forming part of the separate and consolidated financial statements)

23 Fair value measurement (continued)

	Level 1 RO	Level 2 RO	Level 3 RO	Total RO
Financial asset – 31 December 2021				
Equity investment at FVOCI:				
Quoted investments	8,373,558	-	-	8,373,558
Unquoted investments	-	-	991,140	991,140
Equity investment at FVTPL:				
Quoted investments	119,019	-	-	119,019
	8,492,577	-	991,140	9,483,717

Group

	Level 1 RO	**Level 2 RO**	**Level 3 RO**	**Total RO**
Financial asset – 31 December 2022				
Equity investment at FVOCI:				
Quoted investments	7,994,960	-	-	**7,994,960**
Unquoted investments	-	-	982,365	**982,365**
Equity investment at FVTPL:				
Quoted investments	95,244	-	-	**95,244**
	8,468,802	**-**	**982,365**	**9,072,569**

	Level 1 RO	Level 2 RO	Level 3 RO	Total RO
Financial asset – 31 December 2021				
Equity investment at FVOCI:				
Quoted investments	8,373,558	-	-	8,373,558
Unquoted investments	-	-	991,140	991,140
Equity investment at FVTPL:				
Quoted investments	119,019	-	-	119,019
	8,492,577	-	991,140	9,483,717

Measurement of fair value of financial instruments

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The finance team reports directly to the chief executive officer (CEO) and to the audit committee. Valuation processes and fair value changes are discussed among the audit committee and the valuation team at least every year, in line with the Group's annual reporting dates.

24 Commitments

At 31 December 2022, the Group has investment commitments amounting to RO 172,331 (2021: RO 172,331).

25 Capital management policies and procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to the Shareholders by pricing products and services commensurately with the level of risk.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions.

26 Events after reporting period

No adjusting or significant non-adjusting events have occurred after the reporting period.