1 Legal status and principal activities

A'Sharqiya Investment Holding Company SAOG ("the Parent Company") is an Omani public joint stock company registered with the Ministry of Commerce, Industry and Investment Promotion in accordance with the provisions of the Commercial Companies Law and Regulations of the Sultanate of Oman. The Parent Company's shares are listed on the Muscat Stock Exchange. The principal activities of the Parent Company are investment related activities.

The Parent Company holds 100% shares in Qalhat Real Estate Investments & Services SPC ("the subsidiary"), a limited liability company incorporated in the Sultanate of Oman. The principal activities of the subsidiary are real estate investment and development and leasing and maintenance of real estate properties.

The consolidated and separate financial statements as at, and for the year ended, 31 December 2023, comprise the results of the Parent Company and its subsidiary (together referred to as "the Group").

The Parent Company's principal place of business is located at Al Wattaya, Muscat, Sultanate of Oman.

These consolidated and separate financial statements were approved for issue by the Board of Directors on 21 February 2024.

2 Basis of preparation

(a) **Statement of compliance**

The consolidated and separate financial statements have been prepared in accordance with the International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRS Accounting Standards) and the applicable provisions of the Commercial Companies Law (CCL) and Regulations (CCR) of the Sultanate of Oman and the Rules and Guidelines on Disclosure issued by the Capital Market Authority (CMA).

(b) **Basis of measurement**

The consolidated and separate financial statements have been prepared under the historical cost convention and going concern assumption, modified for certain assets and liabilities which are stated at their fair values as required by the IFRS Accounting Standards. The preparation of consolidated and separate financial statements is in conformity with IFRS Accounting Standards that requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's and the Parent Company's accounting policies.

(c) **Functional currencies**

The consolidated and separate financial statements are presented in Omani Rials (RO) which is the functional and reporting currency of the Group and the Parent Company.

3 Changes in accounting policies

Standards, amendments and interpretations effective and adopted from 1 January 2023

The following new standards, amendments to existing standards or interpretations to various IFRS Accounting Standards are mandatorily effective for the reporting period beginning on or after 1 January 2023:

Standard or Interpretation	Title
IFRS 17	Insurance Contracts
Amendments to IAS 1	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules (effective immediately upon the issue of the amendments and retrospectively).

3 Changes in accounting policies (continued)

Standards, amendments and interpretations effective and adopted from 1 January 2023 (continued)

IFRS 17: Insurance contracts

IFRS 17 was issued by the IASB in 2017 and replaces IFRS 4 for annual reporting period beginning on or after 1 January 2023.

IFRS 17 introduces an internationally consistent approach to the accounting for insurance contracts. Prior to IFRS 17, significant diversity has existed worldwide relating to the accounting for and disclosure of insurance contracts, with IFRS 4 permitting many previous accounting approaches to be followed.

Since IFRS 17 applies to all insurance contracts issued by an entity, its adoption may have an effect on non-insurers.

The Group and the Parent Company carried out an assessment of its contracts and operations and concluded that the adoption of IFRS 17 has had no effect on the annual consolidated and separate financial statements of the Group and the Parent Company.

Amendments to IAS 1: Disclosure of Accounting Policies (Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments)

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments have no effect on the measurement or presentation of any items in the consolidated and separate financial statements of the Group and the Parent Company but affect the disclosure of accounting policies of the Group and the Parent Company.

Amendments to IAS 8: Definition of Accounting Estimates (Accounting policies, Changes in Accounting Estimates and Errors)

The amendments to IAS 8, which added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors.

These amendments had no effect on the consolidated and separate financial statements of the Group and the Parent Company.

Amendments to IAS 12: Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

These amendments had no effect on the annual consolidated and separate financial statements of the Group and the Parent Company.

3 Changes in accounting policies (continued)

a) Standards, amendments and interpretations effective and adopted from 1 January 2023 (continued)

Amendments to IAS 12: Income Taxes: International Tax Reform – Pillar Two Model Rules

In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework for a global minimum tax that is expected to be used by individual jurisdictions. The goal of the framework is to reduce the shifting of profit from one jurisdiction to another in order to reduce global tax obligations in corporate structures. In March 2022, the OECD released detailed technical guidance on Pillar Two of the rules.

Stakeholders raised concerns with the IASB about the potential implications on income tax accounting, especially accounting for deferred taxes, arising from the Pillar Two Model Rules. The IASB issued the final Amendments (the Amendments) International Tax Reform – Pillar Two Model Rules, in response to stakeholder concerns on 23 May 2023.

The Amendments introduce a mandatory exception to entities from the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two Model Rules. The exception is effective immediately and retrospectively. The Amendments also provide for additional disclosure requirements with respect to an entity's exposure to Pillar Two income taxes.

The management of the Group and the Parent Company has determined that the Group and the Parent Company is not within the scope of OECD's Pillar Two Model Rules and the exception to the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two income taxes is not applicable to the Group and the Parent Company.

b) Standards, amendments and interpretations issued but not yet effective

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

Standard or Interpretation	Title	Effective for annual periods beginning on or after
Amendments to IFRS 16	Leases: Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 7	Statement of Cash Flows: Supplier Finance Arrangement	1 January 2024
Amendments to IFRS 7	Financial Instruments: Disclosures: Supplier finance arrangements	1 January 2024
Amendments to IAS 21	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025

The Group and the Parent Company does not expect these amendments and standards issued but not yet effective, to have a material impact on the consolidated and separate financial statements of the Group and the Parent Company.

4 Material accounting policy information

Material accounting policy information adopted in the preparation of these consolidated and separate financial statements is set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of consolidation

The consolidated and separate financial statements incorporate the financial statements of the Parent Company and its subsidiary 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.

Entities are consolidated from the date on which control is transferred to the Parent Company and ceases 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-off during the year are included in theconsolidated statement of profit or loss and other comprehensive income from the date the Parent Companygains control until the date when the Parent Company ceases to control the subsidiary. The Parent Companyapplies the acquisition method to account for business combinations in accordance with IFRS 3.

Non-controlling interests are presented in the consolidated statement of financial position within shareholders' equity, separate from the equity attributable to the shareholders. Non-controlling interests are separately disclosed in the consolidated statement of profit or loss and other comprehensive income. Non-controlling interest are measured at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition.

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

All inter-company transactions, balances and gains or losses on transactions between the Parent Company and its subsidiary are eliminated as part of the consolidation process.

b) Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Expenditure incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised. The costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produced while bringing the asset to that location and condition are also capitalised. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of plant and equipment and can be measured reliably. All other expenditures are recognised in profit or loss as an expense when incurred.

Depreciation is calculated in accordance with the straight-line method to write-off the cost of each asset to its estimated residual value over its useful economic life.

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

	Useful lives
Plant	20
Office equipment	2 - 5
Furniture and fixtures	5

4 Material accounting policy information (continued)

b) Plant and equipment (continued)

The assets' residual values, depreciation methods 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.

Repairs and renewals are charged to the profit or loss when the expenditure is incurred.

Gains or losses on disposal of items of plant and equipment are determined as the difference between the sales proceeds and their carrying amounts and are taken into account in determining the operating results for the year.

c) Capital work-in-progress

Capital work-in-progress is stated at cost including capital advances incurred up to the date of the consolidated and separate statement of financial position and is not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

d) Investment in a subsidiary

A subsidiary is an entity in which the Parent Company owns more than one-half of the voting power or exercises significant control. In the Parent Company's financial statements, the investment in subsidiary is carried at cost less provision for impairment.

e) Cash and cash equivalents

For the purposes of the consolidated and separate statement of cash flows, cash and cash equivalents comprise cash on hand and bank balances.

f) Provisions

Provisions are recognised when the Group and the Parent Company have a present obligation (legal or constructive) as a result of a past event, it is probable that the Group and the Parent Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

g) Impairment of non-financial assets

The carrying amount of the Group's and the Parent Company's assets or its cash generating unit, other than financial assets, are reviewed at each consolidated and separate statement of financial position date to determine whether there is any indication of impairment. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other asset and groups. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset or a cash generating unit is the greater of its value-in-use or fair value less costs to sell. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

4 Material accounting policy information (continued)

h) Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated and separate statement of financial position when there is a legally enforceable right to set-off the recognised amounts and the Group or the Parent Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

i) Employees' benefit liabilities

In respect of Omani employees, contributions are made in accordance with the Oman Social Insurance Law and recognised as an expense in the consolidated and separate statement of profit or loss as incurred.

For non-Omani employees, provision is made for amounts payable under the Oman Labour Law, based on the employees' accumulated periods of service at the consolidated and separate statement of financial position date. This provision is classified as a non-current liability.

Employee entitlements to annual leave and air passage are recognised when they accrue to the employees and an accrual is made for the estimated liability for annual leave and air passage as a result of services up to the reporting date. The accruals relating to annual leave and air passage is disclosed as a part of current liabilities.

j) Financial instruments

Financial instruments are recognised when the Group or the Parent Company becomes a party to the contractual provisions of the instrument. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Group or the Parent Company determines the classification of their financial assets at initial recognition. The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

(i) **Classification**

The financial assets are classified in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and

b) those to be measured at amortised cost.

For assets measured at fair value, gains and losses are either recorded in the Group's or the Parent Company's consolidated or separate statement of profit or loss and other comprehensive income.

(ii) **Measurement**

At initial recognition, the Group and the Parent Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss as incurred.

4 Material accounting policy information (continued)

j) Financial instruments (continued)

Financial assets (continued)

(ii) Measurement (continued)

The Group and the Parent Company have classified fair value measurements on a recurring basis using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

-quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

-inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

-inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Parent Company's business model for managing the asset and the cash flow characteristics of the asset. The Group and the Parent Company classify debt instruments at amortised cost based on the below:

a) the asset is held within a business model with the objective of collecting the contractual cash flows; and

b) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate (EIR).

Equity instruments

If the Group and the Parent Company elect to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments shall continue to be recognised in profit or loss as other income when the Group's and the Parent Company's right to receive payment is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss shall be recognised in other gains/(losses) in profit or loss.

Financial assets at fair value through other comprehensive income

Equity instruments are those which are not held for trading or issued as contingent consideration in business combination, and for which the Group and the Parent Company have 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 are those 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 account

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 recognising gains or losses on them on a different basis.

4 Material accounting policy information (continued)

j) Financial instruments (continued)

Financial assets (continued)

(iii) **De-recognition of financial assets**

The Group and the Parent Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group and the Parent Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Parent Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Group and the Parent Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Group and the Parent Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(iv) **Impairment of financial assets**

The Group and the Parent Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial assets. ECL are the probability-weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that the Group and the Parent Company expects to receive. The ECL considers the amount and timing of payments and, hence, a credit loss arises even if the Group and the Parent Company expects to receive the payment in full but later than when contractually due. The ECL method requires assessing credit risk, default and timing of collection since initial recognition. This requires recognising allowance for ECL in profit or loss even for receivables that are newly originated or acquired.

Impairment of financial assets is measured as either 12 months ECL or life time ECL, depending on whether there has been a significant increase in credit risk since initial recognition. '12 months ECL' represents the ECL resulting from default events that are possible within 12 months after the reporting date. 'Lifetime ECL' represent the ECL that result from all possible default events over the expected life of the financial asset.

Trade receivables are of a short-duration, normally less than 12 months and hence the loss allowance measured as lifetime ECL does not differ from that measured as 12 months ECL. The Group and the Parent Company uses the practical expedient in IFRS 9 for measuring ECL for trade receivables using a provisioning matrix based on aging of the trade receivables.

The Group and the Parent Company uses historical loss experience and derived loss rates based on the past twelve months and adjusts the historical loss rates to reflect the information about current conditions and reasonable and supportable forecasts of future economic conditions. The loss rates differ based on the aging of the amounts that are past due and are generally higher for those with the higher aging.

(v) **Income recognition**

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets, interest income is recognised using the EIR, which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

4 Material accounting policy information (continued)

j) Financial instruments (continued)

Financial assets (continued)

(v) **Income recognition (continued)**

Interest income (continued)

When a loan or receivable is impaired, the Group and the Parent Company reduces the carrying amount to their recoverable amount, being the estimated future cash flows discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial assets is recognised using the original EIR.

Financial liabilities

The Group and the Parent Company determine the classification of its financial liabilities at initial recognition. The classification depends on the business model for managing the financial liabilities and the contractual terms of the cash flows.

(i) **Classification**

The financial liabilities are classified in the following measurement categories:

a) those to be measured as financial liabilities at fair value through profit or loss; and

b) those to be measured at amortised cost.

(ii) **Measurement**

All financial liabilities are recognised initially at fair value. Financial liabilities accounted at amortised cost like borrowings are accounted at the fair value determined based on the EIR method after considering the directly attributable transaction costs.

The Group and the Parent Company classifies all its financial liabilities subsequently at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.

The EIR method calculates the amortised cost of a debt instrument by allocating interest charged over the relevant EIR period. The EIR is the rate that exactly discounts estimated future cash outflows (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. This category generally applies to other payables and lease liabilities.

(iii) **Derecognition of financial liabilities**

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

4 Material accounting policy information (continued)

k) Revenue

Dividend income from equity instruments at fair value through profit or loss and other comprehensive income is recognised in the profit or loss when the Group's and the Parent Company's right to receive payment is established.

Interest income is recognised on a time proportion basis using the Effective Interest Rate (EIR) method.

Interest on perpetual bonds is recognised on receipt.

Unrealised gains / (losses) in the value of equity instruments at fair value represents the difference between the present market value and the carrying amount of the assets determined on an individual scrip basis using weighted average cost of securities and is taken to the consolidated and separate statement of profit or loss or other comprehensive income.

Realised gains / (losses) on equity instruments at fair value are recognised and taken to profit or loss in the year of disposal of related securities.

Finance lease income

Where the Parent Company and the Group determine that an agreement with a customer contains a finance lease, lease payments are recognised as finance income using a rate of return to give constant periodic rate of return on the investment in each year. Finance income on finance lease receivables is included in revenue due to its operating nature. Interest income including interest on finance lease receivable is recognised as the interest accrues using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

l) Other income

Other income is accounted for on the accruals basis, unless collectability is in doubt.

m) Directors' remuneration

The Parent Company follows the Commercial Companies Law and Regulations of the Sultanate of Oman, and other latest relevant directives issued by the CMA, in regard to determination of the amount to be paid as Directors' remuneration. Directors' remuneration is charged to profit or loss in the year to which they relate.

n) Dividend

The Board of Directors recommends to the shareholders the dividend to be paid out of the Group's net profits. The Directors take into account appropriate parameters including the requirements of the Commercial Companies Law and Regulations of the Sultanate of Oman while recommending the dividend.

Dividend distribution is recognised as a liability in the period in which the dividends are approved by the Parent Company's shareholders.

o) Leases - the Group and the Parent Company as a lessee

The Group and the Parent Company assess whether a contract is or contains a lease, at the inception of the contract. The Group and the Parent Company recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the the Group and the Parent Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

4 Material accounting policy information (continued)

p) Leases - the Group and the Parent Company as a lessor

As a lessor, the Group and the Parent Company classify their 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.

q) Earnings per share

The Parent Company presents basic and diluted earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

r) Net assets per share

The Parent Company presents net assets per share for its ordinary shareholders. Net assets per share is calculated by dividing the net assets attributable to ordinary shareholders by the weighted average number of shares outstanding as at the separate statement of financial position date.

s) Operating segments

A segment is a distinguishable component of the Group and the Parent Company 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 and Parent Company's Chief Operating Decision Maker (“CODM”), which is subject to risks and rewards that are different from those of other segments.

t) Foreign currency transactions

Foreign currency transactions are accounted for at the rates of exchange prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation, at the year-end rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the end of the year. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date when the carrying value was determined.

u) Income tax

Income tax is provided for in accordance with the fiscal regulations of the Sultanate of Oman.

Current tax is recognised in the profit or loss and as the expected tax payable on the net taxable income for the year, using tax-rates enacted or substantively enacted at the consolidated and separate statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is provided using the liability method on all temporary differences at the reporting date. It is calculated adopting a tax-rate that is the rate that is expected to apply to the periods when it is anticipated the liabilities will be settled, and which is based on tax-rates (and laws) that have been enacted at the consolidated and separate statement of financial position date.

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

4 Material accounting policy information (continued)

v) Determination of fair values

A number of accounting policies and disclosures of the Group and the Parent Company require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on certain methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

5 Critical accounting estimates and key source of estimation uncertainty

Preparation of consolidated and separate financial statements in accordance with IFRS Accounting Standards requires the Group's and the Parent Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated and separate financial statements, and the reported amounts of revenue and expenses during the reporting period. The determination of estimates require judgments which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates. The most significant areas requiring the use of management estimates and assumptions in these consolidated and separate financial statements relate to:

(i) **Impairment reviews**

IFRS Accounting Standards requires management to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area involving management judgment, requiring inter alia an assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

a) growth in earnings before interest, tax, depreciation and amortisation (EBITDA), calculated as adjusted operating profit before depreciation and amortisation;

b) timing and quantum of future capital expenditure;

c) long-term growth rates; and

d) selection of discount rates to reflect the risks involved.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's and the Parent Company's impairment evaluation and hence results.

ii) **Economic useful lives of plant and equipment**

The Group's and the Parent Company's plant and equipment are depreciated on a straight-line basis over their economic useful lives. The economic useful lives of plant and equipment are reviewed periodically by management. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Group and the Parent Company.

iii) **Impairment of equity investments**

The Group and the Parent Company follow the guidance of IFRS 9 to determine when a financial asset is impaired. This determination requires significant judgment. In making this judgment, the Group and the Parent Company 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 flows.

5 Critical accounting estimates and key source of estimation uncertainty (continued)

iv) **Impairment losses on other receivables**

An estimate of the collectible amount of other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance for ECL applied according to the length of time and historical recovery rates.

v) **Going concern**

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

vi) **Contingencies**

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

vii) **Taxation**

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

viii) **Fair value measurements**

A number of assets and liabilities included in the Group’s and the Parent Company's consolidated and separate financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group’s and the Parent Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. The classification of an item into the level 1, level 2 and level 3 hierarchy is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

ix) **Significant judgment in determining the term of lease contracts**

The Group and the Parent Company determines the lease term as non-cancellable term of the lease, together with any periods covered by an option to extend the lease, if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group and the Parent Company have an option, under some of its leases to lease the assets for additional terms. The Group and the Parent Company applies judgment in evaluating whether it is reasonably certain to exercise the option to renew; that is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group and the Parent Company reassesses the lease-term if there is a significant event or change in the circumstances that is within its control and effects its ability to exercise (or not exercise) the option to renew or to terminate (e.g., a change in business strategy, construction of significant leasehold improvements or significant customisation to the leased assets).

6 Plant and equipment

(a) The movement in plant and equipment is as set out below:

Group 2023	Plant	Office equipment	Furniture and fixtures	Capital work-in-progress	Total
Cost					
At 1 January 2023	308,464	45,414	57,070	-	410,948
Disposals during the year	-	-	(3)	-	(3)
At 31 December 2023	308,464	45,414	57,067	-	410,945
Accumulated depreciation					
At 1 January 2023	24,339	40,050	56,890	-	121,279
Charge for the year	14,511	3,663	58	-	18,232
At 31 December 2023	38,850	43,713	56,948	-	139,511
Net book amount					
At 31 December 2023	**269,614**	**1,701**	**119**	**-**	**271,434**

Group 2022	Plant	Office equipment	Furniture and fixtures	Capital work-in-progress	Total
Cost					
At 1 January 2022	-	42,736	57,070	282,569	382,375
Additions during the year	-	2,678	-	25,895	28,573
Transfers during the year	308,464	-	-	(308,464)	-
At 31 December 2022	308,464	45,414	57,070	-	410,948
Accumulated depreciation					
At 1 January 2022	-	36,510	56,623	-	93,133
Charge for the year	24,339	3,540	267	-	28,146
At 31 December 2022	24,339	40,050	56,890	-	121,279
Net book amount					
At 31 December 2022	284,125	5,364	180	-	289,669

6 Plant and equipment (continued)

(a) The movement in plant and equipment is as set out below:

Parent Company 2023	**Office equipment**	**Furniture and fixtures**	**Total**
Cost			
At 1 January 2023	43,943	55,698	99,641
Disposals during the year	-	(3)	(3)
At 31 December 2023	43,943	55,695	99,638
Accumulated depreciation			
At 1 January 2023	38,609	55,509	94,118
Charge for the year	3,652	50	3,702
At 31 December 2023	42,261	55,559	97,820
Net book amount			
At 31 December 2023	**1,682**	**136**	**1,818**

Parent Company 2022	**Office equipment**	**Furniture and fixtures**	**Total**
Cost			
At 1 January 2022	41,265	55,698	96,963
Additions during the year	2,678	-	2,678
At 31 December 2022	43,943	55,698	99,641
Accumulated depreciation			
At 1 January 2022	35,127	55,272	90,399
Charge for the year	3,482	237	3,719
At 31 December 2022	38,609	55,509	94,118
Net book amount			
At 31 December 2022	5,334	189	5,523

(b) Capital work-in-progress which represented the subsidiary's water network project was completed and capitalised during the year ended 31 December 2022.

(c) The useful life of the plant has been revised during the year 2023 from 5 years to 20 years. Had the useful life of the plant remain 5 years, the depreciation would have been increased by RO 47,182 and thereby the net profit would have been reduced by the same amount.

(d) The Parent Company operates from premises which are obtained on short-term leases having monthly rental of RO 1,350 (2022 : RO 1,350 per month). The Parent Company has applied the exemptions available in IFRS 16 relating to short-term leases and low-value asset lease contracts as at 31 December 2023. Accordingly, there is no impact on the financial statements of the Parent Company.

7 Lease receivables

	Group		Parent Company	
	2023	2022	2023	2022
Gross investment in leases	**7,829,924**	8,915,541	-	-
Less: unearned finance income	**(3,456,856)**	(3,879,290)	-	-
Present value of minimum lease receivables	**4,373,068**	5,036,251	-	-

Minimum lease receivables (undiscounted) comprise of the following:

	Group		Parent Company	
	2023	2022	2023	2022
Less than 1 year	**1,172,712**	1,085,517	-	-
More than 1 year but less than 5 years	**719,012**	1,698,326	-	-
More than 5 years	**5,938,200**	6,131,698	-	-
	7,829,924	8,915,541	-	-

Present value of minimum lease receivables comprises of the following:

	Group		Parent Company	
	2023	2022	2023	2022
Less than 1 year	**854,141**	663,083	-	-
More than 1 year but less than 5 years	**141,810**	956,945	-	-
More than 5 years	**3,377,117**	3,416,223	-	-
	4,373,068	5,036,251	-	-
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 Company's 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 in March 2002 under a finance lease arrangement. The lease agreement is for a period of twenty-three years expiring in 31 December 2024 (extendable upto the year 2049) from the date of hand over of the project. The internal rate of return (IRR) on the finance lease receivables is 16% per annum (2022: 16% per annum).

The movement in unearned finance income on lease receivables during the year is as follows:

	Group		Parent Company	
	2023	2022	2023	2022
At 1 January	**3,879,290**	4,389,396	-	-
Recognised during the year	**(422,434)**	(510,106)	-	-
At 31 December	**3,456,856**	3,879,290	-	-

8 Investments at fair value through other comprehensive income

	Bond investments		Equity investments	
	Group and Parent Company		Group and Parent Company	
	2023	2022	2023	2022
At 1 January	**150,000**	-	**8,827,325**	9,364,698
Additions during the year	**-**	150,000	**111,539**	279,736
Disposals during the year	**-**	-	**(799,338)**	(718,268)
Unrealised fair value loss for the year	**-**	-	**(341,430)**	(98,841)
At 31 December	**150,000**	150,000	**7,798,096**	8,827,325

The additional investment made in bonds represents perpetual bonds purchased during the year.

Investments at FVOCI are analysed as follows:

	Bond investments		Equity investments	
	Group and Parent Company		Group and Parent Company	
	2023	2022	2023	2022
Local quoted:				
Banking and investments	**150,000**	150,000	**1,053,512**	1,250,086
Industrial	**-**	-	**1,776,234**	3,341,415
Services	**-**	-	**2,130,336**	2,174,780
Insurance	**-**	-	**-**	575,000
Overseas:				
Education	**-**	-	**553,713**	439,316
Banking and investments	**-**	-	**62,052**	64,363
Local unquoted:				
Education	**-**	-	**2,222,248**	982,365
	150,000	150,000	**7,798,095**	8,827,325

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 investments in FVOCI portfolio are as follows:

Equity investments

2023	% of investment portfolio	Number of shares	Fair value
Al Anwar Ceramic Tiles Company SAOG	10.86%	4,950,384	846,516
Oman National Engineering & Investment Co. SAOG	24.68%	17,184,386	1,924,651
National Gas SAOG	11.92%	10,937,856	929,718
Al Jazeira Services Co. SAOG	12.42%	4,464,593	968,817

2022	% of investment portfolio	Number of shares	Fair value
Al Anwar Ceramic Tiles Company SAOG	23.11%	4,950,384	2,039,558
Oman National Engineering & Investment Co. SAOG	20.53%	16,038,761	1,812,380
National Gas SAOG	13.26%	10,937,856	1,170,351
Al Jazeira Services Co. SAOG	14.16%	4,464,593	1,250,086

8 Investments at fair value through other comprehensive income (continued)

Investments at FVOCI are denominated in the following currencies:

	Bond investments Group and Parent Company		Equity investments Group and Parent Company	
	2023	**2022**	**2023**	**2022**
Omani Rial	**150,000**	150,000	**7,244,382**	8,473,646
Kuwaiti Dinar	**-**	-	**553,713**	439,315
US Dollar	**-**	-	**-**	64,364
	150,000	150,000	**7,798,095**	8,977,325

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 2023 and 31 December 2022 are set out below:

Equity investments

2023	**% shareholding**	**Number of shares**	**Fair value**
FVOCI investments - quoted:			
National Gas SAOG	**12.87**	**10,937,856**	**929,718**
Oman National Engineering & Investment Co. SAOG	**11.46**	**17,184,386**	**1,924,651**
Al-Jazeera Services SAOG	**7.29**	**4,464,593**	**968,817**
FVOCI investments - unquoted:			
A'Sharqiyah University	**10**	**600,000**	**2,222,248**

2022	**% shareholding**	**Number of shares**	**Fair value**
FVOCI investments - quoted:			
National Gas SAOG	**12.87**	**10,937,856**	**1,170,351**
Oman National 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**
FVOCI investments - unquoted:			
A'Sharqiyah University	**10**	**600,000**	**982,365**

Un-quoted investment in A'Sharqiyah University has been valued using the Discounted Cash Flow Method. Management has used discount rate of 13.41% to discount future cash flows and a terminal growth rate of 3% has been assumed.

9 Investments at FTVPL / at amortised cost

	(a) Bond investments at amortised cost		(b)Equity investments at FVTPL	
	Group and Parent Company		Group and Parent Company	
	2023	2022	2023	2022
At 1 January	-	-	95,244	119,019
Additions during the year	2,295,028	-	454,342	-
Disposals during the year	-	-	(170,921)	-
Unrealised fair value gains/ (losses) for the year	-	-	37,409	(23,775)
At 31 December	2,295,028	-	416,074	95,244

Investments at FVTPL include investment in the following listed equity securities and bonds:

Equity investments	Group and Parent Company		Group and Parent Company	
	2023 Cost	2023 Fair value	2022 Cost	2022 Fair value
Foreign	-	416,074	-	95,244

Bond investments	Group and Parent Company		Group and Parent Company	
	2023 Cost	2023 Carrying value	2022 Cost	2022 Carrying value
Foreign	2,295,253	2,295,028	-	-
	2,295,253	2,295,028	-	-

10 Fair value reserve

	Group		Parent Company	
	2023	2022	2023	2022
At 1 January	994,644	895,393	994,644	895,393
Fair value reserve reversal upon disposal	(45,122)	110,098	(45,122)	110,098
Fair value gain on disposal	-	102,998	-	102,998
Net unrealised loss on revaluation	(341,430)	(98,841)	(341,430)	(98,841)
Deferred tax on FVOCI investments	-	(15,004)	-	(15,004)
At 31 December	608,092	994,644	608,092	994,644

11 Lease liabilities

Land	Group		Parent Company	
	2023	2022	2023	2022
At 1 January	3,551,098	3,566,171	-	-
Add: interest expense (Note 24)	184,931	185,764	-	-
Less: lease payments	(200,836)	(200,837)	-	-
At 31 December	3,535,193	3,551,098	-	-
Current portion	16,266	15,905	-	-
Non-current portion	3,518,927	3,535,193	-	-
At 31 December	3,535,193	3,551,098	-	-

11 Lease liability (continued)

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

With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the consolidated and the separate 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.

12 Investment in a subsidiary

During the year 1999, the Parent Company invested an amount of RO 250,000, Qalhat Real Estate Investments & Services SPC (QREIS), acquiring 100% shareholding interest. The subsidiary was incorporated in September 1999. During the year ended 31 December 2023, the subsidiary reported a net profit of RO 233,883.

	2023	2022
Carrying value of investment in the subsidiary	**250,000**	**250,000**

The investment in the subsidiary is stated at cost less impairment. The Parent Company has performed an impairment testing of its investment in the subsidiary and, has concluded that, no provision is considered necessary. This is primarily based on cash flow forecasts prepared by the management which indicates that the subsidiary is expected to continue to report profits in the foreseeable future.

13 Other receivables

	Group		Parent Company	
	2023	2022	2023	2022
Pre-paid expenses	**21,397**	41,918	**10,501**	21,287
Advances	**12,150**	-	**12,150**	-
Value-Added-Tax refund recoverable (net)	**15,651**	-	**15,651**	-
Other receivables	**141,561**	194,055	**88,539**	702,951
	190,759	235,973	**126,841**	724,238

Other receivables are generally on 30 to 60 days credit terms.

The carrying values of other receivables classified at amortised cost approximate their fair values.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Company does not hold any collateral as security.

14 Cash and bank balances

	Group		Parent Company	
	2023	2022	2023	2022
Call deposit accounts	**1,383,377**	3,703,107	**912,129**	1,716,839
Cash at bank	**58,417**	326,337	**53,218**	222,685
Cash on hand	**1,304**	957	**786**	557
	1,443,098	4,030,401	**966,133**	1,940,081

14 Cash and bank balances (continued)

For the consolidated and separate statement of cash flows, cash and cash equivalents comprise the above figures.

The current account balances with banks are non-interest bearing. The call account balances with banks earn annual interest rates ranging between 3.50% and 4.70% per annum (2022: between 2.50% and 4.50% per annum).

ECL allowance on cash at bank is immaterial to the Group's and the Parent Company's consolidated and separate financial statements and is therefore not recognised for the year ended 31 December 2023.

15 Share capital

The authorised share capital of the Parent Company, as registered with the Ministry of Commerce, Industry and Investment Promotion, is RO 12,000,000 (2022: RO 12,000,000), comprising of 120,000,000 shares of RO 0.100 per share (2022: 120,000,000 shares of RO 0.100 each). The issued and fully paid-up share capital comprises of 90,000,000 (2022: 90,000,000) ordinary shares of RO 0.100 per share (2022: RO 0.100 per share).

	Authorised		Issued and fully paid-up	
	2023	2022	2023	2022
Share capital	12,000,000	12,000,000	9,000,000	9,000,000

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

	2023		2022	
Name of the shareholder	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares
Salim Said Hamad Fannah Al Araimi, Omani	22.63%	20,365,595	22.63%	20,365,595
Al Siraj Investment and Projects Co. LLC	11.29%	10,161,093	11.29%	10,161,093
	33.92%	30,526,688	33.92%	30,526,688

16 Legal reserve

In accordance with the provisions of the Commercial Companies Law and Regulations of the Sultanate of Oman, an amount equivalent to 10% of the Parent Company's net profit before appropriations is required to be transferred to a non-distributable reserve until such time as a minimum of one-third of the issued and fully paid-up share capital is set aside. During the year ended 31 December 2023, the Group has transferred an amount of RO 65,769 (31 December 2022: RO 163,492) to the legal reserve. The Parent Company has transferred an amount of RO 65,769 (31 December 2022: RO 163,492) to the legal reserve.

17 Dividend

Dividend is not accounted for until it has been approved at the Shareholders' Annual General Meeting (AGM). At the Board of Directors meeting held on 21 February 2024, a cash dividend of 5 baiza per share, amounting to RO 450,000 has been recommended for shareholders' approval at the AGM. The consolidated and separate financial statements for the year ended 31 December 2023 do not reflect this resolution, which will be accounted for in the consolidated and separate shareholders' equity as an appropriation from the retained profits as at 31 December 2024 (2022: A cash dividend of 5 baiza per share amounting to RO 450,000 was paid as approved by the shareholders in the Annual General Meeting held on 13 March 2023 (2022: 5 baiza per share amounting to RO 450,000).

18 Employees' benefit liabilities

	Group		Parent Company	
	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2022
At 1 January	**155,074**	140,701	**124,586**	112,867
Charge for the year (Note 22)	**36,291**	14,373	**30,693**	11,719
At 31 December	**191,365**	155,074	**155,279**	124,586

19 Other payables

	Group		Parent Company	
	2023	2022	2023	2022
Accruals and other payables	**65,236**	112,586	**39,439**	36,215
	65,236	112,586	**39,439**	36,215

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

20 Income

a) Net investment income

	Group		Parent Company	
	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2022
Dividend income	**396,704**	467,525	**796,704**	1,917,518
Interest income	**196,233**	71,435	**157,654**	37,942
Unrealised fair value gains /(losses) on financial assets at FVTPL	**37,409**	(23,775)	**37,409**	(23,775)
Realised gains on disposal of FVTPL	**41,957**	-	**41,957**	-
	672,304	515,185	1,033,724	1,931,685
b) Finance income on lease receivables				
Finance income on lease receivables	**422,434**	510,106	**-**	-
	1,094,738	1,025,291	1,033,724	1,931,685

21 Other income

	Group		Parent Company	
	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2022
Maintenance services income (Net)	**51,881**	55,102	**-**	-
Foreign exchange (losses) /gains	**(315)**	-	**(315)**	-
Qalhat - Management charges income	**-**	-	**60,000**	60,000
Profit on sale of plant & equipment	**2**	-	**2**	-
Miscellaneous income	**75,002**	62,790	**41,968**	25,815
	126,570	117,892	**101,655**	85,815

22 Salaries and other related staff costs

	Group		Parent Company	
	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2022
Salaries	**259,006**	220,678	**259,006**	220,678
Employees' benefit liabilities (Note 17)	**30,693**	14,373	**30,693**	11,719
Other related staff costs	**29,275**	7,985	**29,275**	10,639
	318,974	243,036	**318,974**	243,036

23 General and administrative expenses

	Group		Parent Company	
	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2022
Directors' sitting fees (Note 25)	**30,100**	40,300	**30,100**	40,300
Legal and professional fees	**16,095**	21,872	**14,345**	17,045
Short-term lease rentals	**16,200**	17,820	**16,200**	17,820
Fees and other charges	**15,641**	18,434	**14,189**	15,323
Donations	**10,000**	10,000	**10,000**	10,000
Insurance expenses	**9,815**	9,050	**9,815**	9,050
AGM expenses	**3,800**	3,500	**3,800**	3,500
Repairs and maintenance	**4,999**	3,075	**4,999**	3,075
Water and electricity	**2,738**	2,462	**2,738**	2,462
Advertising	**2,273**	1,260	**2,273**	1,260
Telephone and postage	**1,867**	1,967	**1,867**	1,967
Printing and stationery	**378**	-	**378**	-
Miscellaneous expenses	**17,889**	15,806	**9,784**	12,683
	131,795	145,546	**120,488**	134,485

24 Finance costs on lease liabilities

	Group		Parent Company	
	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2022
Interest on lease liabilities (Note 10)	**184,931**	185,764	**-**	-
	184,931	185,764	**-**	-

25 Taxation

(a) The Parent Company has calculated income tax at an effective tax rate of 15% for the year ended 31 December 2023 (31 December 2022: 15%). The subsidiary has a tax liability of RO 41,274 (2022: RO 53,165) asat the reporting date. The reconciliation of tax based on the accounting profit and tax profit of the Group and the Parent Company is as follows:

25 Taxation (continued)

(b) **Current tax**

	Group		Parent Company	
	Year ended 31 December 2023	**Year ended 31 December 2022**	**Year ended 31 December 2023**	**Year ended 31 December 2022**
Net profit before tax for the year	**961,616**	1,988,598	**686,457**	1,634,167
Accounting depreciation	3,702	3,719	3,702	3,719
Disallowed expenses	260,938	300,632	260,938	300,632
Net gains on disposal of foreign investments at FVOCI	2,160	77,106	2,160	77,106
Unrealised loss on investment at FVTPL	-	23,775	-	23,775
Gains on private equity funds charged to retained earnings	-	1,156	-	1,156
Interest and finance expenses	3,553	605	3,553	605
	1,231,969	2,395,591	956,810	2,041,160
Less:				
Tax depreciation	(3,702)	(3,719)	(3,702)	(3,719)
Dividend income on listed shares (non-taxable)	(723,925)	(1,853,468)	(723,925)	(1,853,468)
Unrealised gain on FVTPL assets	(37,409)	-	(37,409)	
Taxable profit	466,933	538,404	191,774	183,973
Tax rate	15%	15%	15%	15%
Total tax charge for the year	**70,040**	80,761	**28,766**	27,596

(c) Tax assessments up to the year 2020 have been completed and agreed with the Oman Tax Authority for both the Parent Company and the subsidiary. The management believes that additional taxes, if any, for open tax years would not be material to the consolidated and separate financial position of the Group and the Parent Company at the reporting date.

	Group		Parent Company	
Consolidated and separate statement of profit or loss and other comprehensive income	**Year ended 31 December 2023**	**Year ended 31 December 2022**	**Year ended 31 December 2023**	**Year ended 31 December 2022**
Current tax:				
Tax charge for the year	**70,040**	80,761	**28,766**	27,596
Tax charge for the previous years	**-**	(28,348)	**-**	(28,348)
Total tax charge for the year	**70,040**	52,413	**28,766**	(752)

25 Taxation (continued)

Consolidated and separate statement of financial position	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Non-current assets				
Deferred tax	**(39,463)**	(39,463)	**(39,463)**	(39,463)
Current liabilities				
Opening balance	**81,995**	68,825	**28,830**	5,970
Provision for the year	**70,040**	80,761	**28,766**	27,596
Rebate received for SMEs under Economic stimulus Plan	**-**	(27,070)	**-**	-
Payment during the year	**(80,761)**	(40,521)	**(27,596)**	(4,736)
Current year tax payable	**71,274**	81,995	**30,000**	28,830

(b) **Deferred tax asset**

	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
At 1 January	**(39,463)**	(54,467)	**(39,463)**	(54,467)
Movement during the year:				
Fair value changes in investments carried at FVOCI (credit)	**-**	15,004	**-**	15,004
At 31 December	**(39,463)**	(39,463)	**(39,463)**	(39,463)

26 Related party transactions and balances

Related parties comprise the shareholders, directors, business entities in which they have the ability to control or exercise significant influence in financial and operating decisions and the senior management. The Group and the Parent Company have entered into transactions with entities related either to the shareholders or directors, in the ordinary course of business, who provide goods and render services to the Group and the Parent Company. The transactions are carried on mutually agreed terms. During the year, the following transactions were carried out with the related parties:

	31 December 2023	31 December 2022	31 December 2023	31 December 2022
a) Subsidiary				
Dividend from	**-**	**-**	**400,000**	1,450,000
Management charges from a subsidiary	**-**	**-**	**60,000**	60,000
b) Compensation of key management personnel				
Basic salaries and allowances	**251,230**	193,813	**251,230**	193,813
Directors' sitting fees	**30,100**	40,300	**30,100**	40,300

27 Term deposits

	Group		Parent Company	
	2023	2022	2023	2022
Short-term deposits	**1,500,000**	-	**-**	-

Term deposits represent deposits placed with the commercial banks operating in the Sultanate of Oman, which are denominated in RO and earn interest at commercial rates at 5% per annum. The term deposits which will mature between 4 to 6 months and accordingly, disclosed as part of current assets.

28 Earnings per share

Earnings per share is calculated by dividing the net profit attributable to equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the period.

	Group		Parent Company	
	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2022
Net profit after tax for the year	**491,578**	486,185	**657,691**	1,634,919
Weighted average number of shares outstanding	**90,000,000**	90,000,000	**90,000,000**	90,000,000
Earnings per share attributable to shareholders of the Parent Company	**0.005**	0.005	**0.007**	0.018

As there are no dilutive potential shares issued by the Parent Company, the diluted earnings per share is the same as the basic earnings per share.

29 Net assets per share

The calculation of net assets per share is based on dividing the net assets attributable to ordinary shareholders by the weighted average number of shares outstanding as at 31 December.

	Group		Parent Company	
	2023	2022	2023	2022
Net assets	**14,613,952**	14,803,573	**11,818,735**	11,842,243
Shares outstanding at reporting date	**90,000,000**	90,000,000	**90,000,000**	90,000,000
Net assets per share	**0.162**	0.164	**0.131**	0.132

30 Capital risk management

The capital is managed by the Group and the Parent Company in a way that it is able to continue to operate as a going concern while maximising returns to the shareholders.

The capital of the Parent Company consists of share capital, reserves and retained earnings. The Parent Company manages its capital by making adjustments in bringing additional capital in light of changes in business conditions.

31 Financial assets and liabilities and risk management

(a) **Financial assets and liabilities**

Financial assets and liabilities carried on the consolidated and separate statement of financial position include cash and bank balances, investments in equity instruments at FVOCI, investments in equity instruments at FVTPL, investments in debt instruments at FVOCI, investments in debt instruments at FVTPL, other receivables, lease receivables, lease liabilities and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

(b) **Risk management**

Financial risk management is carried out by the Finance Department under policies approved by the Board of Directors. The Finance Department identifies, evaluates and hedges financial risks in close co-operation with the Board of Directors. The Parent Company provides principles for overall risk management, as well as policies covering specific areas.

(c) **Capital management**

The primary objective of the management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value.

The Group and the Parent Company manages their capital structure and make adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies and processes during the years ended 31 December 2023 and 31 December 2022.

32 Financial risk management

(a) **Market risk**

(i) **Foreign exchange risk**

Foreign exchange risk is the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Group and the Parent Company are exposed to foreign exchange risk arising from various currency exposures. Significant portion of revenues and major operating costs are either denominated in RO or USD. As the USD is pegged against the RO, the management does not believe that the Group and the Parent Company are exposed to any material foreign exchange risk.

Management considers that sensitivity analysis is not necessary due to the Group's and the Parent Company's limited exposure to foreign exchange risk.

(ii) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

The Group and the Parent Company are exposed to interest rate risk as the Group and the Parent Company have interest-earning call deposits at commercial interest rates. Sensitivity analysis of interest rates is as follows: if the interest rates were to be 50 basis points higher or lower with all other variables held constant, the Group’s net profit would decrease or increase by RO 14,417 and the Parent Company's net profit would decrease or increase by RO 4,561 (2022; the Group’s net profit would decrease or increase by RO 18,516 and the Parent Company's net profit would decrease or increase by RO 8,584).

32 Financial risk management (continued)

(a) **Market risk (continued)**

(iii) **Price risk**

The Parent Company is exposed to price risk because of investments held by the Parent Company which are classified as fair value through other comprehensive income. All investment securities present a risk of loss of capital. The Parent Company 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 Parent Company's overall market positions are monitored on a daily basis and are reviewed periodically by the management and Board of Directors. Impact of 5% increase/decrease of the Market Index on the Parent Company's investments at fair value through other comprehensive income and through profit or loss for the year would be RO 532,960 (2022: RO 453,628). The analysis is based on the assumption that the market index had increased/decreased by 5% with all other variables held constant and all the Parent Company's instruments would have moved according to the historical correlation with the index.

(b) **Credit risk**

Credit risk on trade receivables is limited to their carrying values as management regularly reviews these balances to assess recoverability and makes provision for balances whose recoverability is in doubt. Credit risk is managed mainly through credit terms to customers backed by confirmed letters of credit. There is no concentration of credit risk with respect to trade receivables as the Group and the Parent Company have a large number of customers, both locally and internationally.

The Group and the Parent Company allocate each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating.

Exposures within each credit risk grade are segmented by geographic region and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past five years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's and the Parent Company's view of economic conditions over the expected lives of the receivables.

Since, as for each potential customer there is no independent rating, the Group's credit committee assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors.

The Group and the Parent Company did not identify any material impairment loss on other financial assets as at the reporting date.

(c) **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group's and the Parent Company's management monitors liquidity requirements on a regular basis to help ensure that sufficient funds are available to meet any future commitments. The Group and the Parent Company manage liquidity risk by maintaining adequate reserves and by continuously monitoring forecasted and actual cash flows.

32 Financial risk management (continued)

(c) **Liquidity risk (continued)**

The liquidity risk profile of the Group is as follows:

Liabilities as at 31 December 2023	**Total**	**Less than 1 year**	**More than 1 year**
Other payables	**65,236**	**65,236**	**-**
Lease liabilities	**3,535,193**	**16,266**	**3,518,927**
	3,600,429	**81,502**	**3,518,927**

Liabilities as at 31 December 2022	**Total**	**Less than 1 year**	**More than 1 year**
Other payables	112,586	112,586	-
Lease liabilities	3,551,098	15,905	3,535,193
	3,663,684	128,491	3,535,193

The liquidity risk profile of the Parent Company is as follows:

Liabilities as at 31 December 2023	**Total**	**Less than 1 year**	**More than 1 year**
Other payables	**39,439**	**39,439**	**-**
	39,439	**39,439**	**-**

Liabilities as at 31 December 2022	**Total**	**Less than 1 year**	**More than 1 year**
Other payables	36,215	36,215	-
	36,215	36,215	-

(d) **Fair value estimation**

For financial instruments that are measured in the statement of financial position at fair value, the Company is required to disclose the fair value measurement by level of the following fair value hierarchy:

• Level 1 — Quoted (unadjusted) market prices in active markets.
• Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
• Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The valuation of each publicly traded investment is based upon the closing market price of that investment as of the valuation date, less a discount if the security is restricted.

32 Financial risk management (continued)

(d) **Fair value estimation (continued)**

Details of financial instruments carried at fair value are as below:

Nature of the financial instrument	Carrying value	Level 1	Level 2	Level 3
As at 31 December 2023				
Investments in equity instruments at FVOCI -Quoted (Note 8)	7,798,095	7,798,095	-	-
Investments in equity instruments at FVOCI -Unquoted (Note 8)	2,222,248	-	-	2,222,248
Investments in debt instruments at FVOCI (Note 8)	150,000	150,000	-	-
Investments in debt instruments at amortised cost (Note 9)	2,295,028	2,295,028	-	-
Investments in equity instruments at FVTPL - (Note 9)	416,074	416,074	-	-

Details of financial instruments carried at fair value are as below:

Nature of the financial instrument	Carrying value	Level 1	Level 2	Level 3
As at 31 December 2022				
Investments in equity instruments at FVOCI -Quoted (Note 8)	7,844,960	7,844,960	-	-
Investments in equity instruments at FVOCI -Unquoted (Note 8)	982,365	-	-	982,365
Investments in equity instruments at FVTPL - (Note 9)	95,244	95,244	-	-

33 Commitments

Investment commitments

At 31 December 2023, the Group has investment commitments amounting to RO 60,767 (31 December 2022: 172,331).

34 Notes supporting the consolidated and separate statement of cash flows

Transactions from financing activities shown in the reconciliation of liabilities from financing transactions is as follows:

2023	**Lease liabilities**
Group	
At 1 January 2023	**3,551,098**
Cash outflows	**(200,836)**
Non-cash changes	**184,931**
At 31 December 2023	**3,535,193**

2022	**Lease liabilities**
Group	
At 1 January 2022	3,566,171
Cash outflows	(200,837)
Non-cash changes	185,764
At 31 December 2022	3,551,098

35 Comparative figures

Certain comparative figures of the previous year have been either regrouped or reclassified, wherever necessary, in order to conform with the presentation adopted in the current year's consolidated and separate financial statements. Such regrouping or reclassification did not affect previously reported consolidated and separate net profit or consolidated and separate shareholders' equity.

36 Subsequent events

There were no events occurring subsequent to 31 December 2023 and before the date of the approval that are expected to have a significant impact on these consolidated and separate financial statements.

37 Segment reporting

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 that the business has 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 commensurate 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.

37 Segment reporting (continued)

Group	Investment		Leasing		Group	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Segment revenue						
Lease income	-	-	422,434	510,106	422,434	510,106
Dividend income	796,704	467,525	-	-	396,704	467,525
Other income	301,577	63,750	123,495	125,569	365,076	189,319
Total segment revenue	1,098,281	531,275	545,929	635,675	1,184,214	1,166,950
Segment expenses						
Staff costs	(318,974)	(243,036)	-	-	(318,974)	(243,036)
Finance costs on lease payable	-	-	(184,931)	(185,764)	(184,931)	(185,764)
General and administrative expenses	(120,798)	(74,485)	(11,312)	(71,053)	(132,110)	(145,538)
Other finance costs	(5,758)	(2,093)	-	-	(5,758)	(2,093)
Depreciation	(3,702)	(3,719)	(14,530)	(24,427)	(18,232)	(28,146)
Decrease in fair value of FVTPL investments	37,409	(23,775)	-	-	37,409	(23,775)
Taxation	(28,766)	752	(41,274)	(53,165)	(70,040)	(52,413)
Total segment expenses	(440,589)	(346,356)	(252,047)	(334,409)	(692,636)	(680,765)
Segment result	657,692	184,919	293,882	301,266	491,578	486,185
Net profit for the year	657,692	184,919	293,882	301,266	491,578	486,185
Segment assets						-
Plant and equipment	1,818	5,523	269,616	284,146	271,434	289,669
Deferred tax asset	39,463	39,463	-	-	39,463	39,463
Investments at fair value through other comprehensive income	7,948,095	8,977,325	-	-	7,948,095	8,977,325
Investments at amortised cost	2,295,028	-	-	-	2,295,028	-
Term deposits as investments	-	-	1,500,000	-	1,500,000	-
Investments at fair value through profit or loss	416,074	95,244	-	-	416,074	95,244
Non-current portion of lease receivables	-	-	3,518,928	4,373,168	3,518,928	4,373,168
Current portion of lease receivables	-	-	854,141	663,083	854,141	663,083
Other receivables	126,841	174,238	63,918	61,735	190,759	235,973
Cash and cash equivalents	966,133	1,940,081	476,965	2,090,320	1,443,098	4,030,401
Total assets	11,793,452	11,231,874	6,683,568	7,472,452	18,477,020	18,704,326
Segment liabilities						
Non-current portion of lease liabilities	-	-	3,518,927	3,535,193	3,518,927	3,535,193
Employees' benefit liabilities	155,279	124,586	36,086	30,488	191,365	155,074
Current portion of lease liabilities	-	-	16,266	15,905	16,266	15,905
Other payables	39,441	36,215	25,795	76,371	65,236	112,586
Income tax payable	30,000	28,830	41,274	53,165	71,274	81,995
Total liabilities	224,720	189,631	3,638,348	3,711,122	3,863,068	3,900,753