

Notes to the financial statements

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Ubar Hotels and Resorts SAOG ("the Parent Company") is a public joint stock company registered in the Sultanate of Oman. The principal activity of the Parent Company is the operation and management of the Golden Tulip Hotel, Nizwa. The Parent Company is a subsidiary of Mohammed Al Barwani Investment LLC ("the ultimate Parent Company") [note 12 b)].

The consolidated financial statements as at and for the year ended 30 June 2025 comprise the Parent Company and its subsidiary, together referred to as the "Group".

Al Ahlam Hotel Management LLC ("AHM") is a 100% owned subsidiary of the Parent Company. AHM is a limited liability company registered in the Sultanate of Oman and is engaged in the operation and management of Golden Tulip Hotel Muscat (formerly Park Inn Hotel Muscat). Following the termination of management agreement with Rezidor SAS Hotels and Resorts Middle East WLL for operation of "Park Inn Hotel", the hotel rebranded under "Golden Tulip" effective from 1 February 2024, aligning with the new operational and strategic objectives [see also note 2 b)].

2 SIGNIFICANT AGREEMENTS

a) *Franchise agreement - Golden Tulip Hotel Nizwa*

Under a Franchise Agreement dated 4 March 2005, effective 1 April 2005, ('the Agreement') between the Parent Company and Golden Tulip Franchise Limited ('the Franchisor'), the following amounts are payable on annual basis:

- Royalty fees of 2.5% of the gross room revenue with a minimum of US\$ 15,000 per annum payable upon the operational commencement date in quarterly instalments;
- Marketing fees of 1% of the gross room revenue with a minimum of US\$ 10,000 per annum payable upon the operational commencement date in quarterly instalments; and
- Reservation fees included in the sold room rate are paid monthly in arrears as follows:
 - GDS / GDS Powered Internet Reservations at 7.5% +US\$ 5 per booking;
 - Voice reservation at 10%;
 - Internet reservation at 6%; and
 - Reservations generated through Golden Tulip's Central Meeting Line are subject to 8% on the booked revenue at the hotel.
- Taxation on the above fees are paid by the Company.

The Agreement was for an initial term of 3 years after which the Agreement was automatically renewed for every additional three-year term, unless terminated by way of a written notice at least six months prior to the expiration of the term.

b) *Franchise agreement – Golden Tulip Hotel Muscat*

Under a Franchise Agreement dated 20 December 2023, effective 1 February 2024, the subsidiary, Al Ahlam Hotel Management LLC has entered into a brand license agreement dated 20 December 2023 between the subsidiary and Golden Tulip MENA S.A.S. ("Licensor"), the Licensor has agreed to grant the subsidiary, a license to use the trade name "Golden Tulip" in respect of the subsidiary's Hotel.

The following amounts are payable on an annual basis:

- Franchise fee – Franchise fee is 2% of the total room revenue of the Hotel, excluding taxes, paid monthly in arrears.

Notes to the financial statements

2 SIGNIFICANT AGREEMENTS (Continued)

b) *Franchise agreement – Golden Tulip Hotel Muscat (Continued)*

- Marketing contribution: Marketing contribution is 1% of total room revenue, excluding taxes, paid monthly in arrears.
- Loyalty fee – The loyalty fee is 3.5% of the reservation value per room booked with a minimum of EUR 800 per annum to be paid monthly in arrears.
- Administration charges – The charge is USD 2.5 per room per quarter.

The agreement is for an initial term of 10 years from 1 January 2024 until 31 December 2033 after which the agreement is automatically extended for an additional term of 10 years unless a written notice to terminate the agreement is given prior to the expiration date by 6 months.

3 BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS

3.1 Basis of preparation

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

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

3.2 New and amended IFRS adopted by the Group

The financial statements have been drawn up based on accounting standards, interpretations and amendments effective at 1 January 2024. The Group has adopted the following new and revised Standards and Interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee, which were effective for the current accounting period:

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

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

Notes to the financial statements

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

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

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

- Amendments to IAS 21 'The effects of changes in foreign exchange rates' (Lack of exchangeability)
- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' (Classification and measurement requirements of financial instruments)
- Annual amendments to IFRS – Volume 11 amend the following:
 - IFRS 1 'First time adoption of IFRS' – Hedge accounting by a first time adopter;
 - IFRS 7 'Financial instruments: Disclosures' – Gain or loss on derecognition;
 - Guidance on implementing IFRS 7 – Credit risk disclosures and disclosure of deferred difference between fair value and transaction price;
 - IFRS 9 'Financial instruments' – Derecognition of lease liabilities and transaction price
 - IFRS 10 'Consolidated financial statements' – Determination of a 'de facto agent'
 - IAS 7 'Statement of cash flows' – Cost method
- IFRS 18 'Presentation and Disclosure in Financial Statements' replaces IAS 1 'Presentation of Financial Statements'. The new requirements on presentation and disclosure will provide information to better understand Company's financial performance, improve labelling, aggregation and disaggregation of information and disclosure of management-defined performance measures in the financial statements.
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures' (Reduced disclosures for eligible entities)

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

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

- *Useful lives of property, plant and equipment*

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

Notes to the financial statements**4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)**

- *Expected credit losses (ECLs)*

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

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

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

ECL on other receivables is provided if the amount is deemed material. ECL on bank balances and deposits is determined using credit rating information supplied by independent rating agencies, where available. ECL on bank balances and deposits is provided if the amount is deemed material.

- *Impairment assessment of property, plant and equipment*

At the end of the reporting period, the Management has assessed if there any indicators of impairment of Group's property, plant and equipment, Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The computation of value in use and fair value less costs to sell require the use of estimates.

To support the impairment assessment, an independent valuation of the Group's properties was conducted to determine their fair value. The valuation indicated that the fair value of the properties exceeded their respective carrying amounts. Based on this assessment and the available evidence, Management has concluded that no impairment has occurred in the carrying amount of the Group's property, plant, and equipment at the end of the reporting period.

- *Impairment assessment of investment in subsidiary, loan to subsidiary and amount due from subsidiary*

The Parent Company assesses at each reporting date whether there is any indication that its investment in the subsidiary, loan to the subsidiary, and amounts due from the subsidiary may be impaired in the separate financial statements of the Parent Company. The subsidiary has been incurring continuous losses, which was considered an indicator of potential impairment.

Management performed an impairment assessment considering various factors, including the subsidiary's financial condition, future business prospects, and expected cash flows. The recoverable amount was determined based on the value-in-use approach using discounted cash flow projections. The key assumptions used in the assessment included:

- Expected revenue growth rates, cost structures, and operating margins.
- Discount rates based on market conditions and risk assessments.
- Future business plans and strategic initiatives undertaken by the subsidiary.

At 30 June 2025, based on the assessment, the Management has estimated the recoverable amount of investment in the subsidiary to be less than the carrying value. Accordingly, an impairment loss of RO 952,038 has been recognised during the year [note 8 c)].

Notes to the financial statements**5 MATERIAL ACCOUNTING POLICY INFORMATION**

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

a) Accounting convention

These financial statements have been prepared under the historical cost convention.

b) Basis of consolidation

The consolidated statement of financial position incorporates the assets and liabilities of the Parent Company and its subsidiary. All significant intra-group transactions, profits and balances are eliminated on consolidation and all sales and profit figures relate to external transactions and balances only.

c) Revenue from contracts with customers

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

Revenue from one-off services is recognised at point in time when these services are rendered to the guests. Revenue from sale of food and beverage is recognised at the point in time when control of the items is transferred to the guests, generally on delivery. Revenue from hotels is recognized net of discounts, municipal taxes, tourism taxes and service charges which is recognised on a daily basis over time based on the occupancy.

d) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment is their purchase price together with any incidental expenses. The cost of property, plant and equipment also includes borrowing costs that are directly attributable to the acquisition of the property, plant and equipment up to the date of capitalisation.

Following initial recognition at cost, expenditure incurred to replace a component of an item of property, plant and equipment which increases the future economic benefits embodied in the item of property, plant and equipment is capitalised. All other expenditures are recognised in the statement of income as an expense as incurred.

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

Land is not depreciated. Depreciation is charged on the property, plant and equipment so as to write off their cost less their estimated residual values over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	Group	Parent Company
Leasehold land improvements	10 years	10 years
Buildings	40 years	40 years
Plant and equipment	7 years	7 years
Furniture and fixtures	7 years	7 years
Motor vehicles	5 years	5 years

Notes to the financial statements**5 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****e) Investment in a subsidiary**

A subsidiary which is controlled by the Group is consolidated in the financial statements of the Group. Control is achieved when the Parent Company has power over the investee, that exposes or gives rights to variable returns from its involvement with the investee, and the Parent Company is able to use its power to affect the amount of returns from the investee. Generally, control is achieved with a shareholding of more than one half of the voting rights over the relevant activities of the investee.

In the Parent Company's separate financial statements, the investment is carried at cost less impairment. Dividend from the subsidiary is accounted in the year in which the right to receive the payment is established.

f) Inventories

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

g) Trade receivables

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

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

h) Taxation

Taxation expense includes both current and deferred taxes, which are recognised in the statement of income. The tax associated with an item recognised in other comprehensive income or equity is recognised in other comprehensive income or equity respectively.

Current tax

Current tax is the expected tax payable in accordance with Sultanate of Oman's fiscal regulations based on the taxable income for the year using the rate that is applicable as at the reporting date. Current tax also includes any adjustments to the tax payable in respect of prior years.

Deferred tax

Deferred tax is recognized for all temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are measured using the tax rates expected to apply in the period when the asset is realized or the liability is settled, based on tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available for which the losses can be utilised in the future. This assumption is reviewed at the end of each reporting period. Deferred tax assets are reduced to the extent it is no longer probable that future taxable profits will occur.

Notes to the financial statements**5 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****i) Cash and cash equivalents**

Cash and cash equivalents comprise bank balances and cash with an original maturity of three months or less.

j) Government grant

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the asset by equal annual instalments. The Government grant in case of the Parent Company relates to the building and was carried in the statement of financial position as deferred income initially at its fair value and is released to profit or loss in equal annual instalments over the life of the building.

k) Deferred financing costs

The cost of obtaining long-term financing is deferred and amortised over the term of the long-term loan using the effective interest rate method. Deferred financing costs less accumulated amortisation are offset against the drawn amount of long-term loans. The amortisation of deferred financing costs is charged to the statement of income.

l) Financial assets*Initial recognition*

The Group's financial assets comprise trade and other receivables, dues from related parties, bank balances and cash. These financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

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

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

Subsequent measurement

The subsequent measurement of financial assets across the various categories are analyzed as follows:

Financial assets at amortised cost:

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

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

Interest income from these financial assets is included in finance income using the effective interest rate method.

Notes to the financial statements

5 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

m) Impairment

Financial assets

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

Trade receivables

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

Other financial assets

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

For amounts due from subsidiary, other receivables, bank balances and cash, the ECL adjustments are made only if they are material.

Write off

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

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

Non-financial assets

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

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

Notes to the financial statements**5 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****n) Employees' end of service and other benefits**

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

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

o) Foreign currency transactions

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

p) Provisions

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

q) Leases

One of the Group's hotel building is situated on leased land under a leasing arrangement with the Government of Sultanate of Oman. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices unless it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Lease liabilities include (wherever applicable) the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option, and
- penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used.

Lease payments are allocated between the principal and finance cost. The finance cost is charged to the statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs, if applicable.

Notes to the financial statements**5 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****q) Leases (Continued)**

Right of use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right of use asset is depreciated over the underlying asset's useful life.

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

Lessor

Income from operating leases represents rental income from a portion of its property in the building. Lease income is recognised as income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

r) Financial liabilities

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

s) Directors' remuneration and meeting attendance fees

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

t) Operating segment

An operating segment is component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The results of the operating segments are reviewed by the Management and Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

6 PROPERTY, PLANT AND EQUIPMENT

- a) The movement and balances of property, plant and equipment for the Group and Parent Company during the years 2024 and 2023 are set out on pages 35 to 38.
- b) The Hotel of Parent Company is built on a plot of leasehold land in Nizwa owned by the Government of Sultanate of Oman [note 7 a)].
- c) The Parent Company's property, plant and machinery carry a negative pledge on them as security against borrowings availed [note 16 d)].
- d) The subsidiary's land and building is mortgaged against borrowing facilities availed from a local commercial bank [note 16 d)] by the Parent Company.
- e) The Management has assessed whether any impairment has occurred in the carrying value of the Group's property, plant and equipment at the end of the reporting period. The Management has estimated based on independent valuations undertaken by valuers that the recoverable amounts of the Group's property, plant and equipment are higher than their carrying values and accordingly, no impairment losses have arisen for the year (2023 – no impairment loss).

Notes to the financial statements**6 PROPERTY, PLANT AND EQUIPMENT (Continued)***e) (Continued)*

The summary of the key assumptions used by the Management forming the basis for the impairment assessment are as follows:

- The Group's hotel properties were fair valued by registered independent valuers during the year and it was determined that fair valuation was higher than their carrying values.
- The Management also used discounted cash flow methodology to arrive at value in use considering the cash flow projections until 31 December 2030.
- Cash flow projections were based on financial budgets approved by the Management for the year 2025 subsequent to which the cash flows were extrapolated based on average growth rate.
- The pre-tax weighted average cost of capital was 11.82% per annum.

7 LEASES

a) At the end of the reporting period, the leasing arrangements entered into by the Parent Company as a lessee are as follows:

- The Parent Company has leased land from the Ministry of Housing ('MOH') in Nizwa on which the Hotel has been constructed. However, there was no lease agreement signed between the Parent Company and MOH since the commencement of the use of land from the year 1993.

At 1 January 2019, the Management considered the lease term of 17 years based on the remaining useful life of the building.

During the previous year, MOH agreed to the payment plan proposed by the Management for the total lease payments due from 1993 until 31 December 2023 to be paid in monthly installments of RO 5,299 over a period of 4 years starting from 2023 to 2026.

The lease payments due for the aforementioned period forms part of the total lease liability.

- The Parent Company has also entered into leasing arrangements for vehicles. The average lease term is 5 years.

b) The movement in the right of use assets during the year is as follows:

Group and Parent Company

2025	Land RO	Vehicles RO	Total RO
At the beginning of the year	83,904	11,675	95,579
Additions during the year		12,299	12,299
Charge for the year [note f)]	(3,648)	-2,668	-6,316
At the end of the year	80,256	21,306	101,562
2024	Land RO	Vehicles RO	Total RO
At the beginning of the year	91,532	16,678	108,210
Additions during the year			
Charge for the year [note f)]	-3,814		-3,814
At the end of the year	87,718	16,678	104,396

Notes to the financial statements

7 LEASES (Continued)

c) At the end of the reporting period, lease liabilities are analysed as follows:

	Group and Parent Company	
	2025	2024
	RO	RO
Non-current portion	150,704	229,871
Current portion	56,888	60,233
	<u>207,592</u>	<u>290,104</u>

d) The movement in lease liabilities during the year is as follows:

	Group and Parent Company	
	2025	2024
	RO	RO
At the beginning of the year	240,659	315,390
Additions during the year	10,753	
Paid during the year	-49,820	-28,890
Interest on lease liabilities [note f)]	6,000	3,604
	<u>207,592</u>	<u>290,104</u>

e) The contractual maturity analysis of the undiscounted cash flows of the lease liabilities is as follows:

	Group and Parent Company	
	2025	2024
	RO	RO
Upto 1 year	90,884	87,981
Between 1 year to 5 years	126,543	124,753
Above 5 years	63,000	75,600
	<u>280,427</u>	<u>288,334</u>

f) The amounts included in the statement of comprehensive income relating to leases comprise:

	Group and Parent Company	
	2025	2024
	RO	RO
Depreciation (note 20)	<u>6,316</u>	<u>3,814</u>
Interest costs (note 22)	<u>6,000</u>	<u>3,604</u>

g) The total cash outflow for leases amounted to RO 49,820 (2024 – RO 28,890) for the Group and Parent Company.

Notes to the financial statements

8 INVESTMENT IN A SUBSIDIARY

- a) The investment in the subsidiary (Al Ahlam Hotel Management LLC) has been set off against the share capital and reserves of the subsidiary in the consolidated financial statements. The investment in the subsidiary is carried at cost, less impairment in the Parent Company's separate financial statements.
- b) Pursuant to the consistent losses incurred by the subsidiary, the Management has tested the investment in subsidiary in the Parent Company's separate financial statements for impairment and assessed the recoverable amount to be lower than the carrying value. Accordingly, an impairment loss of RO 952,038 has been recognised during the last year.
- c) The recoverable amount was estimated using the value in use method. The key assumptions used in the impairment calculation included:
- Discount rate of 12.19%;
 - Projected cash flows estimated over 5 years based on management forecast;
 - Growth rate of 9% per annum; and
 - Terminal growth rate of 1.5%.
- d) The impairment test is sensitive to changes in key assumptions. A variation in these assumptions would have resulted in the following impact on the impairment loss:

	Change in RO
Discount rate + / - 1 %	156,987
Revenue growth + / - 1%	112,593
Terminal value growth rate + / - 0.25%	73,634

- e) The movement in the carrying value of the investment in the subsidiary during the year is as follows:

	Parent Company	
	2025 RO	2024 RO
At the beginning of the year	3,152,868	4,104,906
Impairment loss recognised during the year [note b)]	-	--
At the end of the year	3,152,868	4,104,906

9 INVENTORIES

	2025 RO	Group 2024 RO	Parent Company	
	2025 RO	2024 RO	2025 RO	2024 RO
Food and beverages	43,131	46,985	24,658	28,886
Cutlery, crockery, glassware and utensils	11,505	11,444	11,505	11,444
Linen and general stores	33,528	41,460	29,265	34,278
	88,165	99,889	65,428	74,607
Less: provision for slow and non-moving inventories	(72)	(72)	(72)	(72)
	88,093	99,817	65,356	74,535

Notes to the financial statements**10 TRADE AND OTHER RECEIVABLES**

	Group		Parent Company	
	2025 RO	2024 RO	2025 RO	2024 RO
Trade receivables	171,446	283,302	35,770	149,476
Less: allowance for expected credit losses	(40,961)	(43,146)	(8,656)	(8,656)
	130,485	240,156	27,114	140,820
Due from related parties [note 23 d)]	-	-	-	-
Prepayments and other receivables	61,769	76,502	21,076	28,807
	192,254	316,658	48,190	169,627

The following further notes apply:

- a) Trade receivables are unsecured and non-interest bearing (2023 – same terms).
- b) The information about the credit exposure for trade receivables is detailed in note 29 b).

11 DEPOSITS, BANK BALANCES AND CASH

	Group		Parent Company	
	2025 RO	2024 RO	2025 RO	2024 RO
Restricted bank deposit (see note below)	218,999	41,883	218,999	41,883
Bank balances	15,336	63,774	10,571	54,462
Cash in hand	8,515	7,873	2,685	2,293
Cash and cash equivalents	23,851	71,647	13,256	56,755

The following further note applies:

Restricted bank deposits includes security deposit which are held under bank accounts as security by a local commercial bank against the term loan availed by the Parent Company [note 16 d)]. These bank deposits are not considered as part of cash and cash equivalents.

12 SHARE CAPITAL

- a) The Parent Company's authorised share capital is RO 6,000,000 (2023 – RO 6,000,000) comprising of 60,000,000 (2023 – 60,000,000) shares of 100 baizas each (2023 – RO 0.100 each).

At the end of the reporting period, the paid-up share capital of the Company is RO 5,501,750 comprising 50,017,500 shares of 100 baiza each fully paid up and 5,000,000 shares subscribed through rights issue of 100 baiza per share during the year (2023 – RO 5,001,750).

A share issue premium of 2 baizas per share amounting to RO 10,000, was collected towards meeting the share issue expenses. The share premium was credited to the special reserve.

Notes to the financial statements**12 SHARE CAPITAL (Continued)**

- b) At the end of the reporting period, Shareholders of the Parent Company who owns 10% or more of the Parent Company's shares, and the number of shares they hold are as follows:

	2025		2024	
	Number of shares	%	Number of shares	%
Mohammed Al Barwani Investment LLC	33,733,917	61.32%	30,289,826	60.56%
Social Protection Fund	8,867,986	16.12%	--	--
ROP Pension Trust LLC	--	--	8,062,062	16.12%
Civil Services Pension Fund	--	--	7,502,625	15.00%

13 LEGAL RESERVE

- a) In accordance with Articles 132 and 274 of the Commercial Companies Law of Oman, annual appropriation of 10% of the net profit for the year of the Parent Company and the subsidiary respectively is to be made to the legal reserve until the reserve equals one third of the capital.
- b) The reserve is not available for distribution as dividend, but can be utilised to set off against any accumulated losses. For the Parent Company, the reserve is also available for increasing its share capital.
- c) No transfers have been made in the current year as the Parent Company and the subsidiary have incurred losses.

14 OTHER RESERVES

- a) *Special Reserve – Parent Company*

The special reserve is a voluntary non-distributable reserve created by transfer of profit for the year made at the discretion of the Board of Directors to cover future business requirements.

- b) *Replacement Reserve – Subsidiary*

The replacement reserve was created for utilization in replacement and additions to the hotel's furniture, furnishings, fixtures, equipment, and other tangible assets. Following the termination of the agreement with Rezidor SAS Hotels and Resorts Middle East WLL (note 1), the replacement reserve was transferred and adjusted against the accumulated losses during the year.

15 DEFERRED GOVERNEMENT GRANT

	Group and Parent Company	
	2025 RO	2024 RO
At the beginning of the year	57,626	64,294
Released during the year	-3,334	-3,334
At the end of the year	54,292	60,960
Less: current portion	-6,668	-6,668
Non-current portion	47,624	54,292

The following further note applies:

Deferred Government grant represents a grant amounting to RO 500,000 provided by the Government of the Sultanate of Oman during 1995 towards the original project cost of the hotel.

Notes to the financial statements**16 TERM LOANS**

	Group and Parent Company	
	2025 RO	2024 RO
Term loan 1 [note a)]	2,260,612	2,267,781
Term loan 2 [note b)]	12,000	8,000
Term loan 3 [note c)]	630,697	
Less: Deferred financing cost	-54,292	-60,960
	2,849,017	2,214,821
Less: current portion	-223,385	-41,132
Total non-current portion	2,625,632	2,173,689

The following further notes apply:

- a) Term loan 1 was availed by the Parent Company from a local commercial bank. The loan is subject to interest at 7% (2024 – 7%) per annum. The interest rate is subject to semi-annual review.

The loan is repayable in 30 quarterly installments of varying amounts, which commenced from 30 September 2023 for the interest portion and from 30 June 2024 for the principal portion.

- b) Term loan 2, obtained by the Parent Company from a local commercial bank, is not subject to interest. The loan is repayable in 12 equal installments.

- c) Term loan 3 was availed during the year by the Parent Company from a local commercial bank. The loan is subject to interest at 7% (2024 – not applicable) per annum. The interest rate is subject to semi-annual review.

The sanctioned loan amount is RO 750,000 of which amounts of RO 630,102 have been disbursed till 30 June 2025. The loan is repayable in 28 equal quarterly installments, which commenced from 30 March 2024 for the interest portion and will commence from 30 June 2025 for the principal portion, on completion of one year moratorium period.

- d) The term loans and bank borrowings (note 17) are secured against the following:

- first ranking mortgage on the land and building of “Golden Tulip Hotel” located at Al Ghubrah, Muscat [note 6 d)];
- assignment of the insurance policies of the subsidiary;
- assignment of subsidiary’s revenues;
- a promissory note of RO 3,658,600;
- Debt Service Reserve Account (DSRA) balance of minimum RO 200,000 which can be utilized after lender’s approval towards term loan interest and principal payments (note 11);
- corporate guarantee from the subsidiary; and
- negative pledge on certain property plant and equipment of the Parent Company [note 6 c)].

- e) The term loan facilities are subject to certain restrictive covenants which, if violated, could permit the bank to cancel or reduce the facilities [note 29 d)]. Although the actual ratios were not within the covenanted level at 30 June 2025, the Management believes that the bank is unlikely to demand for the immediate settlement of the dues and have obtained a condonation letter to substantiate the same at the end of the reporting period.

- f) The Parent Company had defaulted in the repayment of the term loan instalments amounting to RO 82,453. However, the instalments were repaid subsequent to the end of the reporting period. Accordingly, the Management believes that the bank is unlikely to demand immediate repayment of the term loans. The default charge of 2% per annum is charged on the outstanding loan in accordance with the facility agreement.

Notes to the financial statements**16 TERM LOANS (Continued)**

- g) The maturity profile of the non-current portion of term loans (including unamortised transaction cost) based on the remaining period to maturity from the end of the reporting period is as follows:

	2025 RO	Group and Parent Company 2024 RO
Between 1 and 2 years	202,448	109,220
Between 2 and 5 years	1,421,664	1,134,688
Over 5 years	629,264	1,118,692
	<u>2,253,376</u>	<u>2,362,600</u>

17 BANK BORROWINGS

Group's bank borrowings comprising of bank overdraft obtained by the Parent Company from a local commercial bank, carry interest at the rate of 6.75% per annum (2024 – 6.75% per annum). The interest rates on bank borrowings are subject to semi-annual review. Bank borrowings and other facilities are availed against securities provided as disclosed in note 16 d).

18 TRADE AND OTHER PAYABLES

	Group		Parent Company	
	2025 RO	2024 RO	2025 RO	2024 RO
Trade payables	1,110,428	1,086,165	423,485	391,947
Directors' meeting attendance fees payable	116,000	95,200	116,000	95,200
Accruals and other payables	250,331	396,411	219,425	265,847
	<u>1,476,759</u>	<u>1,577,776</u>	<u>758,910</u>	<u>752,994</u>

19 REVENUE

	Group		Parent Company	
	2025 RO	2024 RO	2025 RO	2024 RO
Room revenue	754,603	557,543	392,796	358,381
Food and beverages	587,234	482,040	327,933	293,201
Others	138,533	112,315	73,601	65,148
	<u>1,480,370</u>	<u>1,151,898</u>	<u>794,330</u>	<u>716,730</u>

Notes to the financial statements**20 OPERATING COSTS**

	Group		Parent Company	
	2025 RO	2024 RO	2025 RO	2024 RO
Salaries and employee related costs [note 20 a)]	794,762	836,733	421,773	446,637
Food and beverages	215,416	156,296	112,647	98,066
Depreciation on property, plant and equipment (note 6)	181,844	188,487	57,886	62,419
Utilities	176,009	172,473	81,796	80,575
Operating supplies	38,198	41,963	18,659	19,082
Repairs and maintenance	32,419	48,293	11,971	14,564
Registration and renewal fees	9,244	23,630	5,992	13,755
Royalty and management fees [notes 2 and 23 b)]	26,015	18,025	15,123	13,980
Legal and professional fees	11,973	9,782	3,520	4,891
IT expenses	16,614	7,930	2,917	4,073
Directors' meeting attendance fees [note 23 b)]	15,500	14,600	15,500	14,600
Telephone and internet	16,725	11,057	7,788	7,491
Entertainment band	33,322	20,687	20,439	14,378
Transportation	5,719	7,762	3,939	4,716
Insurance	7,544	10,009	3,272	6,276
Sales and business promotion	54,808	52,347	13,277	8,969
Depreciation on right of use assets [note 7 f)]	6,316	3,814	6,316	3,814
Miscellaneous	8,041	60,238	10,142	28,229
	1,650,468	1,684,125	812,956	846,514

The following further notes apply:

a) Salaries and employee related costs comprise the following:

	Group		Parent Company	
	2025 RO	2024 RO	2025 RO	2024 RO
Cost of end of service benefits for expatriate employees	35,029	77,022	23,736	70,051
Contributions to defined contributions retirement plan	30,763	26,856	19,804	16,214
	65,792	103,878	43,540	86,265

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

	Group		Parent Company	
	2025 RO	2024 RO	2025 RO	2024 RO
At the beginning of the year	378,447	332,140	301,557	231,190
Charge for the year	35,029	77,022	23,736	70,052
Payments made during the year	-3,231	-40,669	0	-8,894
At the end of the year	410,245	368,493	325,293	292,348

Notes to the financial statements**21 OTHER INCOME**

	Group		Parent Company	
	2025 RO	2024 RO	2025 RO	2024 RO
Gain on disposal of property, plant and equipment	740	0	740	0
Miscellaneous	3,556	401	3,510	325
	<u>4,296</u>	<u>401</u>	<u>4,250</u>	<u>325</u>

22 FINANCE CHARGES (NET)

	Group		Parent Company	
	2025 RO	2024 RO	2025 RO	2024 RO
Interest on term loans	103,273	80,532	103,273	80,532
Interest on bank borrowings	16,777	17,246	16,777	17,246
Interest on lease liabilities [note 7 f)]	6,000	3,604	6,000	3,604
Other finance charges	27,698	23,972	24,668	18,775
	<u>153,748</u>	<u>125,354</u>	<u>150,717</u>	<u>120,157</u>
Less:				
Interest income (refer note below)			-132,112	-80,532
	<u>153,748</u>	<u>125,354</u>	<u>18,605</u>	<u>39,625</u>

The following note applies:

An amount equivalent to the loan obtained from the commercial bank was transferred to the subsidiary on the same terms and conditions as obtained by the Parent Company from the commercial bank. Accordingly, interest expense from the loan of RO 60,616 (2024 – RO 40,266) has been recharged to the subsidiary [notes 23 a) and e)].

23 RELATED PARTY TRANSACTIONS AND BALANCES

- a) The Parent Company and the Group enter into transactions in the ordinary course of business with key management personnel (including Board of Directors), subsidiary and entities in which the key Management personnel / significant shareholders of the Parent Company have significant influence or control. Prices and terms of payment for these transactions are approved by the Management and the Board of Directors. The nature and volume of these transactions during the year for the Group and the Parent Company were as follows:

	Group		Parent Company	
	2025 RO	2024 RO	2025 RO	2024 RO
Royalty and management fees (notes 2 and 20)	26,015	18,025	15,123	13,980
Interest income (note 22) L			132,112	80,532

Notes to the financial statements**23 RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**

- b) The key management personnel compensation for the year comprises:

	2025 RO	Group 2024 RO	Parent Company 2025 RO	2024 RO
Short term employment and end of service benefits	69,237	98,668	36,197	38,963
Directors' meeting attendance fees (note 20)	15,500	14,600	15,500	14,600
	84,737	113,268	51,697	53,563

- c) The amount due from subsidiary is interest free and repayable on demand (2024 – similar terms).
- d) The amounts due from and due to related parties and due to a Shareholder are unsecured, repayable on demand and not subject to interest (2024 – similar terms).
- e) Loan to the subsidiary is subject to interest at 7% per annum (2024 – 7% per annum) and is repayable in 28 quarterly instalments of varying amounts which commenced from 30 September 2023. The loan to subsidiary, receivable within a year is disclosed under current assets. The maturity profile of the loan to subsidiary is as follows:

	2025 RO	Parent Company 2024 RO
Total loan to subsidiary	2,354,435	2,212,244
Less: current portion of loan to subsidiary	-223,385	-41,132
Non-current portion of loan to subsidiary	2,577,820	2,253,376

24 TAXATION

	Group and Parent Company 2025 RO	2024 RO
Statement of financial position		
<i>Current liabilities</i>		
Prior years	11,392	11,392

The following further notes apply:

- a) The Group is subject to taxation at 15% of taxable income (2024 – 15%) on the profit for the year adjusted for taxation purposes. No provision for current taxation has been made since the Group, both the Parent Company and subsidiary, have incurred taxable losses during the year (2024 – taxable loss).
- b) The Parent Company and subsidiary's tax assessments for the years 2021 to 2024 are pending to be finalized by the Taxation Authority. The Management considers that the amount of additional taxes, if any, that may become payable on finalization of the assessments for the above tax years, will not be material to the Group's financial position at the end of the reporting period.
- c) The Group and Parent Company have not recognized a potential deferred tax asset amounting to RO 482,311 (2023 – RO 457,137) and RO 172,311 (2023 – RO 147,137) respectively on the deductible temporary differences and carry forward losses until future taxable profitability is consistently demonstrated.

Notes to the financial statements**25 BASIC EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the net loss for the year by the weighted average number of shares outstanding during the year as follows:

	Group		Parent Company	
	2025 RO	2024 RO	2025 RO	2024 RO
Loss for the year	(316,216)	(653,846)	(29,647)	(165,750)
Weighted average number of shares outstanding during the year	52,825,719	52,825,719	52,825,719	52,825,719
Basic earnings per share (in Rials Omani)	(0.006)	(0.012)	(0.001)	(0.003)

26 NET ASSETS PER SHARE

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

	Group		Parent Company	
	2025 RO	2024 RO	2025 RO	2024 RO
Net assets (in Rials Omani)	4,034,002	4,796,021	5,217,522	6,273,251
Number of shares outstanding at 30 June 2025	55,017,500	55,017,500	55,017,500	55,017,500
Net assets per share (in Rials Omani)	0.073	0.087	0.095	0.114

27 CONTINGENT LIABILITIES

At the end of the reporting period, the Group had bank guarantees amounting to RO 3,750 (2024 – RO 3,750) with a commercial bank issued in the normal course of business.

28 OPERATING SEGMENTS

The Group operates in two reportable segments within the geographical segment of Sultanate of Oman, that of hospitality. For each of the strategic business units, the Group's Management reviews internal management reports on a regular basis. The reportable segments are as below:

- Ubar Hotels and Resorts SAOG – Ownership and operation of Golden Tulip Hotel in Nizwa; and
- Al Ahlam Hotel Management LLC, subsidiary – Ownership and operation of Golden Tulip Hotel in Muscat

All relevant information relating to the operating segments is disclosed in the financial statements.

Notes to the financial statements

29 FINANCIAL RISK AND CAPITAL MANAGEMENT

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

a) Market risk

Currency risk

The Group is exposed to foreign exchange risk arising with respect to the transactions in foreign currency, which are substantially denominated in US Dollar. However, since the Omani Rial is pegged against the US Dollar, the Management does not believe that the Group is exposed to any material currency risk.

Interest rate risk

The Group is exposed to interest rate risk on its interest-bearing liabilities (term loans and other borrowings). The Parent Company is also additionally exposed to interest rate risk on loan given to the subsidiary. However, the net impact of any reasonable fluctuation in the interest rates, is not expected to be material to the Group and Parent Company's financial position at the end of the reporting period.

The Management analyses interest rate exposure on a regular basis, renegotiates interest rates at terms favorable to the Group and ensures that they are as far as possible on a fixed rate basis. The term loans and bank borrowings are at fixed interest rates.

For every 0.5% change in interest rate, the impact on the statement of income of the Group will approximate to RO 16,685 (2023 – RO 14,087) based on the level of interest-bearing liabilities at the end of the reporting period.

b) Credit risk

Trade receivables

Credit risk primarily arises from credit exposures to customers, including outstanding receivables and committed transactions. The Group has a credit policy in place and exposure to credit risk is monitored on an ongoing basis.

Credit evaluations are performed on all customers requiring credit over a certain amount. The carrying value of trade and other receivables approximate their fair values due to the short-term nature of those receivables.

Expected credit losses (ECL)

The Group applies the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables. At 30 June 2025, the default rate applied on Group's trade receivables is approximately 13% (2024 – 12%).

Notes to the financial statements**29 FINANCIAL RISK AND CAPITAL MANAGEMENT (Continued)****b) Credit risk (Continued)**

At the end of the reporting period, the ageing analysis of trade receivables was as follows:

Group Year 2025		<u>Past due by more than</u>		
		<u>0 – 90 days</u>	<u>Above 90 days</u>	
	Current			Total
Carrying value (RO)	175,525	48,225	23,516	247,266
Year 2024		<u>Past due by more than</u>		
		<u>0 – 90 days</u>	<u>Above 90 days</u>	
	Current			Total
Carrying value (RO)	185,791	38,383	31,097	255,271
Parent Company Year 2025		<u>Past due by more than</u>		
		<u>0 – 90 days</u>	<u>Above 90 days</u>	
	Current			Total
Carrying value (RO)	102,983	6,680	343	110,006
Year 2024		<u>Past due by more than</u>		
		<u>0 – 90 days</u>	<u>Above 90 days</u>	
	Current			Total
Carrying value (RO)	143,956	5967	1,523	151,446

Bank deposits and bank balances:

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

Due from related parties:

Credit risk on amounts due from related parties is minimal. Accordingly, no ECL has been provided on these balances at the end of the reporting period.

c) Liquidity risk

The Management monitors liquidity requirements on a regular basis and ensures that sufficient funds are available including unutilized credit facilities to meet all liabilities as they fall due. The Group and Parent Company manages liquidity risk by maintaining adequate reserves and banking facilities and continuously monitoring forecast and actual cash flows.

The maturity analysis in respect of the term loans and lease liabilities has been provided in notes 16 g) and 7 e) respectively. All current financial liabilities are expected to be repaid within three to six months from the end of the reporting period.

Notes to the financial statements

29 FINANCIAL RISK AND CAPITAL MANAGEMENT (Continued)

d) Capital management

The Parent Company's objectives when managing capital is to enable the entity to continue as a going concern, so that it can provide adequate returns to the Shareholders. The Parent Company also ensures compliance with externally imposed capital requirements. In order to maintain or adjust the capital structure, the Parent Company may adjust the amount of dividends paid to the Shareholders, return capital to Shareholders or raise additional capital.

In the context of managing capital (equity), the Group has covenanted, with the bank providing external debt, to maintain specified ratios. At the end of the reporting period, the actual ratios were not within the covenanted level and the Management believes that the non-compliance of these covenants will not result in immediate repayment of the term loans and bank borrowings.

Notes to the financial statements**6 PROPERTY, PLANT AND EQUIPMENT (Continued)**

Group								
Year 2025	Land	Leasehold land improvements	Buildings	Plant and equipment	Motor vehicles	Furniture and fixtures	Total	
	RO	RO	RO	RO	RO	RO	RO	
Cost								
At 31 December 2024								
	1,540,000	172,260	12,018,701	3,121,048	88,490	1,546,050	18,486,549	
Additions during the period	-	-	-	3,359	15,000	18,769	37,128	
Disposals during the period	-	-	-	(30,047)	(11,990)	(10,176)	(52,213)	
At 30 June 2025	1,540,000	172,260	12,018,701	3,094,360	91,500	1,554,643	18,471,464	
Depreciation								
At 31 December 2024								
	-	172,234	4,728,031	3,031,465	86,439	1,402,349	9,420,518	
Charge for the year (note 20)	-	14	149,920	20,759	24	11,127	181,844	
Disposals during the period	-	-	-	(30,047)	(11,990)	(10,176)	(52,213)	
At 30 June 2025	-	172,248	4,877,951	3,022,177	74,473	1,403,300	9,550,149	
Net book values								
At 30 June 2025	1,540,000	12	7,140,750	72,183	17,027	151,343	8,921,315	

Notes to the financial statements

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

Group

Year 2024	Land RO	Leasehold land improvements RO	Buildings RO	Plant and equipment RO	Motor vehicles RO	Furniture and fixtures RO	Total RO
Cost							
At 31 December 2023	1,540,000	172,260	12,018,701	3,104,960	88,490	1,418,535	18,342,946
Additions during the period	-	-	-	12,070	-	9,981	22,051
Disposals during the period	-	-	-	-	-	-	-
At 30 June 2024	1,540,000	172,260	12,018,701	3,117,030	88,490	1,428,516	18,364,997
Depreciation							
At 31 December 2024	-	171,792	4,428,974	2,982,416	85,312	1,393,920	9,062,415
Charge for the year (note 20)	-	296	150,113	30,739	24	3,500	184,673
Disposals during the period	-	-	-	-	-	-	-
At 30 June 2024	-	172,088	4,579,087	3,013,155	85,337	1,397,421	9,247,088
Net book values							
At 30 June 2024	1,540,000	172	7,439,614	103,875	3,153	31,095	9,117,909

Notes to the financial statements

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

Parent Company

Year 2025	Leasehold land improvements RO	Buildings RO	Plant, and equipment RO	Motor vehicles RO	Furniture and fixtures RO	Total RO
Cost						
At 31 December 2024	172,260	3,516,976	1,582,237	66,315	833,215	6,171,003
Additions during the period	-	-	2,142	-	11,765	13,907
Disposals during the period	-	-	(30,047)	(11,990)	(10,176)	(52,213)
At 30 June 2025	172,260	3,516,976	1,554,332	54,325	834,804	6,132,697
Depreciation						
At 31 December 2024	172,234	2,089,059	1,547,529	64,269	810,252	4,683,343
Charge for the year (note 20)	14	43,600	11,848	24	2,400	57,886
Disposals during the period	-	-	(30,047)	(11,990)	(10,176)	(52,213)
At 30 June 2025	172,248	2,132,659	1,529,330	52,303	802,476	4,689,016
Net book values						
At 30 June 2025	12	1,384,317	25,002	2,022	32,328	1,443,681

Notes to the financial statements

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

Parent Company						
Year 2024	Leasehold land improvements RO	Buildings RO	Plant, and equipment RO	Motor vehicles RO	Furniture and fixtures RO	Total RO
Cost						
At 31 December 2023	172,260	3,516,976	1,575,695	66,315	828,850	6,160,096
Additions during the period	0	0	4926	0	4137	9,063
Disposals during the period	0	0	0	0	0	0
At 30 June 2024	172,260	3,516,976	1,580,621	66,315	832,987	6,169,159
Depreciation						
At 31 December 2024	171,792	2,002,545	1,523,440	63,142	804,295	4,565,214
Charge for the year (note 20)	296	43,841	15,042	24	3,215	62,419
Disposals during the period	0	0	0	0	0	-
At 30 June 2024	172,088	2,046,386	1,538,482	63,167	807,511	4,627,634
Net book values						
At 30 June 2024	172	1,470,590	42,139	3,148	25,476	1,541,525