

# His Majesty Sultan Haitham Bin Tariq Sultan of Oman



# His Highness Sheikh Mohammed Bin Zayed Al Nahyan

## President of the United Arab Emirates



## CONTENTS

	Page
Board of Directors	3
Executive Management	5
Board of Directors' Report - 2022	6
Corporate Governance Report - 2022	10
Management Discussion and Analysis Report - 2022	20
Investments Overview	
A) Subsidiaries	28
B) Associates	29
C) Other Investments	30
New Investments	34

### Financial Statements

• Auditors' Report	35
• Statement of Financial Position	39
• Statement of Profit or Loss	40
• Statement of Comprehensive Income	41
• Statement of Changes in Equity	42
• Statement of Cash Flows	44
• Notes to the Financial Statements	45

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## BOARD OF DIRECTORS

**Mr. Mohamed Darwish Al Khoori**  
Chairman



**Mr. Saed Saif Nasir Al Saadi**  
Vice Chairman



**Mr. Ahmed Salem Al Neyadi**  
Director



**Mr. Jabara Mohamed Al Marar**  
Director



**Mr. Salem Taman Al Mashani**  
Director

### Nomination, Remuneration and Executive Committee

Mr. Ahmed Salem Al Neyadi Chairman  
Mr. Salem Taman Al Mashani Member  
Mr. Mohamed Darwish Al Khoori Member

### Audit & Internal Risk Controls Committee

Mr. Jabara Mohamed Al Marar Chairman  
Mr. Saed Saif Nasir Al Saadi Member  
Mr. Salem Taman Al Mashani Member

## INTERNAL AUDITOR

Internal Audit function was outsourced to BDO starting from 1 January 2022 until 31 December 2022



## EXECUTIVE MANAGEMENT



**Mr. Raffy Kozadjian**  
Acting CEO / Projects Manager

**Dr. Saeed Hilal Al Kharousi**  
Manager Administration & IT



**Shah Abbas Jaffer Rizvi**  
Finance Manager



## BOARD OF DIRECTORS' REPORT - 2022

**Honorable Shareholders,**



On behalf of the Board of Directors of Oman & Emirates Investment Holding Company (O&E), I present the Annual Report for 2022 containing the audited financial statements for the year ended 31st December 2022. An overview is provided below on the macroeconomic and business environment the Company faced during the year, the challenges encountered, the mitigating actions taken and the overall financial performance.

### **Business environment**

The regional economies had a stellar performance last year, growing at the fastest pace in almost ten years on the back of an increase in oil production and growth of the non-oil sector. The Gulf region is expected to outperform many developed economies in 2023 despite a slowdown in growth amidst a slower expansion of the energy sector and a weaker external environment.

Oman's Gross Domestic Product recorded its first surplus in over ten years. Its credit rating has been upgraded and outlook revised upward as a result of the prudent measures undertaken by the Government. Oman's 2023 budget estimates total revenues of RO 10.05 billion and total expenditure of RO 11.35 billion based on an estimated oil price of USD 55/bbl. The projected deficit of RO 1.3 billion reflects an uncertain global economy combined with the persisting financial and economic challenges of higher interest rates, inflation and the threat of looming global recession.

During 2022, all three-indexes showed growth: MSM Index recorded a growth of 17.6%, ADX a growth of 20.3% and DFM grew by 4.4% by end 2022 compared to 2021 during which MSM, ADX and DFM indices grew by 13%, 68% and 28% respectively. The stock market is viewed as an indicator of economic growth, a vital part in monetary policy and its stability or volatility is monitored as a development indicator.

### **Financial Strategy during 2022**

Management continued the budgeted reduction of the Company's total risk profile as a priority financial strategy and, by end 2022, massive amounts of bank borrowings and government soft loans were settled.

## Financial performance

The results of the Company's investments are outlined in greater detail in the body of this Annual Report. A snapshot of the Group's financial statements for 2022, consolidating the results of the Parent Company, its Subsidiary and Associates, reflects the sustained efforts in handling business challenges under the prevailing economic environment. The performance highlights during 2022 are summarized as follows:

- The Group recorded a Net Profit of RO 2,084,274 during 2022 attributable to owners of the Parent Company compared to a Net Profit of RO 1,521,782 during 2021. The Parent Company achieved a Net Profit of RO 2,276,986 during 2022 compared to a Net Profit of RO 1,663,715 during 2021.
- The Shareholders Equity increased to RO 23,157 Million as at 31.12.2022 from RO 21.073 Million as at 31.12.2021, against Share Capital of RO 12,187,500, registering an increase in Equity by 9.89%.
- The aggregate value of the Group's investments decreased to RO 32.540 Million as at 31.12.2022 from RO 38.691 Million as at 31.12.2021.
- The Parent Company's total borrowings reduced from RO 17.463 Million as at 31.12.2021 to RO 9.634 Million as at 31.12.2022, consisting of RO 7.5 Million Government Soft Loan, bank loans for operations amounting to RO 0.812 Million and the Head Office Building Loan of RO 1.322 Million.
- Against the Net Equity of RO 24.220 Million of the Parent Company, the Debt to Equity Ratio stood at 0.40 at end 2022, down from 0.79 at end 2021.

Despite the massive impact of very challenging prevailing environment over the past years, the Company's overall financial structure is now better balanced to face future sustained income uncertainties.

## Results of the Group at a glance

The following table provides the Company's financial development snapshot showing the highest earning per share and lowest gearing ratio over the past five years:

Particulars	2018 (Re-stated)	2019 (Re-stated)	2020	2021	2022
Equity Share Capital	12.187	12.187	12.187	12.187	<b>12.187</b>
Net Equity	20.905	21.197	19.551	21.073	<b>23.157</b>
Investments	49.807	46.842	43.771	38.690	<b>32.540</b>
Net Profit / (Loss) Before Tax	0.019	0.292	(1.931)	2.168	<b>1.774</b>
Book value per share – RO	0.172	0.174	0.160	0.173	<b>0.190</b>
Earnings per share – RO	0.0002	0.0024	(0.014)	0.013	<b>0.017</b>
Debt/ Equity Ratio	1.43	1.34	1.26	0.79	<b>0.40</b>

## **Dividend**

For 2022, the Board of Directors proposed a special dividend of 7.5% in the form of cash and is planning to formulate a policy for dividend payout for the future. The Shareholders would receive a cash dividend of RO 0.0075 per ordinary share aggregating to RO 914,062 on the Company's existing Share Capital. The proposed cash dividend is subject to the formal approval of the forthcoming Annual General Meeting of the Shareholders.

## **Head Office building**

New tenants were attracted to the Head Office building during 2022 which is now occupied by reputed tenants on long-term tenancy agreements. Only a few vacant units remain.

## **New investments**

No greenfield investment was budgeted during the year until resumption of normality in the business environment. However, preparatory revisions will be carried out during this year on projects suspended from previous years.

## **Corporate Governance**

Management continues to uphold the sound corporate culture established in the Company as manifested by shared values and transparent governing policies. Our Company's governance system has been fully integrated with ethical business practices, which meet the high standards expected by the Authorities.

## **Internal Control Systems and their adequacy**

The Company has a robust internal audit system and strict adherence is monitored to ensure compliance with the procedures and operating systems. There was no breach of internal controls during 2022.

## **Future outlook**

The global economy will face another period of uncertainty in 2023 with anticipated recession in countries and continued inflation which will put pressure on both government and household budgets. But the GCC appears set to buck the trends of the forecasted global recession in 2023 (IMF). Also, with Gulf states being much more fiscally disciplined during the current oil boom, credit rating agencies are now raising their assessments of Gulf sovereigns after years of downgrades.

World and regional outlooks are described in the Management Discussion & Analysis chapter of this Annual Report. The banks will continue their tight credit policies and interest rates. The Company's strategy over the past three years to drastically reduce commercial borrowings was opportune and exposure to financial risks has been mitigated. Going forward, Management will continue to repay the Government Soft Loan tranches when due and pursue some further commercial debt reduction depending on continuing uncertainties in the business environment.

## People

The past three and half years were defined by new working conditions, a different way of corporate life and the Company embraced a working environment that ensured the health and safety of its employees and sustainability for the future. On behalf of the Board, I express appreciation to the dedication and the transformational results delivered by the Executive Management and all employees of the Company during these difficult times the world experienced.

## Acknowledgment

On behalf of the Board, I express our sincere gratitude to His Majesty Sultan Haitham Bin Tariq, Sultan of Oman, and His Highness Sheikh Mohammed bin Zayed Al Nahyan, President of the United Arab Emirates, for their support. May God's grace be bestowed on them towards having a good health and long life to achieve greater success in all their endeavours.

I also take this opportunity to convey our heartfelt gratitude to the Governments of the Sultanate of Oman and United Arab Emirates, to the Capital Market Authorities and banks for their support, and to Shareholders for their continued involvement with the Company.



**Mohamed Darwish Al Khoori**  
**Chairman**

8th March 2023



## Agreed-Upon Procedures Report on the Code of Corporate Governance

To the Board of Directors of Oman & Emirates Investment Holding Co SAOG

### Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution

Our report is solely for the purpose of assisting Oman & Emirates Investment Holding Co SAOG (the “Company”) in determining whether the Board of Directors’ Corporate Governance Report (the “report”) is compliant with the Code of Corporate Governance issued by the Capital Market Authority (the “CMA”) vide circular no. E/10/2016 dated 1 December 2016 (the “Code”) and may not to be suitable for any other purpose. This report is intended solely for Oman & Emirates Investment Holding Co SAOG and should not be used by, or distributed to, any other parties.

### Responsibilities of the Board of Directors

The Board of Directors has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Board of Directors is responsible for the subject matter on which the agreed-upon procedures are performed.

### Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Board of Directors, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

### Professional Ethics and Quality Control

We have complied with the relevant ethical and independence requirements of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standard) (IESBA Code)*.

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

This report relates only to the Board of Directors' Corporate Governance Report attached in Annexure 1 and its application of the corporate governance practices in accordance with the Code.

### Procedures and Findings

We have performed the procedures described below, which were agreed upon with the Board of Directors in the terms of engagement dated 10 April 2022, on the Board of Directors' Corporate Governance Report.

	Procedures	Findings
1	We obtained the Corporate Governance Report issued by the Board of Directors and checked that it includes as a minimum, all items suggested by the CMA to be covered by the report as detailed in Annexure 3 of the Code by comparing the report with such suggested content in Annexure 3.	We found that the report includes all items detailed in Annexure 3 of the Code and no exception noted.
2	We obtained the details regarding areas of non-compliance with the Code identified by the Board of Directors for the year ended 31 December 2022.	The Board of Directors has not identified any areas of non-compliance with the Code.

  
 Nasser Al Mugheiry  
 License No. L1024587  
 ABU TIMAM  
*(Chartered Certified Accountants)*  
 8 March 2023



# CORPORATE GOVERNANCE REPORT - 2022

## 1. Company's philosophy on Code of Corporate Governance

- 1.1 The Management of Oman & Emirates Investment Holding Co SAOG (O&E) believes that setting the highest standards of Corporate Governance, as envisioned by Capital Market Authority (CMA) in the Code of Corporate Governance (Code) is not a matter of mere compliance, but a useful mechanism to restructure core corporate values. Its implementation achieves an efficient, impartial and ethical system of functioning at Top Management keeping in view the overall interests of the Shareholders. The mandatory disclosure requirements, as set out in the Code, not only enhances the degree of transparency in sharing of information with Stakeholders but also reinforces the broader role the Directors play in achieving corporate objectives amidst challenges and adversities. O&E's governance system has been fully integrated with ethical business practices and sound corporate culture manifested by values and transparent governing policies.
- 1.2 This report is prepared by the Management in accordance with the guidelines of the Code issued by the CMA vide Circular No. E/4/2015 dated 22 July 2015 as amended by Circular E/10/2016, dated 1 December 2016.

## 2. Board of Directors

### 2.1 Composition of the Board

The Board comprises five members pursuant to Article No. 7 of the Articles of Association of the Company nominated by Shareholders.

### 2.2 Functions of the Board of Directors

- a) The Board of Directors is at the helm of the Company's affairs, monitors the business activities and extends strategic guidance to Management in realizing the mission of the Company. The day-to-day management is delegated by the Board to an Acting Chief Executive Officer who carries out the assigned duties through Executives heading the various functions of the Company.
- b) The Board's duties and responsibilities encompass wide variety of functions in managing the affairs of the Company, and more specifically those detailed under Principle 3 of the Code. A summary is given below:
  - (1) Approval of business plans, financial objectives, financial policies, investment strategies, action plans, internal regulations and implementation guidelines.
  - (2) Review of the operational and financial performance of the Company and the performance of the Company's investments and trading, if any, at periodic intervals.
  - (3) Overview of the performance of Subsidiaries, Associates and project companies including their respective financial requirements in extending the support that may be required.
  - (4) Approval of financial statements and other reports for submission to Shareholders and other authorities as prescribed by the laws of the Country.
  - (5) Determining up authority levels and delegation of power to the Executive Management.
  - (6) Implementation of a transparent disclosure policy, including all transactions with Directors and the Related Parties and monitor compliance.

- (7) Reviewing material transactions with the Related Parties, which are not in the ordinary course of business, prior to these being raised before the General Meeting of the Company.
- (8) Ensure compliance with the laws of the Country through proper internal control systems.
- (9) Nomination of Executive, Audit and other committees, specifying their roles, responsibilities and powers.
- (10) Selection of Chief Executive Officer and key management positions.
- (11) All other matters specifically not delegated to the committees and Executive Management.

### 2.3 Current Directors as at 31 December 2022

Details of the Directors holding their office as at 31 December 2022, their respective membership in other public joint stock companies in the Sultanate of Oman and their attendance at various meetings of the Company during 2022 are stated below:

<p><b>1. Mr. Mohamed Darwish Al Khoori</b> <b>Chairman</b></p> <p>Executive Director, Operations Department, Abu Dhabi Investment Authority, UAE</p> <ul style="list-style-type: none"> <li>• Non-Executive/ Non-Independent Director</li> <li>• Chairman of other Boards - 1</li> <li>• Member of other Boards – 1</li> <li>• Member of other Board Committees - Nil</li> <li>• Attended all 7 Board meetings held during the year</li> <li>• Attended AGM</li> </ul>	<p><b>2. Mr. Saed Saif Nasir Al Saadi</b> <b>Vice Chairman</b></p> <p>Director of Government Properties, Ministry of Finance, Oman</p> <ul style="list-style-type: none"> <li>• Non-Executive/ Independent Director</li> <li>• Chairman of other Boards - Nil</li> <li>• Member of other Boards – 2</li> <li>• Member of other Board Committees - 2</li> <li>• Attended all 7 board meetings during the year.</li> <li>• Attended AGM</li> </ul>
<p><b>3. Mr. Ahmed Salem Al Neyadi</b></p> <p>Investment Associate, Abu Dhabi Investment Authority, UAE</p> <ul style="list-style-type: none"> <li>• Non-Executive /Independent Director</li> <li>• Chairman of other Boards - Nil</li> <li>• Member of other Boards - Nil</li> <li>• Member of other Board Committees - Nil</li> <li>• Attended 5 out 7 Board meetings held during the year</li> <li>• Attended AGM</li> </ul>	<p><b>4. Mr. Jabara Mohamed Al Marar</b></p> <p>Executive Financial Control Team, Abu Dhabi Investment Authority, UAE</p> <ul style="list-style-type: none"> <li>• Non-Executive / Independent Director</li> <li>• Chairman of other Boards - nil</li> <li>• Member of other Boards - nil</li> <li>• Member of other Board Committees - nil</li> <li>• Attended all 7 Board meetings held during the year</li> <li>• Attended AGM</li> </ul>
<p><b>5. Mr. Salem Taman Al Mashani</b></p> <p>Chief Executive Officer of Dhofar Poultry Company SAOG</p> <ul style="list-style-type: none"> <li>• Non-Executive / Independent Director</li> <li>• Chairman of other Boards - Nil</li> <li>• Member of other Boards - 1</li> <li>• Member of other Board Committees - 1</li> <li>• Attended all 7 Board meetings held during the year</li> <li>• Attended AGM</li> </ul>	

## 2.4 Number of meetings held and dates of the meetings

Type	No.	Dates
Board meetings	7	03.01.2022, 10.3.2022, 12.05.2022, 28.07.2022, 06.10.2022, 09.11.2022 and 05.12.2022
Annual General meeting	1	30.3.2022

## 3. Audit and other committees

### 3.1 Audit and Internal Risk Controls Committee (ARC)

#### a) Terms of reference

Audit and Internal Risk Controls Committee (ARC) has been set up pursuant to Principle 10 of the Code. A summary of its responsibilities is set out below:

- (1) Oversight of the quality and integrity of the financial statements.
- (2) Review of the Company's compliance with legal and regulatory requirements.
- (3) Short listing of the external and internal auditors of the Company.
- (4) Reviewing the annual plan, adequacy and performance of the Company's internal audit function (in house/ outsourced) and also the reports of the external auditors.
- (5) Monitoring Management reports, establishing accounting controls and reviewing the financial outcomes of the Executive Management's activities.
- (6) Investigating any activity within the Company.
- (7) Seeking information from any employee.
- (8) Obtaining legal and professional advice.
- (9) Securing attendance of outsiders and experts as and when required.
- (10) Any other specific matter assigned by the Board.

#### b) Composition of the Audit & Internal Risk Controls Committee

The ARC comprises three Directors including two with finance and accounting expertise. All members of the ARC are non-executive directors and all three are independent. The attendance of the members at the ARC meetings held during 2022 is as follows:

#### Members as at 31.12.2022

Names of members	Period		No. of meetings held	No. of meetings attended
	From	To		
Mr. Jabara Al Marar (*) Chairman of the Committee		Full year	4	4
Mr. Salem Taman (*)		Full year	4	4
Mr. Saed Saif Nasir Al Saadi		Full year	4	4

\* Mr. Jabara and Mr. Salem Taman both have finance and accounting background.

#### c) Meetings of Audit & Internal Risk Controls Committee held during the year

Type	No	Dates
ARC meetings	4	10.3.2022, 12.5.2022, 28.7.2022 and 9.11.2022

**e) Internal control**

- (1) The ARC, on behalf of the Board, has regularly reviewed the internal control environment of the Company. ARC members have met the internal auditor on a regular basis to review the internal audit reports, recommendations and Management comments thereupon.
- (2) The Internal Audit function was outsourced to BDO for the period from 1 January 2022 to 31 December 2022.
- (3) ARC members have also met the external auditors to review audit findings and Management letter. The ARC has met the internal and external auditors separately, without the presence of the Management, as required under the Code of Corporate Governance. The ARC has further briefed the Board about the effectiveness of internal controls in the Company.
- (4) The ARC and the Board are pleased to inform the Shareholders that adequate and effective internal controls are in place and that there are no significant concerns.

**3.2 Nomination, Remuneration and Executive Committee (NREC)**

**a) Terms of reference**

- (1) Assist and advise the Board on matters relating to the remuneration of the Board.
- (2) Assist the Board in evaluating the performance and determining remuneration of the Chief Executive Officer/ Acting Chief Executive Officer and Executive Management.
- (3) Assist in nomination of Directors, appointment of Chief Executive Officer/ Acting Chief Executive Officer and senior Executive Management
- (4) Review the Company's performance on a regular basis.
- (5) Formulate the strategic objectives in line with the Company's mission.
- (6) Establish operating policies on functional activities of the Company: i.e. project and portfolio investments, finance and accounting, personnel and administration, etc.
- (7) Ensure that the Company is functioning in accordance with the Articles of Association and meeting all legal requirements.
- (8) Carry out any other activity as and when assigned by the Board of Directors.

**b) Composition of the Nomination Remuneration and Executive Committee and attendance of members at the meetings**

The Nomination Remuneration and Executive Committee (NREC) comprised three non-executive Directors as at 31.12.2022. The attendance of the members of the NREC meetings held during 2022 is as follows:

**Members as at 31.12.2022**

Names of members	Period		No. of meetings held	No. of meetings attended
	From	To		
Mr. Ahmed Al Neyadi Chairman of the Committee		Full year	2	2
Mr. Salem Taman Al Mashani		Full year	2	2
Mr. Mohammed Darwish Al Khoori		Full year	2	2

**c) Meetings of Nomination and Remuneration Committee held during the year**

Type	No	Dates
Nomination, Remuneration and Executive Committee meetings	2	11.5.2022 and 05.12.2022

**4. Process of nomination of Directors**

All Directors are appointed as per the provisions laid down in the Commercial Companies Law by the Capital Market Authority enacted at the date of appointment and in conjunction with the Articles of Association of the Company. The members thus elected hold office for a period of 3 years.

**5. Remuneration matters**

**5.1 Details of remuneration to Directors**

The Company has proposed RO 75,000 towards Directors' remuneration for 2022 (2021: RO 50,000) and has paid sitting fees of RO 19,200 (2021: RO 14,050) to the members for the Board and the committees. Details of sitting fee payments for the full year are shown below:

Director Name	Board RO	Audit Committee RO	Nomination Remuneration & Executive Committee RO	Total RO
Mr. Mohamed Darwish Al Khoori Chairman	3,000	-	600	3,600
Mr. Saed Saif Nasir Al Saadi Vice Chairman	3,000	1,050	-	4,050
Mr. Jabara Al Marar	3,000	1,050	-	4,050
Mr. Salem Tamam Al Mashani	3,000	1,050	600	4,650
Mr. Ahmed Al Neyadi	2,250	-	600	2,850
<b>Total</b>	<b>14,250</b>	<b>3,150</b>	<b>1,800</b>	<b>19,200</b>

**5.2 Details of remuneration paid to top five officers**

- The remuneration package of the five Executives is made up of a fixed and variable component. The fixed component includes salary and allowances, apart from retiral benefits. The variable component is performance-linked bonus calculated based on pre-determined parameters of performance. During 2022 gross remuneration to the top five Executives including variable components was RO 273,904 (2021: RO 258,570).
- Travel expenses incurred on Directors for attending Board and committee meetings during 2022 were RO 4,047 (2021: RO 933).

**5.3 Service contracts, notice period and severance fees**

The severance notice period for the Acting Chief Executive Officer and Executives is three months, with end of service benefits payable as per Omani Labor Law.

**6. Details of non-compliance by the Company**

During the year the Company was fully compliant with the rules and regulations set by Capital Market Authority. However, a penalty of RO 500 was imposed by the CMA, under Article 293 of the Executive Regulations, on a disclosure made by the Company upon a major divestment from an investment during the year. Although the disclosure was made on time but it was considered by the CMA to contain insufficient information (2021: Nil).

## 7. Means of communication with the Shareholders and Investors

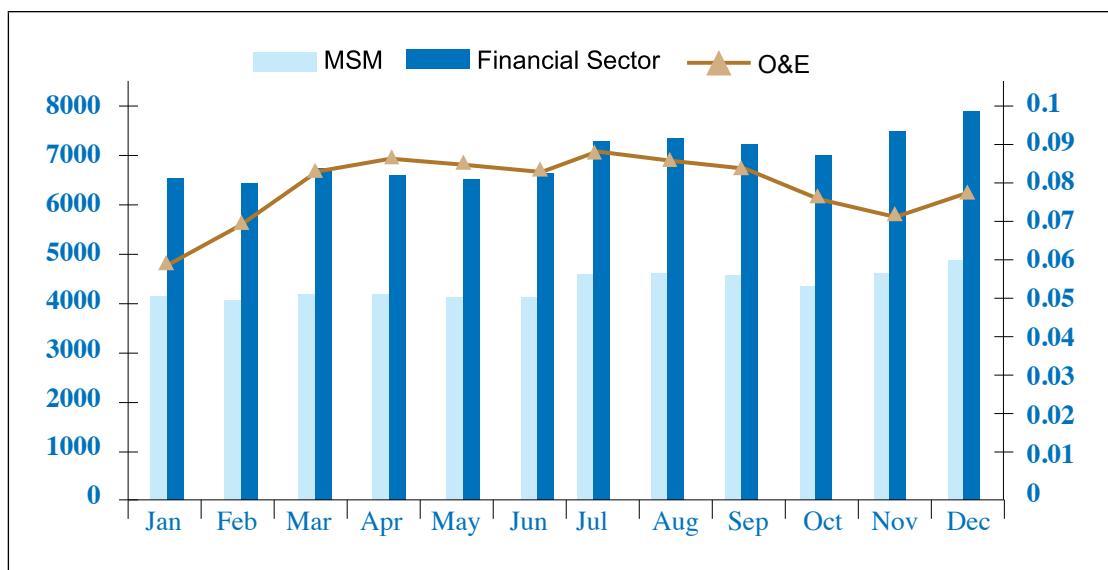
The quarterly results were published in local newspaper both in Arabic and in English. These financials were also posted on the website of Muscat Securities Market. In view of these publications, the results were not sent individually to the Shareholders. A separate Management Discussion and Analysis Report for the year 2022 forms part of the Annual Report.

## 8. Market price data

### 8.1 Market Price – High / Low Company's share in each month in MSM during the year 2022

Month	RO	
	Highest	Lowest
January	0.0660	0.0560
February	0.0790	0.0600
March	0.0870	0.0700
April	0.0890	0.0840
May	0.0890	0.0840
June	0.1030	0.0830
July	0.0920	0.0780
August	0.0910	0.0830
September	0.0950	0.0830
October	0.0860	0.0770
November	0.0800	0.0710
December	0.0820	0.0660

### 8.2 Performance in comparison to broad based index or MSM – Banks and Investment Sector



The share price of O&E increased by 25% during 2022 against an increase of 20% in Banking and Investment Index and an increase of 18% in MSM General Index.

### **8.3 Distribution of shareholding as of 31 December 2022**

<b>Range</b>	<b>No. of Shareholders</b>	<b>No. of Shares</b>	<b>% of Shareholders</b>
0 – 1000	7,924	3,995,786	3.28%
1001 – 5000	8845	14,451,428	11.86%
5001 – 10000	357	2,683,652	2.20%
10001 – 50000	289	6,190,883	5.08%
50001 – 100000	56	4,460,991	3.66%
Above 100001	73	90,092,260	73.92%
<b>Total</b>	<b>17,544</b>	<b>121,875,000</b>	<b>100.00%</b>

### **8.4 Shareholders holding more than 5% of the Share Capital as of 31 December 2022**

Abu Dhabi Investment Co, UAE	30%	36,562,500 Shares
Al Khonji Invest LLC & Group, Oman	21.16%	25,791,833 Shares

### **8.5 Outstanding GDR/ ADR/ Warrant or any convertible instruments, conversion date and likely impact on equity**

The Company does not have any GDRs / ADRs / Warrants or any other convertible warrants as of 31 December 2022 and hence the likely impact on Equity is Nil.

## **9. Specific areas of non-compliance with the provisions of Corporate Governance**

During 2022, the Company complied fully with the provisions of Corporate Governance.

## **10. Corporate social activities and future plans**

During 2022, the Company donated RO 5,000 (2021: RO 5,000) under its Corporate Social Responsibility program to three charitable organizations including one nominated by the CMA. A similar amount of RO 5,000 is budgeted towards social responsibilities in 2023.

## **11. Related Party Transactions**

The transactions with the Related Parties are as defined in Principle 9 of the ‘Code’ and include certain normal contracts and transactions which are carried out in the ordinary course of business without any differential advantage accruing to the Related Party. These also include transactions such as granting of loans, guarantees, capital injections or transactions of similar nature, being extended in the capacity of a Parent Company or as a long-term investor to its subsidiaries or associates or other investee companies. Shareholders’ approval is taken for these prospective transactions in a year at the Annual General Meeting (AGM) on a broad basis; but the exact nature and value of the transactions in a financial year are notified to the Shareholders and post-facto approval is taken at the next AGM.

## 12. Professional profile of the Statutory Auditor

12.1 The Shareholders of the Company appointed Abu Timam Grant Thornton as its auditors for 2022. Grant Thornton is a network of independent assurance, tax and advisory firms, made up of over 50,000 people in more than 130 countries, helping dynamic organizations unlock their potential for growth. It is one of the top six international accounting and business advisory networks and all its member firms are required to uphold the highest professional and ethical standards. The compliance with these standards is monitored and assured through a very strict quality assurance process.

12.2 Abu Timam, the Oman member firm of Grant Thornton International, is headquartered in Muscat with a branch in Salalah. The Muscat office was established in 1995 and is one of the leading firms in Oman, evidenced by the portfolio of clients that includes well-established companies across a broad spectrum of industries. The professional staff bring a strong background of experience and expertise to their clients' accounting, tax, and management consulting needs. This rare combination of skilled resources and personal commitment explains why Abu Timam Grant Thornton has grown rapidly to a position of prominence among major accounting firms in the Sultanate of Oman. Abu Timam Grant Thornton is approved by the Capital Market Authority as one of the audit firms allowed to audit joint stock companies.

12.3 Grant Thornton was paid a total fee of RO 18,300 (2021: Grant Thornton – RO 17,500) [for audit and review of Corporate Governance Report for the year 2022 – RO 8,700 (2021: RO 8,125)] for review of quarterly accounts during 2022 – RO 9,600 (2021: RO 9,375). This fee is related to the Parent Company only and not of the subsidiaries in Oman.

12.4 Other tax related professional services were rendered by Ernst & Young for 2022 amounted to RO 3,203 (2021 – RO 1,900)].

## 13. Acknowledgement by the Board of Directors

13.1 The Board of Directors confirms that the financial statements for 2022 have been prepared in accordance with the applicable standards and rules.

13.2 The Board of Directors, through the ARC, has reviewed the Company's system of internal controls and confirms that all controls are in place and fully effective.

13.3 The Board of Directors confirms their belief that there are no material matters which may affect the continuation of the Company and its ability to continue its operations during the next financial year.



**Mohamed Darwish Al Khoori**  
Chairman  
8th March 2023



**Raffy Manoug Kozadjian**  
Acting Chief Executive Officer



## 1. Business environment

### 1.1 Global Economy in 2022 and future outlook

The global economic outlook worsened rapidly in the second half of 2022. While the impacts of the pandemic continue to reverberate worldwide the war in Ukraine unleashed a new crisis, disrupting food and energy markets. High inflation in both developed and developing economies has been eroding real incomes triggering a global cost of living crisis. These shocks will weigh heavily on the world economy in 2023.

The persistent high inflation in 2022 prompted aggressive monetary tightening in many countries. Rapid interest rate hikes by the Federal Reserve of the United States triggered capital outflows and currency depreciations in developing countries, increasing balance-of-payment pressures and intensifying debt sustainability risks. Amid an increasingly challenging macroeconomic and financial environment, many developing economies are at risk of entering a vicious cycle of weak investment, slow growth and rising debt-servicing burdens.

Against this backdrop, the world gross product growth is projected to decelerate from an estimated 3.0% cent in 2022 to only 1.9% in 2023, marking one of the lowest growth rates in recent decades. Inflationary pressures are projected to gradually abate amid weakening aggregate demand in the global economy. This should allow the US Federal Reserve and other major central banks to slow the pace of monetary tightening and, eventually, shift gears to a more accommodative monetary policy stance. The near-term economic outlook remains highly uncertain as a myriad of economic, financial, geopolitical and environmental risks persist.

### 1.2 GCC outlook

Positive developments in the hydrocarbon market drove strong recoveries in 2022 across the GCC. The regional economies had a stellar performance last year, growing at the fastest pace in almost 10 years on the back of an increase in oil production and growth of the non-oil sector. The World Bank estimated the GCC economies growth to 6.9% in 2022 and projected to 3.7% in 2023, driven by stronger hydrocarbon and non-hydrocarbon industries. The increase in oil and gas prices, exacerbated by the war in Ukraine, is estimated to provide a windfall for the GCC.

The Gulf region is expected to outperform many developed economies in 2023 despite a slowdown in growth amidst a slower expansion of the energy sector and a weaker external environment.

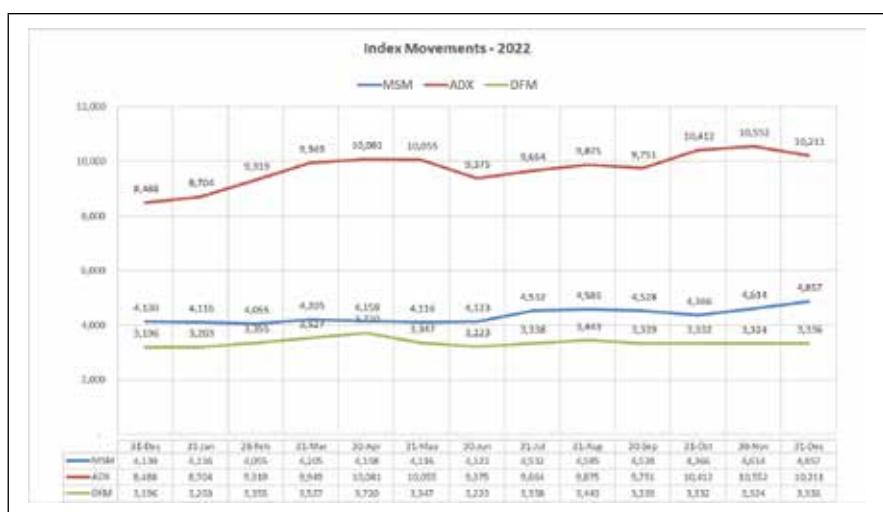
### 1.3 Oman and UAE outlook

The preliminary data released by the National Centre for Statistics and Information displayed a sharp rise in the nominal GDP for 2022 over the same period in the previous year as the economy continued to benefit from high hydrocarbon prices. Top global credit rating agencies have also upgraded the Sultanate's credit rating and revised their outlook upward as a result of the prudent measures undertaken by the Government.

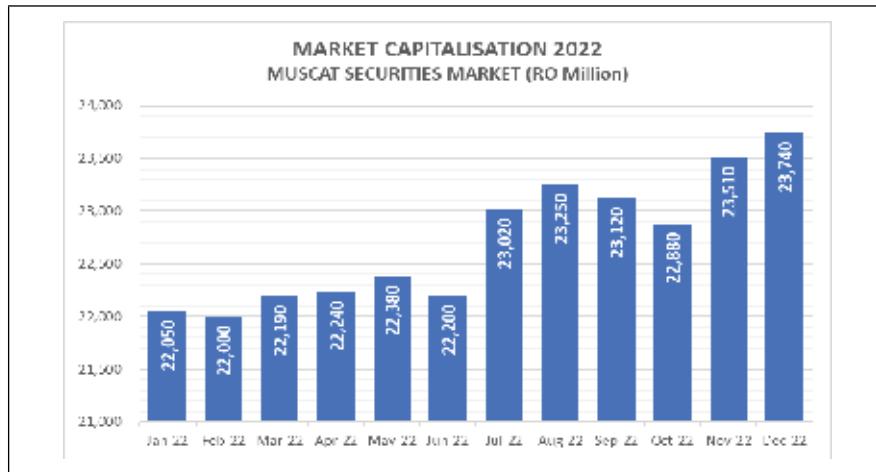
For 2022 Oman is expected to record its first surplus of RO 1.2 billion in over ten years. Oman's 2023 budget estimates total revenues of RO 10.05 bn and total expenditure of RO 11.35 bn, with a deficit of RO 1.3 bn or approximately 3% of its GDP, based on an estimated oil price of USD 55/bbl. The projected deficits reflect an uncertain global economy combined with the persisting financial and economic challenges such as higher interest rates, inflation, and the threat of looming global recession.

## 2. Performance of the MSM Equity Markets

2.1 During 2022, all three-indexes showed growth: MSM Index recorded a growth of 17.6%, ADX a growth of 20.3% and DFM grew by 4.4% by end 2022 compared to 2021 during which MSM, ADX and DFM indices grew by 13%, 68% and 28% respectively. The stock market is viewed as an indicator of the economic growth of Oman, a vital part in its monetary policy and its performance as an indicator of the stability of the economy. Stock market stability and its volatility will be monitored as a development indicator.



## 2.2 Summary of Market capitalization during 2022



2.3 Muscat Securities Market grew by 17.6% during 2022, the Financial Sector saw 20% growth and the Company's share price growth was 25%. Details are given in the Corporate Governance chapter of this Annual Report.

## 3. Company's performance during 2022

### 3.1 Financial Strategy

Management continued the budgeted reduction of the Company's total risk profile as a priority financial strategy and, by end 2022, massive amounts of bank borrowings and government soft loans were settled.

### 3.2 Financial highlights

The Group and the Parent Company achieved a Net Profits of RO 2,084,274 and RO 2,276,986 respectively during 2022 compared to a Group Net Profit of RO 1,521,782 and Parent Net Profit of RO 1,663,715 during 2021. The break-ups are summarized in the tables below.

Particulars - Group	Holding 31.12.2022 %	2022 (RO '000s)	2021 (RO '000s)
<b>Net Profit/ (Loss)</b> (before share of results of Subsidiaries and Associates)		<b>2,281,662</b>	1,212,735
<b>Subsidiaries:</b>			
Omani Euro Food Industries Co SAOG	<b>80.84%</b>	<b>(192,712)</b>	(141,933)
FINCORP SAOG	<b>51.20%</b>	<b>(277,208)</b>	375,308
<b>Associates:</b>			
Oman Hotels and Tourism Co SAOC	<b>31.72%</b>	<b>(51,277)</b>	(41,943)
Oman Fiber Optic Co SAOC	<b>20.97%</b>	<b>323,809</b>	117,615
<b>Net Profit / (Loss)</b>		<b>2,084,274</b>	1,521,782

Particulars - Parent	Holding 31.12.2022 %	2022 (RO '000s)	2021 (RO '000s)
<b>Net Profit/ (Loss)</b> (before share of results of Subsidiaries and Associates)		<b>2,281,662</b>	1,212,735
<b>Subsidiaries:</b>			
Omani Euro Food Industries Co SAOG	<b>80.84%</b>	-	-
FINCORP SAOG	<b>51.20%</b>	<b>(277,208)</b>	375,308
<b>Associates:</b>			
Oman Hotels and Tourism Co SAOC	<b>31.72%</b>	<b>(51,277)</b>	(41,943)
Oman Fiber Optic Co SAOC	<b>20.97%</b>	<b>323,809</b>	117,615
<b>Net Profit / (Loss)</b>		<b>2,276,986</b>	1,663,715

For 2022, the Board of Directors proposed a special cash dividend of 7.5% and is planning to formulate a policy for dividend payout for the future.

### 3.3 Investment movement

The movements of Parent Company investments under different categories during the period 1.1.2022 to 31.12.2022 and from the previous year are summarized in the following table:

Particulars	Financial Assets – FVTPL Equity	Financial Assets – Debt (Amortised Cost)	Associates (NAV basis)	Sub- sidiaries (NAV basis)	RO in Million Total
<b>At 01.01.2021</b>	<b>19.811</b>	<b>2.121</b>	<b>17.133</b>	<b>3.498</b>	<b>42.563</b>
<b>At 01.01.2022</b>	<b>16.651</b>	<b>2.110</b>	<b>14.110</b>	<b>3.873</b>	<b>36.744</b>
Purchases			-	-	
Less: Cost of Sales	(6.560)		-	-	(6.560)
Add: Unrealized gain/ (loss)	0.792	-	-	-	0.792
Add: Share of Results	-	-	0.273	(0.277)	(0.004)
Add: Realised Gains					
Less: Divestment of Investment	-				-
Less: Dividend received			(0.151)		(0.151)
Less: Amortisation of placement charges		(0.011)			(0.011)
<b>At 31.12.2022</b>	<b>10.883</b>	<b>2.099</b>	<b>14.232</b>	<b>3.596</b>	<b>30.810</b>
<b>% to Total</b>	<b>35.3%</b>	<b>6.8%</b>	<b>46.2%</b>	<b>11.7%</b>	<b>100%</b>

### 3.4 Performance of Subsidiaries, Associates and Other Investments

This Annual Report contains a separate section (Investments Overview) which highlights in greater detail the performance of project companies, Subsidiaries, Associates and Other investments during 2022. Performance is summarised below:

- Oman Hotels & Tourism Co. SAOC incurred a Net Loss of RO (161,639) compared to Net Loss of RO (132,220) in 2021 with tourism and hospitality sector still trying to recover in the prevailing business environment.
- Omani Euro Food Industries Co. SAOG incurred a Net Loss of RO (238,390) compared to a Net Loss of RO (175,575) in 2021 and the impact is reflected only in Group Financials in 2022.
- FINCORP SAOG incurred a Net Loss of RO (541,309) compared to a Net Profit of RO 733,045 achieved in 2021.
- Oman Fiber Optic Co. SAOC recorded a Net Profit of RO 1,544,305 compared to a Net Profit of RO 560,929 in 2021.

### 3.5 Total Borrowings and Debt/ Equity Ratio

During 2022, in line with the financial strategy, bank borrowings were reduced massively. The Parent Company's total borrowings stood at RO 9.634 Million as at 31.12.2022 (reduced from RO 17.463 Million as at 31.12.2021) consisting of the Government Soft Loan of RO 7.5 Million, bank loans for operations of RO 0.812 Million and the Head Office Building Loan of RO 1.322 Million.

Against the Net Equity of RO 24,220 Million of the Parent Company, the Debt Equity Ratio stood at 0.40, down from 0.79 times in 2021, as summarized in the table below:

Borrowings	31.12.2022 RO Million	31.12.2021 RO Million
<b>BANK BORROWINGS</b>		
Term Loan from banks	<b>0.800</b>	1.360
Building Loan	<b>1.322</b>	1.741
Overdraft from banks	<b>0.012</b>	0.562
<b>TOTAL BANK BORROWINGS</b>	<b>2.133</b>	3.663
Government Soft Loan	<b>7.500</b>	13.800
<b>TOTAL BORROWINGS</b>	<b>9.633</b>	17.463
<b>Net Equity</b>	<b>24.220</b>	21.978
<b>Debt / Equity Ratio</b>	<b>0.40</b>	0.79

### 3.6 Non-controlling Interests

The results and net assets of the Subsidiaries relating to the Shareholders other than the Parent Company are shown under 'Non-controlling Interests' in the Group statements. The Statement of Profit or Loss has recorded a decrease of RO (309,908) related to these minority interests for the year 2022 (compared to an increase of RO 324,095 in 2021). The Group Total Equity includes RO 3,175,730 representing the net assets of the minority shareholders as at 31.12.2022 (compared to RO 3,485,638 at end 2021).

### 3.7 Composition of investments in Parent Company

The composition of the Parent Company's investment as at 31.12.2022, in comparison with previous year's status indicates the following proportion of investments of the Company:

Particulars	2022		2021	
	RO	%	RO	%
Fair Value Through Profit & Loss	<b>10,883,176</b>	<b>35.32%</b>	16,651,253	45.37%
Associates (At NAV)	<b>14,231,630</b>	<b>46.19%</b>	14,110,383	38.33%
Subsidiaries (At NAV)	<b>3,596,035</b>	<b>11.67%</b>	3,873,243	10.55%
At Amortised Cost	<b>2,099,271</b>	<b>6.81%</b>	2,109,961	5.75%
Total	<b>30,810,112</b>	<b>100.00%</b>	36,744,840	100.00%

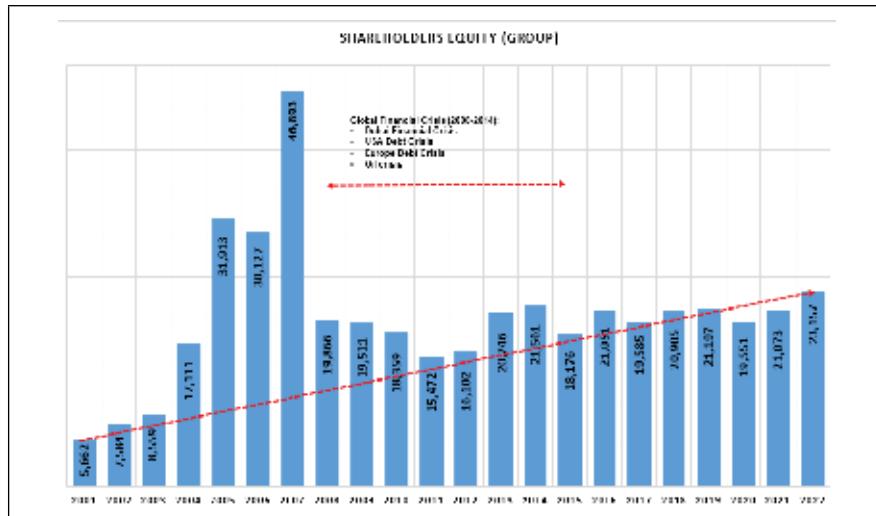
### 3.8 Investment Portfolio at Year End

The table below compares the sectoral diversification of the Parent Company's total investments valued at RO 30.810 Million on 31.12.2022 (compared to RO 36.744 Million on 31.12.2021). The Company's portfolio changed during the year. Management will continue to prioritize reshuffling it with asset classification by risk and liquidity (e.g. equities/ stocks, fixed income/ bonds and cash equivalent or money market instruments) and building a portfolio base consisting of readily liquid with regular income and return generating assets.

Sector	2022		2021	
	Investment Value (RO Million)	Holding %	Investment Value (RO Million)	Holding %
1 Tourism & Hotels	<b>9.663</b>	<b>31.36%</b>	9.714	26.44%
2 Industry	<b>0.723</b>	<b>2.35%</b>	6.122	16.66%
3 Investment	<b>3.596</b>	<b>11.67%</b>	3.873	10.54%
4 Banking	<b>6.284</b>	<b>20.40%</b>	5.111	13.91%
5 Real Estate	<b>1.897</b>	<b>6.16%</b>	2.007	5.46%
6 Insurance	<b>1.128</b>	<b>3.66%</b>	1.340	3.65%
7 Power	<b>0.606</b>	<b>1.97%</b>	0.693	1.89%
8 Leasing	<b>0.055</b>	<b>0.18%</b>	0.715	1.95%
9 Services	<b>0.074</b>	<b>0.24%</b>	0.511	1.39%
10 Agriculture	<b>0.116</b>	<b>0.38%</b>	0.152	0.41%
11 Telecom	<b>4.569</b>	<b>14.83%</b>	4.397	11.97%
12 Education	<b>2.099</b>	<b>6.81%</b>	2.109	5.74%
<b>Total</b>	<b>30.81</b>	<b>100%</b>	36.744	100%

### 3.9 Update – Shareholders Equity

The following shows the growth in Shareholders Equity (Group) throughout the years indicating a compounded annual growth, including cash dividend, of 7.9% from 2001 to 2022.



### 3.10 Head Office Building Results

New tenants were attracted to the Head Office building during 2022 which is now occupied by reputed tenants on long-term tenancy agreements. Only a few vacant units remain.

### 3.11 Government Soft Loan

For over two decades, the Company and its Shareholders benefitted from the interest-free Soft Loan extended by the two Governments. As planned for 2022, Management repaid the third tranche on time and an outstanding loan of RO 7.5M remains to be settled over the next years.

## 4. Internal controls

The Company has a robust internal audit system and strict adherence is monitored to ensure compliance with the procedures and operating systems. There was no breach of internal controls during 2022.

## 5. Corporate Governance matters during 2022

Management continues to uphold the sound corporate culture established in the Company as manifested by shared values and transparent governing policies. Our Company's governance system has been fully integrated with ethical business practices, which meet the high standards expected by the Authorities.

## 6. Litigation contingencies

In August 2019, the former CEO of the Company had filed a complaint with the Ministry of Manpower for unfair dismissal. The case was first transferred to the Primary Court of Muscat, then to the Court of Appeal and thereafter the Supreme Court. At this reporting date, the Supreme Court verdict awarded an amount of RO 409,186.824 in his favour. Management has booked the full amount as liability as at end 2022.

The case of unfair dismissal filed by the former Investment Manager was dismissed by the Court during the year.

## 7. Outlook going forward

### 7.1 Risks and uncertainties

The GCC region saw some of the strongest growth globally in 2022 with the tapering of OPEC+ production cuts, but also a robust non-oil growth in the GCC. During its meeting in early February 2023, the OPEC+ Joint Ministerial Monitoring Committee endorsed the oil producer group's current output policy, leaving production cuts agreed last year in place for much of the first half of 2023.

The global economy will face another period of uncertainty in 2023 with anticipated recession in countries and continued inflation which will put pressure on both government and household budgets. But the GCC appears set to buck the trends of the forecasted global recession in 2023 (IMF). Also, with Gulf states being much more fiscally disciplined during the current oil boom, credit rating agencies are now raising their assessments of Gulf sovereigns after years of downgrades.

The investment environment will remain challenging and will continue to affect the stability of financial markets and, thereby, continue to affect valuations of the Company's investments. The Company has well-established investment policies and processes including identification and management of various risks associated with investment. The business environment and the Government's economic road map to recovery will be monitored closely for any opportunity to reshuffle the investment portfolio to generate improved liquidity.

### 7.2 Liquidity, capital resources and commitment priorities

The banks will continue their tight credit policies and interest rates. The Company's strategy to drastically reduce its commercial borrowings was opportune and exposure to financial risks has been mitigated; but these movements will be monitored closely going forward into a business environment full of new uncertainties around income stability. Management has made plans for some further commercial debt reduction as well as honoring its commitments to repay the government soft loan as scheduled.

### 7.3 New investment

No greenfield investment has been budgeted during the year until resumption of normality in the business environment. However, preparatory revisions will be carried out on projects suspended during previous years.

Management maintains total awareness of challenges faced in prevailing business environment and is keen to enhance the credibility and financial strength of the Company in the coming years and to source further improvement in the overall return on the shareholders' funds.



**Raffy Kozadjian**  
Acting Chief Executive Officer

8th March 2023

## INVESTMENTS OVERVIEW

### A. SUBSIDIARIES

#### General information

These are companies in which O&E holds 50% and above and consist of two companies listed in Table (1) below. The total value of investment, net of impairments, based on Net Asset Value at end 31/12/2022 in Subsidiaries has reached RO 3.596 Million representing 11.68% of the Parent Company's total investments.

**Table (1) - Subsidiaries**

Sr	Company Name	Capital RO	Shareholders %
1	Oman Euro Food Industries Co. SAOG	2,000,000	O&E: 80.84% AAAIID: 17.20% Others: 1.96%
2	The Financial Corporation SAOG	7,002,996	O&E: 51.2% OIFC : 21.8% Al Khonji Invest LLC : 11.6% Sawairis: 10.0% Others: 5.4%

#### Performance of Subsidiaries

##### 1. Omani Euro Food Industries Company SAOG



- The company contract manufactures baby food products for Heinz and also produces and markets its own products under Mother's Choice brand name. Mother's Choice brand baby cereals are sold in 10 countries around the World.
- The company achieved a Turnover of RO 2.195 Million during 2022 compared to RO 2.048 Million during 2021, recording an increase of 7.17% in Sales. The Operating Loss was RO (104)K in 2022 compared to the Operating Profit was RO 91K in 2021. Net Losses were RO (238)K in 2022 compared to Net Losses of RO (176)K in 2021.
- Heinz Sales related to cereals, rusks and biscuits during 2022 were RO 510K (compared to RO 434K in 2021) an increase of 17.5%.
- Mother Choice Sales were RO 490K during 2022 compared to RO 483K during 2021, an increase of 1.4%.
- Complan Zydis sales were RO 1.195 Million during 2022 compared to RO 1.130 Million during 2021, an increase by 5.7%.
- The Capital of the company is fully eroded.
- O&E's holds 80.84% of the capital holding 1,616,778 shares.

##### 2. The Financial Corporation SAOG (FINCORP)

- The company now operates in three business activities: brokerage, portfolio management and investment.
- During 2022 the Group earned total operational revenue of RO 244K (RO 1.238 Million in 2021) and Net Loss for the period stood at RO (0.541) Million compared to a Net Profit of RO 0.733 Million during the previous year.
- O&E's holds 51.20% of the capital holding 35,854,310 shares.

## B. ASSOCIATE COMPANIES

### General information

These are companies in which O&E holds between 20% and 50% and are composed of two companies listed in Table (2) below. The total value of investments based on Net Asset Value at end 31/12/2022 in Associate Companies has reached RO 14.23 Million representing 46.18% of the Parent Company's total investments.

**Table (2) – Associate Companies**

Sr	Company Name	Capital RO	Shareholders %
3	Oman Fiber Optic Company SAOC	7,215,118	O&E: 21.0% Omantel : 41.0% Omar Al Zawawi: 21.5% Others: 16.5%
4	Oman Hotels & Tourism Co. SAOC	6,985,000	O&E: 31.7% Al Khonji Invest LLC: 60.0% Others: 8.3%

### Performance of Associate Companies

#### 3. Oman Fiber Optic Company SAOC (OFO)



- The company was established in 1996 specializing in design and manufacture of optical fiber and fiber optic cables.
- The Turnover during 2022 was RO 18.54 Million compared to RO 15.68 Million during the previous year, an increase of 18.2%.
- The company achieved a Net Profit of RO 1.544 Million, compared to the Net Profit of RO 0.560 Million during the previous year.
- The net asset value per share as on 31/12/2022 was RO 2.365.
- The company has proposed a cash dividend of 20% for 2022 (10% for 2021).
- O&E's holds 1,512,863 shares as at 31/12/2022 representing 21.0% of the capital of RO 7,215,118.

#### 4. Oman Hotels and Tourism Company SAOC



- The principal activity of the Parent Company is the ownership and operation of a hotel in Muscat and in Sohar. It has investments in two subsidiaries (Sur Plaza Hotel in Sur and Desert Night Camp luxury desert resort in Bidiya) and an associate company in finance.
- This is one of the sectors most severely affected by the pandemic. During 2022, the revenue generated at Group level was RO 2.402 Million compared to RO 1.74 Million during the previous year.
- The consolidated Operating Loss was RO (452)K, compared to an Operating Loss of RO 658K during previous year.
- The associate company's share of profit was RO 587K compared to RO 643K achieved in 2021.
- The company recorded a Net Loss of RO (162)K at Group level compared to Net Loss of RO (132)K the previous year.
- The Board has not proposed any dividend for the year 2022 (Nil in 2021).
- O&E's holds 22,158,419 shares representing 31.72% of the capital of RO 6.985 Million.

## C. OTHER INVESTMENTS

### General information

Other Investments include Quoted and Unquoted Investments aggregating to RO 10.883 Million and Debt Instrument for RO 2.099 Million representing 35.32% and 6.82% respectively of the Parent Company total investments. Table (3) below shows Quoted Investment and Unquoted Investments where O&E holds a stake of above 1% and also a Debt Instrument.

**Table (3) - Other Investments**

Sr	Company's Name	Capital	O&E Stake
	<b>OMAN</b>		
5	Computer Stationery Industry SAOG	RO 1,000,000	<b>14.40%</b>
6	National Aluminium Products Co. SAOG	RO 3,357,145	<b>13.30%</b>
7	Muscat Clearing & Depository Co. SAOC	RO 5,000,000	<b>Nil</b>
8	Fund For Development of Youth Projects SAOC	RO 5,370,000	<b>4.70%</b>
9	Majan Development Co. SAOC	RO 16,100,000	<b>5.00%</b>
10	Iskan Oman Invest Co. SAOC	RO 12,500,000	<b>10.00%</b>
11	Octal Holding & Co. SAOC	RO 77,564,687	<b>Nil</b>
12	Al Najd Agricultural Development Co. SAOC	RO 12,800,000	<b>5.10%</b>
13	Al Kamil Power Co. SAOG	RO 9,625,000	<b>3.10%</b>
14	National Finance Co. SAOG	RO 54,123,045	<b>0.10%</b>
	<b>UNITED ARAB EMIRATES</b>		
15	Gulf Capital PJSC	AED 1,225,000,000	<b>0.41%</b>
16	Al Wathba National Insurance Co PJSC	AED 207,000,000	<b>1.17%</b>
17	Taleem Investments Co (Amity School) - Murabaha Facility	Not Applicable	<b>NA</b>

### Performance of companies

#### 5. Computer Stationery Industry SAOG

- The principal activity of the company is the manufacture and sale of continuous stationery and commercial printing materials. It has a wholly owned subsidiary 'Oman Printers and Stationers LLC' which is engaged in specialized printing of school books, leaflets and other general materials.
- The company reported Revenues of RO 1.752 Million during 2022 compared to RO 1.246 Million during 2021, an increase of 40.6%.
- The Operating Loss was RO (0.267) Million for 2022, compared to an Operating Loss of RO (0.288) Million for 2021.
- The Net Loss for 2022 was RO (0.271) Million compared to a Net Loss of RO (0.299) Million in 2021.
- No dividend has been recommended for year 2022 (2021: Nil).
- O&E holds 14.43% stake in the company.



## 6. National Aluminium Products Co SAOG



- The company produces aluminium extrusions and sells proprietary high-quality aluminium systems. The aluminium extrusion industry continued to face a very challenging environment characterized by intense competition and cheaper supplies from abroad which, combined with subdued oil prices on the construction industry affected the performance of the year.
- The company reported sales of RO 24.4 Million in 2022 compared to RO 28.5 Million in 2021, a decrease of 14.5%.
- It recorded Net loss of RO (4.3) Million in 2022 compared to Net loss of RO (2.9) Million during 2021.
- No dividend has been recommended for year 2022 (2021: Nil).
- O&E holds 13.3% stake in the company.

## 7. Muscat Clearing And Depository Company SAOC



مسقط لل不清算及存托公司  
Muscat Clearing & Depository

- This company carries out the depository and transfer functions of the Muscat Securities Market. It is primarily engaged in registering and transferring the ownership of securities on the MSM and providing the services such as maintenance of shareholders registers of joint stock companies, investment funds and other securities listed on the MSM, depository and registration of all trading contracts of securities, issuance of ownership certificates, validation of restrictions and pledge of shares, etc.
- O&E held 134,766 shares being 2.7% of the capital of RO 5.0 Million of the company and fully divested during the year.

## 8. Fund for Development of Youth Projects SAOC (FDY)



شراكة  
Sharakah

- The core activity of this company is to support and promote start-up Small and Medium Enterprises in Oman to generate employment opportunities for Omanis. It provides advisory services and support to entrepreneurs as well as financial support in the form of equity and debt.
- Revenues of RO 0.108 Million were recorded during 2022 compared to RO 0.679 Million in 2021, a decrease of 84%.
- Net Loss amounted to RO (0.440) Million during 2022 compared to a Net Profit of RO 0.231 Million during 2021.
- O&E owns 250,000 shares representing 4.7% of the share capital of FDY.

## 9. Majan Development Company SAOC



- The company's business model is a full spectrum service covering four areas of activities: land trading, property development, real estate funds and property management.
- The company recorded revenues from rental income and others of RO 0.632 Million during 2022 as compared to RO 0.969 Million during 2021, a decrease of 35%.
- Net Loss for the year was RO (0.197) Million compared to Net loss of RO (0.067) Million at end 2021.
- O&E holds 5% of the capital of the company which is now RO 16.1 Million.

## 10. Iskan Oman Invest Company SAOC



- The company was originally engaged in real estate development projects and services. It has since then diversified its investment portfolio in the education sector and is expanding into the healthcare market.
- The Revenues amounted to RO 0.255 Million during 2022 compared to RO 0.781 Million during 2021, a decrease of 68%.
- The Net Loss reported during 2022 was RO (0.604) Million compared to Net Profit RO 0.017 Million in 2021.
- O&E holds 10% of the capital of the company.

## 11. Octal Holding & Company SAOC



- This is a world leading company specialized in manufacturing PET resin and APET sheets used in the packaging industry. The production facility is based in Salalah, Oman. Octal's strategic position, its advanced technological capabilities and ease of raw materials sourcing contribute to lowering its costs and thus give it competitive advantage in producing PET resin and amorphous PET sheets at the highest quality. Its well-timed phased expansion and unique marketing strategy play a great role in growth of revenues.
- O&E held 2.89% of the total issued and paid up share capital of RO 77,564,687 and fully divested during the year.

## 12. Al Najd Agricultural Development Co. SAOC



- The company was established to develop the agricultural sector of the Sultanate with the support of the Government and selective private sector participation. The company produces animal forage utilizing central pivot irrigation systems and adopting modern production methods.
- The company recorded revenues of RO 1.239 Million in 2022 compared to RO 1.115 Million in 2021, an increase of 11.1%.
- It incurred a Net Loss of RO (0.300) Million during 2022 compared to a Loss of RO (0.300) Million during 2021.
- The company's paid up capital is RO 10,353,500 at end 2022 while its authorized capital is RO 12,800,000. This paid up capital includes shares of RO 2,688,000 given to the farmers and Thumrait Development Fund in accordance with a Government grant.
- O&E holds 5.13% equity stake in this company.

## 13. Al Kamil Power Company SAOG

- The company owned and operated a 285 MW electricity generating plant near Al Kamil, Oman.
- The annulment of Power 2022 procurement process by OPWP resulted in non-renewal of the PPA beyond 31 December 2021. Having assessed the spot market, the company decided that there are no economically viable options available for it to continue its operations beyond 31 December 2021. Therefore, the Financial Statements have been prepared on realisation basis.
- O&E holds 3,025,540 shares in this company representing 3.14% of the capital and will await the outcome of the above process.



#### 14. National Finance Co SAOG

- The company is engaged in asset-based financing for individual and SME customers. The company and Oman Oryx Leasing Company SAOG merged by incorporation with effect from 01/01/2018. This enhanced market presence through increase in customer reach, service channels and enabled rapid expansion through launch of new products.
- The operating profit (before provision and tax) was RO 11.92 Million during 2022 (RO 11.76 Million in 2021) while total assets stood at RO 451.1 Million (RO 430.4 Million in 2021).
- Profit after tax was RO 10.13 Million compared to RO 8.62 Million in 2021, an increase of 17.5%.
- The company has declared a cash dividend of 8% for 2022 compared to 8% cash dividend for 2021.
- O&E has 2.6% stake in this company.



#### 15. Gulf Capital PJSC

- O&E is a founder member in Gulf Capital Private Joint Stock Company, a UAE based private equity firm. The company's strategy is to acquire controlling stakes in highly profitable, fast growing and visible companies in select industries in the Gulf Region. The Group financial performance depends upon the contribution from private equity activities and overall growth in value of portfolio of private equity investments.
- The Net Profit for 2022 was AED 47.5 Million compared to a Net Profit AED 25.8 Million in the previous year.
- O&E holds 5,000,000 shares (AED 5,000,000) in this company.

#### 16. Al Wathba National Insurance Co. PJSC

- The company was incorporated in Abu Dhabi as public shareholding company, listed in the Abu Dhabi Securities Exchange, and its principal activity is the transaction of general insurance and re-insurance business of all classes.
- The Net Profit reported for 2022 decreased to AED 40.66 Million compared to AED 165 Million in 2021.
- The total assets at end 2022 stood at AED 1.701 Billion compared to AED 1.848 Billion in 2021 and the shareholders equity increased from AED 973 Million at end 2021 to AED 999 Million at end 2022.
- O&E holds 2,415,000 shares in this company with a share capital of AED 207 Million.

#### 17. Amity School, Dubai



- O&E invested in Amity School in Dubai, and being operated by the reputed Operator from India, Amity Education Group. The Investment is structured in the form of extension of Islamic Finance (Commodity Murabaha) facility to the Amity School through an off-shore company, Taleem Investment Co. The commodity murabaha agreement, which is for a period of 6 years, contains the repayment schedule and detailed terms and conditions under which the facility is extended to the Amity School LLC. In respect of all the repayment obligation, Amity School LLC have provided various security/ comfort: postdated cheques, financial bank guarantee, mortgage over the school building through a Bank acting as a Security Agent and contractual comfort from the Parent Foundation of the Amity Group.
- The amount invested by the Company was AED 20.0 Million (RO 2.1 Million).

## **D. SECTORAL DIVERSIFICATION OF THE TOTAL INVESTMENTS OF O&E**

Table (4) below indicates the sectoral diversification of O&E's total investments valued at RO 30.81 Million on 31/12/2022 based on carrying value, in the Parent Company:

**Table (4) - Sectoral diversification of the total value of investments**

Sr.	Sector	2022	
		Investment Value RO Million	Holding %
1	Tourism & Hotels	<b>9.663</b>	<b>31.36%</b>
2	Industry	<b>0.723</b>	<b>2.35%</b>
3	Investment	<b>3.596</b>	<b>11.67%</b>
4	Banking	<b>6.284</b>	<b>20.40%</b>
5	Real Estate	<b>1.897</b>	<b>6.16%</b>
6	Insurance	<b>1.128</b>	<b>3.66%</b>
7	Power	<b>0.606</b>	<b>1.97%</b>
8	Leasing	<b>0.055</b>	<b>0.18%</b>
9	Services	<b>0.074</b>	<b>0.24%</b>
10	Agriculture	<b>0.116</b>	<b>0.38%</b>
11	Telecom	<b>4.569</b>	<b>14.83%</b>
12	Education	<b>2.099</b>	<b>6.81%</b>
	<b>Total</b>	<b>30.81</b>	<b>100%</b>

## **E. NEW INVESTMENTS**

No greenfield investment has been budgeted during the year until resumption of normality in the business environment. However, preparatory revisions will be carried out on projects suspended during previous years.

## Independent Auditor's Report

To the Shareholders of  
Oman and Emirates Investment Holding Company SAOG  
P.O. Box 2205  
Postal Code 112  
Sultanate of Oman

### Report on the Audit of the Consolidated and Separate Financial Statements

#### Opinion

We have audited the consolidated and separate financial statements of Oman and Emirates Investment Holding Company SAOG (the "Parent Company") and its subsidiaries (together the "Group"), which comprise the consolidated and separate statement of financial position as at 31 December 2022, and the consolidated and separate statement of profit or loss, consolidated and separate statement of other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at 31 December 2022, and their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Independent Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independent Auditor's Report (continued)

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report:

Key audit matter	How our audit addressed the key audit matter
<b>Valuation of unquoted investments in equity securities</b>	
<p><i>Refer to accounting policies and Note 7 to the consolidated and separate financial statements.</i></p> <p>As stated in Note 7 to the consolidated and separate financial statements, the Group valued its investment in unquoted equity shares based on the valuation carried out by an independent valuer through the use of Net Assets model for business valuation. Since the use of such valuation models include significant estimates and assumptions, the degree of subjectivity and complexity involved in the valuation increases to a considerable extent, therefore, it is considered as a key audit matter.</p>	<p>In responding to the identified key audit matter:</p> <ul style="list-style-type: none"> <li>• we obtained an understanding of the valuation exercise carried out by the independent valuer who was responsible for performing the valuation and made relevant inquiries of such person in order to assess their competence, capability and objectivity which are recognised as the important factors affecting the reliability of the valuation;</li> <li>• involving our own valuation specialists to support us in challenging the valuations carried out by the Group and methodology used for valuations;</li> <li>• evaluated the reasonableness of amounts used in the valuation;</li> <li>• verified the amounts from respective financial statements of the related companies; and</li> <li>• verified the sales consideration and discount rate used by the valuer in estimating the discounted sales price.</li> </ul>

### Other Information

Management is responsible for the other information. The other information comprises the Chairman's report, Management Discussion and Analysis report and Corporate Governance report but does not include consolidated and separate financial statements and our auditor's report thereon.

Our opinion on these consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of these consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with these consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independent Auditor's Report (continued)

### Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with IFRSs, and the relevant requirements of the Capital Market Authority and the Commercial Companies Law of the Sultanate of Oman, 2019, and for such internal control as management determines is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of these consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

### Independent Auditor's Report (continued)

**Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements  
(continued)**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matter communicated with those charged with governance, we determine this matter that was of most significance in the audit of the consolidated and separate financial statements of the current period and is therefore a key audit matter. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory requirements

In our opinion, the consolidated and separate financial statements for the year ended 31 December 2022 comply, in all material respects, with the relevant disclosure requirements of the Capital Market Authority and the Commercial Companies Law of the Sultanate of Oman 2019.

N. Shm

Nasser Al Mugheiry  
Licence No. L1024587  
**ABU TIMAM**  
(Chartered Certified Accountants)



8 March 2023

# CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

## as at 31 December 2022

	Notes	2022	2021	2022	2021
		Group RO	Group RO	Parent RO	Parent RO
<b>ASSETS</b>					
Cash and bank balances	5	<b>2,588,582</b>	1,919,812	<b>964,158</b>	113,040
Trade and other receivables	6	<b>1,487,530</b>	1,075,767	<b>206,666</b>	40,850
Inventories		<b>456,254</b>	434,392	-	-
Financial assets at fair value through profit or loss (FVTPL)	7	<b>14,641,548</b>	20,481,259	<b>10,883,176</b>	16,651,253
Investment in equity accounted investees	9	<b>15,798,771</b>	16,100,249	<b>14,231,630</b>	14,110,383
Investment in subsidiaries	10	-	-	<b>3,596,035</b>	3,873,243
Financial assets at amortised cost	11	<b>2,099,271</b>	2,109,961	<b>2,099,271</b>	2,109,961
Property, plant and equipment	12	<b>2,257,421</b>	2,531,702	<b>414,810</b>	515,016
Investment properties	13	<b>2,950,650</b>	3,074,850	<b>2,680,650</b>	2,804,850
Right-of-use asset	12.1	<b>385,565</b>	43,577	-	-
Deferred tax asset	14	<b>78,367</b>	78,496	-	-
<b>Total assets</b>		<b>42,743,959</b>	47,850,065	<b>35,076,396</b>	40,218,596
<b>EQUITY</b>					
Share capital	15	<b>12,187,500</b>	12,187,500	<b>12,187,500</b>	12,187,500
Legal reserve	16	<b>4,991,892</b>	4,991,892	<b>4,062,500</b>	4,062,500
Retained earnings		<b>5,977,493</b>	3,893,219	<b>7,969,803</b>	5,692,817
<b>Equity attributable to owners of the Parent Company</b>		<b>23,156,885</b>	21,072,611	<b>24,219,803</b>	21,942,817
Non-controlling interest		<b>3,175,730</b>	3,485,638	-	-
<b>Total equity</b>		<b>26,332,615</b>	24,558,249	<b>24,219,803</b>	21,942,817
<b>LIABILITIES</b>					
Bank overdrafts	18	<b>79,890</b>	630,360	<b>11,582</b>	562,017
Trade and other payables	19	<b>2,656,906</b>	2,054,192	<b>1,223,178</b>	812,952
Lease liability	12.1	<b>399,715</b>	53,454	-	-
Term loans	20	<b>2,121,833</b>	3,100,810	<b>2,121,833</b>	3,100,810
Loans from Governments	21	<b>10,461,120</b>	16,136,924	<b>6,808,120</b>	12,483,924
Deferred Government grants	21	<b>691,880</b>	1,316,076	<b>691,880</b>	1,316,076
<b>Total liabilities</b>		<b>16,411,344</b>	23,291,816	<b>10,856,593</b>	18,275,779
<b>Total equity and liabilities</b>		<b>42,743,959</b>	47,850,065	<b>35,076,396</b>	40,218,596
<b>Net assets per share</b>	31	<b>0.190</b>	0.173	<b>0.199</b>	0.180

These consolidated and separate financial statements on pages 35 to 87 were approved by the Board of Directors on 8 March 2023 and were signed on its behalf by:



**Mohamed Darwish Al Khoori**  
Chairman



**Saed Saif Nasser Al Saadi**  
Director



**Raffy Manoug Kozadjian**  
Acting Chief Executive Officer

The accompanying notes on pages 45 to 87 form an integral part of these consolidated and separate financial statements. The report of the Auditor is set forth on page 35 to 38.

# CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS

## for the year ended 31 December 2022

	Notes	2022 Group RO	2021 Group RO	2022 Parent RO	2021 Parent RO
<b>Income</b>					
Interest income	22	<b>10,984</b>	-	<b>10,984</b>	-
Rental income		<b>124,025</b>	55,119	<b>124,025</b>	55,119
Brokerage commission income		<b>158,129</b>	102,883	-	-
Dividends income		<b>753,691</b>	878,252	<b>631,506</b>	770,134
Net income from financial assets at FVTPL	7	<b>2,645,480</b>	2,556,010	<b>2,863,990</b>	1,803,141
Gross profit on sale of food products	23	<b>198,011</b>	191,319	-	-
Share of (loss)/profit from Associates	9	<b>(65,291)</b>	415,612	<b>272,533</b>	75,672
Share of (loss)/profit from Subsidiaries		-	-	<b>(277,208)</b>	375,307
Asset management fees		<b>120,140</b>	244,494	-	-
Other income	24	<b>110,180</b>	84,466	<b>41,010</b>	18,481
<b>Total income</b>		<b>4,055,349</b>	4,528,155	<b>3,666,840</b>	3,097,854
<b>Expenses</b>					
Staff costs	25	<b>(810,030)</b>	(835,523)	<b>(359,597)</b>	(373,005)
Administrative expenses	26	<b>(723,472)</b>	(741,922)	<b>(385,283)</b>	(383,789)
Investments related expenses	27	<b>(11,141)</b>	(10,690)	<b>(21,978)</b>	(20,847)
Directors' remuneration		<b>(75,000)</b>	(50,000)	<b>(75,000)</b>	(50,000)
Provision for court settlement for former CEO	19 (a)	<b>(292,870)</b>	-	<b>(292,870)</b>	-
<b>Total expenses</b>		<b>(1,912,513)</b>	(1,638,135)	<b>(1,134,728)</b>	(827,641)
<b>Net income/(loss)</b>		<b>2,142,836</b>	2,890,020	<b>2,532,112</b>	2,270,213
Finance costs		<b>(519,749)</b>	(691,534)	<b>(386,001)</b>	(606,498)
Impairment loss on non-financial assets:					
- investment properties	13	-	(30,000)	-	-
Impairment reversal on financial instruments – net	6	<b>151,408</b>	-	<b>130,875</b>	-
		<b>(368,341)</b>	(721,534)	<b>(255,126)</b>	(606,498)
<b>Profit before tax</b>		<b>1,774,495</b>	2,168,486	<b>2,276,986</b>	1,663,715
Income tax	14	<b>(129)</b>	(322,609)	-	-
<b>Profit after tax for the year</b>		<b>1,774,366</b>	1,845,877	<b>2,276,986</b>	1,663,715
<b>Attributable to:</b>					
Owners of the Parent Company		<b>2,084,274</b>	1,521,782	<b>2,276,986</b>	1,663,715
Non-controlling interest		<b>(309,908)</b>	324,095	-	-
		<b>1,774,366</b>	1,845,877	<b>2,276,986</b>	1,663,715
<b>Basic and diluted earnings per share</b>	30	<b>0.0171</b>	0.0125	<b>0.0187</b>	0.0137

The accompanying notes on pages 45 to 87 form an integral part of these consolidated and separate financial statements.  
The report of the Auditor is set forth on page 35 to 38.

# **CONSOLIDATED AND SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME**

**for the year ended 31 December 2022**

	<b>2022</b>	2021	<b>2022</b>	2021
	<b>Group</b>	Group	<b>Parent</b>	Parent
	<b>RO</b>	RO	<b>RO</b>	RO
<b>Profit/(loss) for the year</b>	<b>1,774,366</b>	1,845,877	<b>2,276,986</b>	1,663,715
<b>Other comprehensive income</b>				
Other comprehensive income	-	-	-	-
<b>Total comprehensive income/(loss) for the year</b>	<b>1,774,366</b>	1,845,877	<b>2,276,986</b>	1,663,715
<b>Total comprehensive income/(loss) attributable to:</b>				
- Owners of the Parent Company	<b>2,084,274</b>	1,521,782	<b>2,276,986</b>	1,663,715
- Non controlling interest	<b>(309,908)</b>	324,095	-	-
	<b>1,774,366</b>	1,845,877	<b>2,276,986</b>	1,663,715

The accompanying notes on pages 45 to 87 form an integral part of these consolidated and separate financial statements.  
The report of the Auditor is set forth on page 35 to 38.

# **CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY**

**for the year ended 31 December 2022**

<b>Group</b>	<b>Attributable to owners of the Parent Company</b>						<b>Non-controlling interest</b>			<b>Total equity</b>		
	<b>Share capital</b>	<b>Legal reserve</b>	<b>Retained earnings</b>	<b>Total RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>	
	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>	
As at 1 January 2021	12,187,500	4,921,214	2,442,115	19,550,829	3,161,543	22,712,372						
Profit for the year	-	-	1,521,782	1,521,782	324,095	1,845,877						
Other comprehensive income	-	-	-	-	-	-						
Total comprehensive income	-	-	1,521,782	1,521,782	324,095	1,845,877						
Transfer to legal reserve	-	70,678	(70,678)	-	-	-						
As at 31 December 2021	<b>12,187,500</b>	<b>4,991,892</b>	<b>3,893,219</b>	<b>21,072,611</b>	<b>3,485,638</b>	<b>24,558,249</b>						
<b>As at 1 January 2022</b>	<b>12,187,500</b>	<b>4,991,892</b>	<b>3,893,219</b>	<b>21,072,611</b>	<b>3,485,638</b>	<b>24,558,249</b>						
Profit/(loss) for the year	-	-	2,084,274	2,084,274	(309,908)	1,774,366						
Other comprehensive income	-	-	-	-	-	-						
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>	<b>2,084,274</b>	<b>2,084,274</b>	<b>(309,908)</b>	<b>1,774,366</b>						
Transfer to legal reserve	-	-	-	-	-	-						
<b>At 31 December 2022</b>	<b>12,187,500</b>	<b>4,991,892</b>	<b>5,977,493</b>	<b>23,156,885</b>	<b>3,175,730</b>	<b>26,332,615</b>						

The accompanying notes on pages 45 to 87 form an integral part of these consolidated and separate financial statements.  
The report of the Auditor is set forth on page 35 to 38.

## **CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY**

**for the year ended 31 December 2022**

	Share capital RO	Legal reserve RO	Retained earnings RO	Total equity RO
<b>Parent Company</b>				
As at 1 January 2021	12,187,500	4,062,500	4,029,102	20,279,102
Profit for the year	-	-	1,663,715	1,663,715
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	1,663,715	1,663,715
As at 31 December 2021	<b>12,187,500</b>	<b>4,062,500</b>	<b>5,692,817</b>	<b>21,942,817</b>
<b>As at 1 January 2022</b>				
Profit for the year	-	-	<b>2,276,986</b>	<b>2,276,986</b>
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	<b>2,276,986</b>	<b>2,276,986</b>
As at 31 December 2022	<b>12,187,500</b>	<b>4,062,500</b>	<b>7,969,803</b>	<b>24,219,803</b>

The accompanying notes on pages 45 to 87 form an integral part of these consolidated and separate financial statements.

The report of the Auditor is set forth on page 35 to 38.

# CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

for the year ended 31 December 2022

Notes	2022	2021	2022	2021
	Group RO	Group RO	Parent RO	Parent RO
<b>Cash flows from operating activities</b>				
Profit before tax	<b>1,774,495</b>	2,168,486	<b>2,276,986</b>	1,663,715
<b>Adjustments for:</b>				
Share of loss/(profit) of equity accounted investees	<b>65,290</b>	(415,612)	<b>(272,533)</b>	(75,672)
Share of (profit)/loss of subsidiaries	<b>-</b>	-	<b>277,208</b>	(375,307)
Depreciation/amortisation	<b>446,280</b>	451,118	<b>235,467</b>	235,859
Dividends income	<b>(753,691)</b>	(878,252)	<b>(631,506)</b>	(770,134)
Interest income	<b>(10,984)</b>	-	<b>(10,984)</b>	-
Unrealised gains on financial assets at FVTPL	<b>(477,636)</b>	(1,603,794)	<b>(791,843)</b>	(982,499)
Realised gains on financial assets at FVTPL	<b>(2,167,844)</b>	(952,216)	<b>(2,072,147)</b>	(820,642)
Loss from change in fair value of investment property	-	30,000	-	-
Employees end of service benefits	<b>22,797</b>	23,599	<b>10,116</b>	8,789
Gain on modification of lease	-	(10,441)	-	-
Provision for expected credit losses – net	<b>(151,408)</b>	(27,880)	<b>(130,875)</b>	-
Finance cost	<b>519,749</b>	691,534	<b>386,001</b>	606,498
<b>Cash used before working capital changes</b>	<b>(732,952)</b>	(523,458)	<b>(724,110)</b>	(509,393)
<b>Changes in working capital:</b>				
Trade and other receivables	<b>(253,283)</b>	203,070	<b>(34,942)</b>	102,444
Trade and other payables	<b>728,543</b>	(375,680)	<b>524,268</b>	184,544
Inventories	<b>(21,862)</b>	29,080	-	-
<b>Cash used in operations</b>	<b>(279,554)</b>	(666,988)	<b>(234,784)</b>	(222,405)
Finance cost paid	<b>(519,749)</b>	(688,000)	<b>(386,001)</b>	(606,498)
Employees' end of service benefits paid	<b>(149,217)</b>	(17,811)	<b>(124,157)</b>	(6,402)
<b>Net cash used in operating activities</b>	<b>(948,520)</b>	(1,372,799)	<b>(744,942)</b>	(835,305)
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	<b>(23,814)</b>	(11,423)	<b>(371)</b>	-
Dividends and interest income received	<b>764,675</b>	878,252	<b>642,490</b>	770,134
Dividends from equity accounted investees	<b>236,188</b>	118,862	<b>151,285</b>	-
Proceeds from disposal of financial assets at FVTPL	<b>10,490,244</b>	5,931,684	<b>8,632,067</b>	4,586,473
Proceeds from disposal of associates	-	3,475,202	-	3,475,202
Purchase of financial assets at FVTPL	<b>(2,005,053)</b>	(1,484,840)	-	-
<b>Net cash generated from investing activities</b>	<b>9,462,240</b>	8,907,737	<b>9,425,472</b>	8,831,809
<b>Cash flow from financing activities</b>				
Proceeds from term loans	<b>67,211</b>	181,061	<b>67,211</b>	181,061
Payment of term loans	<b>(1,046,188)</b>	(5,350,447)	<b>(1,046,188)</b>	(5,350,447)
Repayment of GSL	<b>(6,300,000)</b>	(1,200,000)	<b>(6,300,000)</b>	(1,200,000)
Payment of finance lease liability	<b>(15,503)</b>	(20,944)	-	-
<b>Net cash used in financing activities</b>	<b>(7,294,480)</b>	(6,390,330)	<b>(7,278,977)</b>	(6,369,386)
<b>Net change in cash and cash equivalents</b>	<b>1,219,240</b>	1,144,608	<b>1,401,553</b>	1,627,118
Cash and cash equivalents at beginning of the year	<b>1,197,028</b>	52,420	<b>(541,401)</b>	(2,168,519)
<b>Cash and cash equivalents at end of the year</b>	<b>2,416,268</b>	1,197,028	<b>860,152</b>	(541,401)

The accompanying notes on pages 45 to 87 form an integral part of these consolidated and separate financial statements.

The report of the Auditor is set forth on page 35 to 38.

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

### 1 Legal status and principal activities

Oman and Emirates Investment Holding Company SAOG (the “Parent Company”) is registered as an Omani joint stock company. It is engaged in investment activities and related services in accordance with Royal Decree No. 10/93 and its Articles of Association. The Parent Company operates in the Sultanate of Oman under the Commercial Companies Law of the Sultanate of Oman 2019. It has a Branch which operates under the relevant local requirements of the UAE.

The Group has the following subsidiaries and equity accounted investees.

	Country of incorporation	Shareholding percentage		Principal Activities
		2022	2021	
<b>Subsidiaries</b>				
Omani Euro Food Industries Company SAOG	Oman	<b>81</b>	81	Manufacture of baby food
The Financial Corporation Company SAOG	Oman	<b>51</b>	51	Financial services
<b>Equity accounted investees</b>				
Oman Hotels and Tourism Company SAOC	Oman	<b>32</b>	32	Hospitality services
Oman Fiber Optic Company SAOC	Oman	<b>21</b>	21	Fiber optic products

### 2 Basis of accounting

These consolidated and separate financial statements for the year ended 31 December 2022 comprise the results and balances of the Parent Company and its subsidiaries (together “the Group”). The separate financial statements represent the financial statements of the Parent Company on a standalone basis. These consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) and applicable requirements of Commercial Companies Law of the Sultanate of Oman, 2019 and the disclosure requirements of the Capital Markets Authority (CMA).

The consolidated and separate statement of financial position is prepared in descending order of liquidity, as the presentation is more appropriate in the Group’s operations.

The Group’s consolidated and separate statement of financial position is not presented using a current/non-current classification. However, the balances that would generally be classified as current assets are: cash and bank balances, trade and other receivables, inventories and financial assets at amortised cost. The balances that would generally be classified as non-current assets are: financial assets at FVTPL, investments in equity accounted investees, investments in subsidiaries, property, plant and equipment, investment properties, right of use assets and deferred tax assets.

The balances that would generally be classified as current liability is bank overdraft. The balances that are normally of mixed nature (including both current and non-current portions) are trade and other payables, lease liability, term loans, loans from Governments and deferred Government grants.

#### (a) Use of judgements and estimates

The preparation of consolidated and separate financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies.

Estimates and judgements are reviewed regularly and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### **Impairment of investment in equity accounted investees and subsidiaries**

The Group reviews its investment in equity accounted investees and subsidiaries periodically and evaluates for objective evidence of impairment. Objective evidence includes the performance of equity accounted investees and subsidiaries, the future business model, local economic conditions and other relevant factors.

### **Recognition of deferred tax assets**

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

### **Inventories**

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

### **Impairment of goodwill**

The Group tests annually whether goodwill has impaired, considering projected cash flows, terminal growth rate and discount factors. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

### **Impairment of trade and other receivables**

The impairment model applies to financial assets measured at amortised cost and debt investments at FVOCI, but not to investments in equity instruments. For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.

### **Fair value measurement**

Management uses various valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

#### **(b) Functional and presentation currency**

The consolidated and separate financial statements are presented in Rials Omani, which is the Group's functional currency.

#### **(c) Changes in significant accounting policies**

##### **New Standards adopted as at 1 January 2022**

Some accounting pronouncements which have become effective from 1 January 2022 and have therefore been adopted, do not have a significant impact on the Group's financial results or position.

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

### **Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group**

At the date of authorisation of these consolidated and separate financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Group.

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

### **3 Significant accounting policies**

The Group has consistently applied the following accounting policies to all periods presented. The consolidated and separate financial statements have been prepared using the measurement bases specified by IFRSs for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

#### **3.1 Basis of accounting and consolidation**

##### **(a) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date when the Parent Company loses the control. The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquire and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquire on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated statement of profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with the relevant accounting standard either in consolidated statement of profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiaries acquired, the difference is recognised in consolidated statement of profit or loss. Goodwill is tested for any impairment annually. Consequent to the amendment in IAS 27, effective 1 January 2017, the Parent Company has adopted equity

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

method to account for its investment in subsidiaries for the purpose of its separate financial statements. Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profit or loss resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### (b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interest that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiaries is recorded in equity. Gains or losses on disposals to non-controlling interest are also recorded in equity.

### (c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in consolidated and separate statement of comprehensive income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. Consequently, amounts previously recognised in consolidated statement of other comprehensive income are reclassified to consolidated statement of profit or loss.

### (d) Equity accounted investees

Equity accounted investees are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in equity accounted investees are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, including transaction cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in equity accounted investees includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in consolidated statement of other comprehensive income is reclassified to the consolidated statement of profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated and separate statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in the consolidated and separate statement of profit or loss.

Profit or loss resulting from upstream and downstream transactions between the Group and its associate are recognised in the consolidated and separate financial statements only to the extent of unrelated investor's interests in the equity accounted investees. Unrealised losses are eliminated unless the transaction provides

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Consequent to the amendment in IAS 27, effective 1 January 2017, the Parent Company has adopted equity method to account for its investment in associated for the purpose of its separate financial statements.

### 3.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

### 3.3 Foreign currency translation

#### (a) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated and separate statement of comprehensive income.

#### (b) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each consolidated and separate statement of financial position presented are translated at the closing rate at the reporting date;
- (ii) income and expenses for each income statement are translated at average exchange rates; and all resulting exchange differences are recognised in consolidated and separate statement of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings are taken to consolidated and separate statement of other comprehensive income.

### 3.4 Property, plant and equipment

Property, plant and equipment is stated at historical cost, which includes capitalised borrowing costs, less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. The cost includes any other cost that is directly attributable to bringing the asset to a working condition for its intended use and the cost of dismantling and removing the item and restoring the site on which they are located. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated and separate statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over the estimated useful lives, as follows:

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

	Years
Buildings	20-40
Plant and machinery	15-20
Furniture, fixtures	3-5
Leasehold improvements	5
Office equipment	3-5
Vehicles	3-4

The depreciation methods, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other income' in the consolidated and separate statement of comprehensive income.

### 3.5 Investment properties

Investment properties comprise land and buildings held for long-term rental yields and not occupied by the Group. Investment properties are carried at cost, less impairment. Any required impairment charge is recorded in the consolidated and separate statement of comprehensive income.

### 3.6 Intangible assets

Goodwill arising on acquisition of subsidiaries, equity accounted investees and joint ventures is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

### 3.7 Impairment of non-financial assets

Assets that have an indefinite useful life, for example, goodwill are not subject to amortisation or depreciation and are tested annually for impairment. Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

### 3.8 Financial assets and financial liabilities

#### (i) Classification and measurement of financial assets and financial liabilities

##### **Financial assets**

Under IFRS 9, on initial recognition, a financial asset is classified at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; fair value through other comprehensive income – equity investment; or fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in the consolidated and separate statement of other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

**Financial assets at FVTPL** These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in consolidated and separate statement of profit or loss.

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

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in consolidated and separate statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in consolidated and separate statement of other comprehensive income and are never reclassified to consolidated and separate statement of profit or loss.
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### Business model assessment

In making an assessment of the objective of the business model in which a financial asset is held, the Group considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

The Group has determined that it has two business models.

- Held-to-collect business model: this includes cash and cash equivalents, balances due from brokers and receivables from reverse sale and repurchase agreements. These financial assets are held to collect contractual cash flow.
- Other business model: this includes debt securities, equity investments, investment in unlisted open-ended investment funds and unlisted private equities. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

### Assessment whether contractual cash flows are SPPI

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

### Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Group were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

### Financial liabilities

#### Classification

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the consolidated and separate statement of profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in the consolidated and separate statement of profit or loss.

#### Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the consolidated and separate statement of profit or loss.

#### Modification

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in the consolidated and separate statement of profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in consolidated and separate statement of profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

### 3.9 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The Group measures the fair value of a quoted instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e., the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure.

Portfolio level adjustments – e.g., bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

### 3.10 Offsetting

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

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

### 3.11 Impairment of financial assets

The impairment model applies to financial assets measured at amortised cost and debt investments at FVOCI, but not to investments in equity instruments.

The financial assets at amortised cost consist of trade and other receivables, cash and cash equivalents, and corporate debt securities.

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

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

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

- debt securities that are determined to have low credit risk at the reporting date; and

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

- other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group has elected to measure loss allowances for trade and other receivables at an amount equal to lifetime ECLs.

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

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

### **Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

### **Credit impaired financial assets**

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

### **Presentation of impairment losses**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses related to trade and other receivables are presented separately in the consolidated and separate statement of profit or loss.

### **3.12 Cash and cash equivalents**

For the purpose of consolidated and separate statement of cash flows, cash and cash equivalents include cash in hand, all bank balances, including short term deposits with a maturity of three months or less from the date of placement and bank overdrafts.

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

### 3.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 3.14 Government grants

Government Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. The loans on the soft terms are carried in the consolidated and separate statement of financial position at fair value being the fair value of consideration received. The fair value of the consideration received is the sum of all future cash payments, discounted using the market borrowing rates of interest for loans having similar maturity to discount the future contractual cash flows.

The difference between the fair value and the principal amount of the loans is treated as Government grant and deferred over the period of the loans. The deferred Government grant is recognised as income over the periods necessary to match it on a systematic basis to the costs which it intended to compensate.

### 3.15 Income tax

The tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated and separate statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in the consolidated and separate statement of comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affect neither the accounting nor taxable profits, and difference relating to subsidiaries and jointly controlled entities to the extent that they probably will not reverse in foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 3.16 End of service benefits and leave entitlements

Provision for end of service indemnity for non-Omani employees has been made in accordance with the terms of the Oman Labour Law and its amendments and is based on current remuneration rates and cumulative years of service at the consolidated and separate statement of financial position date. Employee's entitlements to annual leave and leave passage are recognised when they accrue to the employees up to the reporting date. These accruals are included in current liabilities, while that relating to end of service benefits is disclosed as a non-current liability.

Contributions to a defined contribution retirement plan for Omani employees in accordance with the Omani Social Insurance Law are recognised as an expense in the consolidated and separate statement of profit or loss as incurred.

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

### 3.17 Provisions, contingent assets and contingent liabilities

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Group and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are not recognised for future operating losses. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate of the Group's management.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination. These contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognised, less any amortisation.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. Probable inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

### 3.18 Revenue recognition policy

The majority of the Group's revenue is derived from trading in equity securities of Companies.

The Group uses the following 5 steps model for revenue recognition.

1. Identifying the contract with a customer
2. Identifying performance obligation
3. Determining the transaction price
4. Allocating the transaction price to the performance obligation
5. Recognising revenue when/as performance obligations are satisfied

#### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

#### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

#### Dividend, interest and other income

Interest income is recognised using the effective interest rate (EIR).

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

The EIR is the rate that exactly discounts estimated future receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

Dividend income is recognised when the right to receive payment is established.

Brokerage revenue is recognised on completion of the deal.

Net income from financial instruments at FVTPL includes all realised and unrealised fair value changes and foreign exchange differences, interest and dividend income, including dividend expense on securities sold short.

### **3.19 Directors' remuneration**

The Directors' remuneration is governed as set out in the Memorandum of Association of the Group, the Commercial Companies Law and regulations issued by the Capital Market Authority.

### **3.20 Dividend distribution**

Dividends are recommended by the Board after considering the profit available for distribution and the Parent Company's future cash requirements and are subject to approval by the shareholders at Annual General Meeting. Dividends are recognised as a liability in the consolidated and separate financial statements in the period in which they are approved by the Board.

### **3.21 Fiduciary assets**

The Group provides trustee services to third parties, which involve the holding of the assets of the third parties. These assets that are held in a fiduciary capacity are not included in these consolidated and separate financial statements.

### **3.22 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

### **3.23 Operating expenses**

Operating expenses are recognised in the consolidated and separate statement of profit or loss upon utilisation of the service or as incurred.

### **3.24 Share capital**

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

Retained earnings include current and prior period results recorded in the consolidated and separate statement of changes in equity.

## **4 Financial risk management**

### **4.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The overall risk management programme of the Group focuses on unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance.

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

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

### (a) Market risk

#### Foreign exchange risk

Foreign exchange risk is the risk arising from future commercial transactions or recognised financial assets or liabilities being denominated in a currency that is not the Group's functional currency.

The Group transactions are mainly denominated in Rial Omani, United Arab Emirates Dirham (UAE Dirham), Kuwaiti Dinar, United States Dollar (US Dollar), Euro and Saudi Riyal. The accounting record of the Parent Company's branch at Abu Dhabi is maintained in UAE Dirham. The Group is not exposed to foreign exchange risk for its net assets denominated in UAE Dirham and US Dollar as the functional currency and UAE Dirham is pegged with US Dollar. Any changes in exchange rate relating to Kuwaiti Dinar and Euro are not material to the Group.

#### Interest rate risk

Interest rate risk is the uncertainty of future earnings resulting from fluctuations in interest rates. The risk arises when there is a mismatch in the assets and liabilities, which are subject to interest rate adjustment within a specified period. The Group is exposed to interest rate risk on its interest-bearing assets and liabilities including bank deposits, bank overdrafts and term loans. Assets and liabilities carrying variable rates expose the Group to cash flow interest rate risk.

Financial assets at amortised cost and loan from Governments carry fixed interest rate. Assets or liabilities carrying fixed interest and measured at amortised cost are independent of the short-term changes of the applicable interest rates. Such assets or liabilities do not expose the Group to interest rate risk.

The Group place bank deposits or borrow funds in accordance with liquidity management policies. The bank deposits are of short term nature and repriced at the time of maturity. The Group borrowings, overdraft and term loans are at commercial terms which reprice yearly or more frequently. Such frequent re-pricing exposes the Group to interest rate risk. The Group carries out periodic analysis and monitors the market interest rates fluctuations taking into consideration the Group's needs. In case of material market rate fluctuations, the terms of the deposits and borrowings are renegotiated with the banks and whenever necessary reinvested or borrowed.

If the variable interest would have changed by 50 basis points for the year based on average borrowing level and with all other variable held constant, the profit for the Group and the Parent Company would have been lower/higher by RO 14,832 (2021: RO 35,772) and RO 14,490 (2021: RO 35,285), respectively, as per details given below:

	Group		Parent	
	2022	2021	2022	2021
	RO	RO	RO	RO
<b>Financial liabilities:</b>				
At 1 January	<b>3,731,170</b>	10,577,806	<b>3,662,827</b>	10,451,054
At 31 December	<b>2,201,723</b>	3,731,170	<b>2,133,415</b>	3,662,827
Average outstanding	<b>2,966,447</b>	7,154,488	<b>2,898,121</b>	7,056,941
Impact of 50 basis point on average	<b>14,832</b>	35,772	<b>14,490</b>	35,285

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

### Price risk

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

The Group trades in financial instruments to take advantage of short term and long term capital market movements. All investment securities present a risk of loss of capital. The Group controls this risk through a careful selection of securities and other financial instruments within specified limits. The maximum risk resulting from financial instruments is determined by the carrying amount of the financial instruments. The Group's overall market positions for listed securities are monitored on a daily basis by the Investment Manager and are reviewed periodically. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The table below summarises the impact of increases/decreases of the country wise indices on the Group's profit and equity for the year. The analysis is based on the assumption that the equity indices had increased/decreased by 5% with all other variables held constant and all the companies' equity instruments moved according to the historical correlation with the index.

Impact on the (loss)/profit due to quoted equity assets held and classified as financial assets at fair value through profit or loss:

	Group		Parent	
	2022	2021	2022	2021
	RO	RO	RO	RO
Oman	7,841,267	6,915,935	7,219,158	6,859,886
GCC and others	3,699,620	4,852,926	1,127,713	1,652,572
Total	11,540,887	11,768,861	8,346,871	8,512,458
5% increase or decrease	577,044	588,443	417,344	425,623

### (b) Credit risk

Credit risk is managed on group basis, except for credit risk relating to accounts receivable balances. Each entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from bank balances, financial assets at amortised cost and credit exposures to customers, including outstanding amounts from related parties. Management 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. The utilisation of credit limits is regularly monitored.

The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter parties and continually assessing the creditworthiness of counter parties. In monitoring customer credit risk, customers are assessed based on whether they are individuals or legal entity, their ageing profile, maturity and existence of previous financial difficulties.

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

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

### (c) Liquidity risk

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

In accordance with prudent liquidity risk management, the Group aims to maintain sufficient cash and an adequate amount of committed credit facilities.

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

(i) The contractual maturity profile of the financial liabilities of the Group is as follows. The amounts shown below are gross and discounted.

	Up to 3 months RO	3 to 12 months RO	1 to 5 years RO	Over 5 years RO	Total RO
<b>31 December 2022</b>					
<b>Financial liabilities</b>					
Loans from Governments	-	<b>3,500,000</b>	<b>6,961,120</b>	-	<b>10,461,120</b>
Term loans	-	<b>974,032</b>	<b>1,147,801</b>	-	<b>2,121,833</b>
Trade and other payables	-	<b>2,656,906</b>	-	-	<b>2,656,906</b>
Bank overdrafts	-	<b>79,890</b>	-	-	<b>79,890</b>
<b>Total liabilities</b>	<b>-</b>	<b>7,210,828</b>	<b>8,108,921</b>	<b>-</b>	<b>15,319,749</b>

The amounts shown below are gross and discounted.

	Up to 3 months RO	3 to 12 months RO	1 to 5 years RO	Over 5 years RO	Total RO
<b>31 December 2021</b>					
<b>Financial liabilities</b>					
Bank overdrafts	630,360	-	-	-	630,360
Trade and other payables	2,054,192	-	-	-	2,054,192
Term loans	816,162	809,871	1,474,777	-	3,100,810
Loans from Governments	-	6,868,344	9,268,580	-	16,136,924
<b>Total liabilities</b>	<b>3,500,714</b>	<b>7,678,215</b>	<b>10,743,357</b>	<b>-</b>	<b>21,922,286</b>

(ii) The contractual maturity profile of the financial liabilities of the Parent Company is as follows. The amounts shown below are gross and discounted.

	Up to 3 months RO	3 to 12 months RO	1 to 5 years RO	Over 5 years RO	Total RO
<b>31 December 2022</b>					
<b>Financial liabilities</b>					
Bank overdrafts	-	<b>11,582</b>	-	-	<b>11,582</b>
Trade and other payables	-	<b>1,223,178</b>	-	-	<b>1,223,178</b>
Term loans	-	<b>974,032</b>	<b>1,147,801</b>	-	<b>2,121,833</b>
Loans from Governments	-	<b>2,500,000</b>	<b>4,308,120</b>	-	<b>6,808,120</b>
<b>Total liabilities</b>	<b>-</b>	<b>4,708,792</b>	<b>5,455,921</b>	<b>-</b>	<b>10,164,713</b>

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

	Up to 3 months RO	3 to 12 months RO	1 to 5 years RO	Over 5 years RO	Total RO
31 December 2021					
Financial liabilities					
Bank overdrafts	562,017	-	-	-	562,017
Trade and other payables	812,952	-	-	-	812,952
Term loans	816,162	809,871	1,474,777	-	3,100,810
Loans from Governments	-	6,300,000	6,183,924	-	12,483,924
Total liabilities	<u>2,191,131</u>	<u>7,109,871</u>	<u>7,658,701</u>	<u>-</u>	<u>16,959,703</u>

### 4.2 Capital management policies and procedures

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

	2022 Group RO	2021 Group RO	2022 Parent RO	2021 Parent RO
Total borrowings	<b>13,354,723</b>	21,184,170	<b>9,633,415</b>	17,462,827
Less: cash and bank balances	<b>(2,588,582)</b>	(1,919,812)	<b>(964,158)</b>	(113,040)
Net debt	<b>10,766,141</b>	19,264,358	<b>8,669,257</b>	17,349,787
Total equity	<b>23,156,885</b>	21,072,611	<b>24,219,803</b>	21,942,817
Total capital	<b>33,923,026</b>	40,336,969	<b>32,889,060</b>	39,292,604
Gearing ratio	<b>32%</b>	48%	<b>26%</b>	44%

### 4.3 Fair value estimation

The Group follows IFRS 13 for instruments that are measured in the consolidated and separate statement of financial position at fair value; this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy.

The fair values of assets and liabilities that are traded in active markets are based on prices obtained directly from an exchange on which the instruments are traded or obtained from a broker that provides an unadjusted quoted price from an active market for identical instruments. For all other instruments, the Group determines fair values using other valuation techniques.

For instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are not considered active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimation discount rates and equity prices, foreign currency exchange rates, equity indices, earnings before interest, tax and depreciation allowance (EBITDA) multiples and revenue multiples and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

### i. Valuation approach for specific instruments

The following table presents the investments that are measured at fair value.

	Level 1 RO	Level 3 RO	Total RO
<b>The Group</b>			
<b>31 December 2022</b>			
Financial assets at fair value through profit or loss	<u>11,540,887</u>	<u>3,100,661</u>	<u>14,641,548</u>
31 December 2021			
Financial assets at fair value through profit or loss	<u>11,767,861</u>	<u>8,713,398</u>	<u>20,481,259</u>
 <b>The Parent Company</b>			
<b>31 December 2022</b>			
Financial assets at fair value through profit or loss	<u>8,346,871</u>	<u>2,536,305</u>	<u>10,883,176</u>
31 December 2021			
Financial assets at fair value through profit or loss	<u>8,512,458</u>	<u>8,138,795</u>	<u>16,651,253</u>

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

### 4.4 Financial instruments by category

The accounting policies of the Group for financial instruments have been applied to the line items below:

	Financial assets at amortised cost		Financial assets at fair value through profit or loss	
	FVTPL	RO	RO	Total
<b>31 December 2022</b>				
Financial assets at fair value through profit or loss	<b>14,641,548</b>		-	<b>14,641,548</b>
Financial assets at amortised cost	-		<b>2,099,271</b>	<b>2,099,271</b>
Cash and cash equivalents	-		<b>2,588,582</b>	<b>2,588,582</b>
Trade and other receivables	-		<b>1,487,530</b>	<b>1,487,530</b>
	<b>14,641,548</b>		<b>6,175,383</b>	<b>20,816,931</b>
<b>31 December 2022</b>				
Bank overdrafts				<b>79,890</b>
Trade and other payables				<b>2,656,906</b>
Term loans				<b>2,121,833</b>
Loans from Governments				<b>10,461,120</b>
				<b>15,319,749</b>
<b>31 December 2021</b>				
Financial assets at fair value through profit or loss	20,481,259		-	20,481,259
Cash and cash equivalents	-		2,109,961	2,109,961
Financial assets at amortised cost	-		1,919,812	1,919,812
Trade and other receivables (excluding prepayments)	-		904,504	904,504
	<b>20,481,259</b>		<b>4,934,277</b>	<b>25,415,536</b>
<b>31 December 2021</b>				
Bank overdrafts				<b>562,017</b>
Trade and other payables				<b>2,172,776</b>
Term loans				<b>3,100,810</b>
Loans from Governments				<b>17,521,344</b>
				<b>23,356,947</b>

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

The accounting policies of the Parent Company for financial instruments have been applied to the line items below:

	Financial assets at amortised cost			Financial liabilities RO
	Financial assets at	amortised	Total	
	FVTPL	cost	RO	
<b>31 December 2022</b>				
Cash and cash equivalents	-	964,158	964,158	
Trade and other receivables	-	206,666	206,666	
Financial assets at fair value through profit or loss	10,883,176	-	10,883,176	
Financial assets at amortised cost	-	2,099,271	2,099,271	
	<b>10,883,176</b>	<b>3,270,095</b>	<b>14,153,271</b>	
<b>31 December 2022</b>				
Bank overdrafts			11,582	
Trade and other payables			1,223,178	
Term loans			2,121,833	
Loans from Governments			6,808,120	
			<b>10,164,713</b>	
<b>31 December 2021</b>				
Cash and cash equivalents	-	113,040	113,040	
Trade and other receivables (excluding prepayments)	-	19,344	19,344	
Financial assets at fair value through profit or loss	16,651,253	-	16,651,253	
Financial assets at amortised cost	-	2,109,961	2,109,961	
	<b>16,651,253</b>	<b>2,242,345</b>	<b>18,893,598</b>	
<b>31 December 2021</b>				
Bank overdrafts			562,017	
Trade and other payables			730,899	
Term loans			3,100,810	
Loans from Governments			13,800,000	
			<b>18,193,726</b>	

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

### 5 Cash and bank balances

	2022	2021	2022	2021
	Group	Group	Parent	Parent
	RO	RO	RO	RO
Cash in hand	1,181	841	579	8
Call and current accounts	2,587,586	1,919,744	963,579	113,032
Expected credit loss allowance	(185)	(773)	-	-
	<u>2,588,582</u>	<u>1,919,812</u>	<u>964,158</u>	<u>113,040</u>

Call accounts carry interest rates at 0.5% (2021: 0.5%) per annum.

The Parent Company's bank balance includes RO 92,424 (2021: RO 92,424) in a restricted account in lieu of unclaimed dividend.

For the purpose of consolidated and separate statement of cash flows, cash and cash equivalents comprises of following amounts:

	2022	2021	2022	2021
	Group	Group	Parent	Parent
	RO	RO	RO	RO
Cash and bank balances	2,588,582	1,919,812	964,158	113,040
Bank overdrafts (Note 18)	(79,890)	(630,360)	(11,582)	(562,017)
Restricted bank balance	(92,424)	(92,424)	(92,424)	(92,424)
	<u>2,416,268</u>	<u>1,197,028</u>	<u>860,152</u>	<u>(541,401)</u>

### 6 Trade and other receivables

	2022	2021	2022	2021
	Group	Group	Parent	Parent
	RO	RO	RO	RO
Amounts due from a related party (Note 32)	25,811	-	-	588
Trade receivables	1,345,144	905,543	-	-
Allowance for expected credit losses	(148,394)	(168,926)	-	-
	<u>1,222,561</u>	<u>736,617</u>	<u>-</u>	<u>588</u>
Other receivables	329,139	569,609	311,256	270,720
Allowance for expected credit losses	(118,586)	(249,462)	(118,586)	(249,461)
	<u>210,553</u>	<u>320,147</u>	<u>192,670</u>	<u>21,259</u>
Prepaid expenses	54,416	19,003	13,996	19,003
	<u>1,487,530</u>	<u>1,075,767</u>	<u>206,666</u>	<u>40,850</u>

(a) The movement in allowance for expected credit losses for trade and other receivables is analysed as follows:

	2022	2021	2022	2021
	Group	Group	Parent	Parent
	RO	RO	RO	RO
<b>01 January</b>	418,388	446,268	249,461	249,461
Charge for the year	-	22,651	-	-
Reversed during the year	(151,408)	(50,531)	(130,875)	-
<b>31 December</b>	<b>266,980</b>	<b>418,388</b>	<b>118,586</b>	<b>249,461</b>

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

- (b) As at 31 December 2022, trade receivables of the Group amounting to RO 148,394 (2021: RO 168,927) were assessed as impaired and fully provided for.
- (c) The fair values of trade and other receivables approximates their carrying amounts. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

### 7 Financial assets at fair value through profit or loss

The movement in financial assets at fair value through profit or loss during the year is as follows:

	2022	2021	2022	2021
	Group	Group	Parent	Parent
	RO	RO	RO	RO
<b>At 1 January</b>	<b>20,481,259</b>	22,748,973	<b>16,651,253</b>	19,811,465
Purchases during the year	<b>2,005,053</b>	1,484,840	-	-
Sales during the year	<b>(8,322,400)</b>	(5,356,348)	<b>(6,559,920)</b>	(4,142,711)
Unrealised gains during the year	<b>477,636</b>	1,603,794	<b>791,843</b>	982,499
<b>At 31 December</b>	<b>14,641,548</b>	20,481,259	<b>10,883,176</b>	16,651,253
Realised gains on sale of investments	<b>2,167,844</b>	575,336	<b>2,072,147</b>	443,762

- (a) The financial assets at fair value through profit or loss are denominated in the following currencies:

	2022	2021	2022	2021
	Group	Group	Parent	Parent
	RO	RO	RO	RO
Rial Omani	<b>10,726,619</b>	15,386,216	<b>9,540,828</b>	14,757,385
UAE Dirham	<b>2,192,439</b>	3,190,714	<b>1,342,348</b>	1,893,868
Saudi Rial	<b>1,301,281</b>	1,319,038	-	-
Qatari Rial	<b>335,113</b>	313,291	-	-
Kuwaiti Dinar	<b>85,422</b>	271,180	-	-
Others	<b>674</b>	820	-	-
	<b>14,641,548</b>	20,481,259	<b>10,883,176</b>	16,651,253

- (b) A detailed sector wise analysis of financial assets at fair value through profit or loss is disclosed under Note 8.
- (c) Financial assets at fair value through profit or loss of RO 4,836,309(2021: RO 7,875,169) are pledged by Parent Company with commercial banks as security against credit facilities (Notes 20 and 21).

### 8 Investments analysis

The following tables provide, the Group's and the Parent Company's investments in equity securities comprising of financial assets at fair value through profit or loss.

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

(a) Details where the holding of the Group and the Parent Company is 10% or more of the market value of its investment:

	% of investment portfolio	Number of securities	Carrying and fair value RO	Original cost RO
<b>Group – local quoted</b>				
<b>31 December 2022</b>				
Bank Muscat SAOG	16	<u>18,377,370</u>	<u>5,053,777</u>	<u>2,134,017</u>
31 December 2021				
Bank Muscat SAOG	11	<u>8,751,130</u>	<u>4,235,547</u>	<u>2,134,017</u>

	% of investment portfolio	Number of securities	Carrying and fair value RO	Original cost RO
<b>Parent – local quoted</b>				
<b>31 December 2022</b>				
Bank Muscat SAOG	16	<u>18,377,370</u>	<u>5,053,777</u>	<u>2,134,017</u>
31 December 2021				
Bank Muscat SAOG	12	<u>8,751,130</u>	<u>4,235,547</u>	<u>2,134,017</u>

(b) Details where the holdings of the Group and the Parent Company is 10% or more of the investee company's share capital:

	Holding %	Number of securities	Carrying and fair value RO	Original cost RO
<b>Group – local quoted</b>				
<b>31 December 2022</b>				
Computer Stationery Industry Company SAOG	14	<u>1,443,710</u>	<u>375,365</u>	<u>468,504</u>
National Aluminium Products Company SAOG	13	<u>4,462,500</u>	<u>348,075</u>	<u>852,792</u>
			<u>723,440</u>	<u>1,321,296</u>
31 December 2021				
Computer Stationery Industry Company SAOG	14	1,443,710	375,365	468,504
National Aluminium Products Company SAOG	13	4,462,500	597,975	852,792
			<u>973,340</u>	<u>1,321,296</u>

	Holding %	Number of securities	Carrying and fair value RO	Original cost RO
<b>The Parent Company – local quoted</b>				
<b>31 December 2022</b>				
Computer Stationery Industry Company SAOG	14	<u>1,443,710</u>	<u>375,365</u>	<u>468,504</u>
National Aluminium Products Company SAOG	13	<u>4,462,500</u>	<u>348,075</u>	<u>852,792</u>
			<u>723,440</u>	<u>1,321,296</u>
31 December 2021				
Computer Stationery Industry Company SAOG	14	1,443,710	375,365	468,504
National Aluminium Products Company SAOG	13	4,462,500	597,975	852,792
			<u>973,340</u>	<u>1,321,296</u>

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

Sector wise investment is as follows:

Group	2022				2021			
	Financial assets at fair value through profit or loss	Original cost	Financial assets at fair value through profit or loss	Original cost	Financial assets at fair value through profit or loss	Original cost	Financial assets at fair value through profit or loss	Original cost
	RO	RO	RO	RO	RO	RO	RO	RO
<b>Local quoted investments:</b>								
Banking and investment sector	<b>6,336,146</b>	<b>2,723,702</b>	5,114,537	3,282,076				
Manufacturing sector	<b>1,372,511</b>	<b>2,961,718</b>	1,717,016	3,017,768				
Services and other sectors	<b>132,610</b>	<b>326,196</b>	84,382	268,474				
	<b>7,841,267</b>	<b>6,011,616</b>	6,915,935	6,568,318				
<b>Overseas quoted investments:</b>								
Banking and investment sector	<b>1,378,320</b>	<b>1,434,599</b>	2,521,174	1,903,102				
Manufacturing sector	<b>1,523,504</b>	<b>960,249</b>	1,907,798	987,931				
Services and other sectors	<b>797,796</b>	<b>1,004,206</b>	423,954	355,806				
	<b>3,699,620</b>	<b>3,399,054</b>	4,852,926	3,246,839				
<b>Local unquoted investments:</b>								
Banking and investment sector	<b>559,565</b>	<b>501,423</b>	574,433	494,210				
Manufacturing sector	<b>2,325,787</b>	<b>2,385,641</b>	5,622,258	2,635,138				
Services and other sectors	-	-	2,273,590	1,826,190				
	<b>2,885,352</b>	<b>2,887,064</b>	8,470,281	4,955,538				
<b>Overseas unquoted investment:</b>								
Banking and investment sector	<b>215,309</b>	<b>534,791</b>	242,117	534,918				
	<b>215,309</b>	<b>534,791</b>	242,117	534,918				
<b>Total investments</b>	<b>14,641,548</b>	<b>12,832,525</b>	20,481,259	15,305,613				
<b>Parent Company</b>								
<b>Local quoted investments:</b>								
Banking and investment sector	<b>5,761,524</b>	<b>2,164,967</b>	5,114,537	3,282,076				
Manufacturing sector	<b>1,329,655</b>	<b>2,910,851</b>	1,666,149	2,960,493				
Services and other sectors	<b>127,979</b>	<b>321,014</b>	79,200	264,615				
	<b>7,219,158</b>	<b>5,396,832</b>	6,859,886	6,507,184				

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

	2022			2021	
	Financial assets at fair value through profit or loss		Original cost	Financial assets at fair value through profit or loss	
	RO	RO		RO	RO
<b>Overseas quoted investments:</b>					
Banking and investment sector	-	-		147,562	54,968
Services and other sectors	<u>1,127,713</u>	<u>514,862</u>		<u>1,505,010</u>	<u>623,068</u>
	<u>1,127,713</u>	<u>514,862</u>		<u>1,652,572</u>	<u>678,036</u>
<b>Local unquoted investments:</b>					
Banking and investment sector	<u>308,142</u>	<u>250,000</u>		323,010	250,000
Manufacturing sector	<u>2,013,528</u>	<u>2,064,282</u>		<u>5,300,899</u>	<u>2,301,522</u>
Services and other sectors	-	-		<u>2,273,590</u>	<u>1,826,190</u>
	<u>2,321,670</u>	<u>2,314,282</u>		<u>7,897,499</u>	<u>4,377,712</u>
<b>Overseas unquoted investment:</b>					
Banking and investment sector	<u>214,635</u>	<u>533,970</u>		241,296	533,970
	<u>10,883,176</u>	<u>8,759,946</u>		<u>16,651,253</u>	<u>12,096,902</u>

### 9 Investment in equity accounted investees

The movement in investment in equity accounted investees during the year is as follows

	2022		2021	
	Group	Group	Parent	Parent
	RO	RO	RO	RO
At 1 January	<u>16,100,249</u>	18,901,821	<u>14,110,383</u>	17,133,033
Divestment made during the year	-	(3,366,312)	-	(3,366,312)
Share of (loss)/profit for the year	<u>(65,290)</u>	415,612	<u>272,533</u>	75,672
Realised gain on divestment of associate	-	376,880	-	376,880
Dividend received	<u>(236,187)</u>	(227,752)	<u>(151,285)</u>	(108,890)
At 31 December	<u>15,798,771</u>	<u>16,100,249</u>	<u>14,231,630</u>	<u>14,110,383</u>

(a) The carrying amount of investment in equity accounted investees includes unimpaired goodwill amounting to RO 3,704,608 (2021: RO 3,704,608).

In the previous year, investments in equity accounted investees were pledged with commercial banks as security against credit facilities (Notes 20 and 21).

**NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS**  
for the year ended 31 December 2022

		Oman Hotels and Tourism Company SAOC		Oman Fiber Optics Company SAOC		Fincorp Al Amal Fund		Total	
	RO 2022	RO 2021	RO 2022	RO 2021	RO 2022	RO 2021	RO 2022	RO 2021	
<b>Equity accounted investees</b>									
<b>Summarised statement of financial position</b>									
Assets									
Cash and bank balances	40,510	99,362	2,284,224	1,489,545	108,484	178,402	2,433,218	1,767,309	
Investments	19,918,285	19,715,947	-	-	3,793,820	5,520,597	23,712,105	25,236,544	
Other assets	19,187,873	18,239,888	21,872,477	20,947,779	359,440	166,999	41,419,790	39,354,666	
<b>Total assets</b>	<u>39,146,668</u>	<u>38,055,197</u>	<u>24,156,701</u>	<u>22,437,324</u>	<u>4,261,744</u>	<u>5,865,998</u>	<u>67,565,113</u>	<u>66,358,519</u>	
Liabilities	(11,871,145)	(10,618,035)	(7,093,820)	(6,197,236)	(23,768)	(196,863)	(18,988,733)	(17,012,134)	
<b>Net assets</b>	<u>27,275,523</u>	<u>27,437,162</u>	<u>17,962,881</u>	<u>16,240,088</u>	<u>4,237,976</u>	<u>5,669,135</u>	<u>48,576,380</u>	<u>49,346,385</u>	
<b>Summarised statement of comprehensive income</b>									
Net revenue	2,402,582	1,737,907	18,539,150	15,680,159	-	-	20,941,732	17,418,066	
Investment and other income	574,828	654,316	75,572	332,185	(832,221)	1,691,005	(181,821)	2,677,506	
Expenses	(3,248,824)	(2,675,229)	(16,764,938)	(15,350,005)	(122,110)	(324,631)	(18,349,865)	(20,135,872)	
(Loss)/profit before tax	(271,414)	(283,006)	1,849,784	662,339	(954,331)	1,366,374	624,039	1,745,707	
Income tax	109,775	150,786	(305,479)	(101,410)	-	-	(195,704)	49,376	
(Loss)/profit after tax	(161,639)	(132,220)	1,544,305	560,929	(954,331)	1,366,374	428,335	1,795,083	
Other comprehensive income	-	-	-	-	-	-	-	-	
<b>Total comprehensive (loss)/income</b>	<u>(161,639)</u>	<u>(132,220)</u>	<u>1,544,305</u>	<u>560,929</u>	<u>(954,331)</u>	<u>1,366,374</u>	<u>428,335</u>	<u>1,795,083</u>	

**NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS**  
for the year ended 31 December 2022

	Oman Hotels and Tourism Co SAOC			Oman Fiber Optics Co SAOC			Fincorp Al Amal Fund			Total		
	2022	2021		2022	2021		2022	2021		2022	2021	
		RO	RO		RO	RO		RO	RO		RO	RO
<b>Reconciliation of summarised financial information</b>												
Opening net assets at 1 January *	22,067,872	22,200,092	<b>16,240,088</b>	15,679,159	<b>5,669,135</b>	8,207,833	<b>43,977,095</b>	46,087,084				
(Loss)/profit for the year	(161,639)	(132,220)	<b>1,544,305</b>	560,929	<b>(954,331)</b>	1,366,374	<b>428,335</b>	1,795,083				
Net units subscription	-	-	-	-	<b>(232,905)</b>	(3,043,071)	<b>(232,905)</b>	(3,043,071)				
Dividends paid	-	-	<b>(721,512)</b>	-	<b>(243,923)</b>	(447,511)	<b>(965,435)</b>	(447,511)				
<b>Closing net assets at 31 December</b>	<b>21,906,233</b>	<b>22,067,872</b>	<b>17,062,881</b>	<b>16,240,088</b>	<b>4,237,976</b>	<b>6,083,625</b>	<b>43,207,090</b>	<b>44,391,585</b>				
Interest in equity accounted investees												
Holding – %	31.72%	31.72%	<b>20.97%</b>	20.97%	-	-	-	-				
– RO	<b>6,949,284</b>	<b>7,000,560</b>	<b>3,577,738</b>	<b>3,405,215</b>	-	-	<b>10,527,022</b>	<b>10,405,775</b>				
Goodwill	<b>2,713,227</b>	<b>2,713,227</b>	<b>991,381</b>	<b>991,381</b>	-	-	<b>3,704,608</b>	<b>3,704,608</b>				
<b>Carrying value</b>	<b>9,662,511</b>	<b>9,713,787</b>	<b>4,569,119</b>	<b>4,396,596</b>	-	-	<b>14,231,630</b>	<b>14,110,383</b>				
Cost of investments	<b>5,328,367</b>	<b>5,328,367</b>	<b>2,742,573</b>	<b>2,742,573</b>	-	-	<b>8,070,940</b>	<b>8,070,940</b>				
Dividends received	-	-	<b>151,286</b>	-	-	-	<b>108,890</b>	<b>151,286</b>	108,890			
Share of results	<b>(51,272)</b>	<b>(41,940)</b>	<b>323,841</b>	<b>117,627</b>	-	-	<b>272,569</b>	<b>75,672</b>				

\* Opening net assets of Oman Hotels and Tourism Company SAOC does not include RO 5,286,349 relating to a revaluation of the assets carried in its books which are now revalued at RO 5,310,244.

**NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS**  
for the year ended 31 December 2022

**10 Investment in subsidiaries**

Holding %	Cost RO	Impairment allowance	Revised cost	Opening carrying value RO	Share of results RO	Transfer to associate RO	Closing carrying value RO
<b>31 December 2022</b>							
Omani Euro Food Industries Company SAOG	81	1,616,747	1,616,747	-	-	-	-
The Financial Corporation Company SAOG	51	5,083,591	1,383,604	3,699,987	3,873,243	(277,208)	3,596,035
	<b>6,700,338</b>	<b>3,000,351</b>	<b>3,699,987</b>	<b>3,873,243</b>	<b>(277,208)</b>	<b>-</b>	<b>3,596,035</b>
<b>31 December 2021</b>							
Omani Euro Food Industries Company SAOG	81	1,616,747	1,616,747	-	-	-	-
The Financial Corporation Company SAOG	51	5,083,591	1,383,604	3,699,987	3,497,936	375,307	3,873,243
	<b>6,700,338</b>	<b>3,000,351</b>	<b>3,699,987</b>	<b>3,497,936</b>	<b>375,307</b>	<b>-</b>	<b>3,873,243</b>

The original cost of investment in The Financial Corporation Company SAOG (the FINCORP) amounting to RO 5,083,591 includes goodwill of RO 1,383,604 which has been fully impaired and recognised in the consolidated and separate statement of profit or loss in the previous years.

The Parent Company pledged partially its investment in subsidiaries with commercial banks against credit facilities (Notes 20 and 21).

**NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS**  
**for the year ended 31 December 2022**

Set out below are the summarised financial information for the subsidiaries:

	The Financial Corporation Company		Omani Euro Food Industries Company		Total RO 2022	RO 2021	RO 2021			
	SAOG RO 2022	RO 2021	SAOG RO 2022	RO 2021						
<b>Subsidiaries</b>										
<b>Summarised statement of financial position</b>										
<b>Assets</b>										
Cash and bank balances	<b>1,535,154</b>	1,483,417	<b>89,271</b>	323,355	<b>1,624,425</b>	1,806,772				
Investments	<b>3,758,372</b>	3,830,006	-	-	<b>3,758,372</b>	3,830,006				
Other assets	<b>2,673,841</b>	3,043,567	<b>3,206,958</b>	2,824,955	<b>5,880,799</b>	5,868,522				
<b>Total assets</b>	<b>7,967,367</b>	8,356,990	<b>3,296,229</b>	3,148,310	<b>11,263,596</b>	11,505,300				
<b>Total liabilities</b>	<b>943,661</b>	791,846	<b>4,611,091</b>	4,224,782	<b>5,554,752</b>	5,016,628				
<b>Net assets</b>	<b>7,023,706</b>	7,565,144	<b>(1,314,862)</b>	(1,076,472)	<b>5,708,844</b>	6,488,672				
Share of non-controlling interest	<b>3,427,672</b>	3,691,901	<b>(251,941)</b>	(206,263)	<b>3,175,731</b>	3,485,638				
<b>Summarised statement of comprehensive income</b>										
Net revenue	<b>289,106</b>	357,534	<b>198,011</b>	191,319	<b>487,117</b>	548,853				
Investment and other income	<b>(382,786)</b>	1,248,577	<b>17,807</b>	18,336	<b>(364,979)</b>	1,266,913				
Expenses	<b>(447,629)</b>	(550,457)	<b>(454,208)</b>	(385,230)	<b>(901,837)</b>	(935,687)				
Profit/(loss) before tax	<b>(541,309)</b>	1,055,654	<b>(238,390)</b>	(175,575)	<b>(779,699)</b>	880,079				
Income tax	(129)	(322,609)	-	-	(129)	(322,609)				
Profit/(loss) after tax	<b>(541,438)</b>	733,045	<b>(238,390)</b>	(175,575)	<b>(779,828)</b>	557,470				
Profit/(loss) attributable to the Parent	<b>(541,438)</b>	733,045	<b>(238,390)</b>	(175,575)	<b>(779,828)</b>	557,470				
Other comprehensive income	-	-	-	-	-	-				
Total comprehensive income/(loss) for the year	<b>(541,438)</b>	733,045	<b>(238,390)</b>	(175,575)	<b>(779,828)</b>	557,470				

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

### 11 Financial assets at amortised cost

The Parent Company subscribed to the participating shares of a Company that extended “Murhabha Finance” to a school in UAE for a period of 6 years. On a back to back arrangement, this investment carries an average yield of 9% per annum and will mature in September 2023. The returns from these investments are accounted for as dividends.

(a) The movement in investment in financial asset at amortised cost during the year is as follows

	2022 Group RO	2021 Group RO	2022 Parent RO	2021 Parent RO
As at 1 January	<b>2,109,961</b>	2,120,651	<b>2,109,961</b>	2,120,651
Amortisation of placement fee	<b>(10,690)</b>	(10,690)	<b>(10,690)</b>	(10,690)
As at 31 December	<b>2,099,271</b>	2,109,961	<b>2,099,271</b>	2,109,961

During the year, dividend earned on the above investment amounted to RO 216,753 (2021: RO 204,526).

**NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS**  
 for the year ended 31 December 2022

**12 Property, plant and equipment**

Group	Plant and machinery			Furniture and fixtures			Office equipment			Vehicles			Total	
	Building RO	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO
Cost														
1 January 2022	1,996,407		6,713,752		876,148		198,037		217,828		10,002,172			
Additions during the year					16,852		1,660		5,302		-		23,814	
<b>31 December 2022</b>	<b>1,996,407</b>		<b>6,730,604</b>		<b>877,808</b>		<b>203,339</b>		<b>217,828</b>		<b>10,025,986</b>			
<b>Accumulated depreciation</b>														
1 January 2022	1,026,599		5,382,740		686,845		158,322		215,964		7,470,470			
Change for the year	48,214		143,809		79,470		24,753		1,849		298,095			
<b>31 December 2022</b>	<b>1,074,813</b>		<b>5,526,549</b>		<b>766,315</b>		<b>183,075</b>		<b>217,813</b>		<b>7,768,565</b>			
<b>Net book value</b>	<b>921,594</b>		<b>1,204,055</b>		<b>111,493</b>		<b>20,264</b>		<b>15</b>		<b>2,257,421</b>			

Group	Plant and machinery			Furniture and fixtures			Office equipment			Vehicles			Total	
	Building RO	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO
Cost														
1 January 2021	1,996,407		6,706,987		875,471		194,056		217,828		9,990,749			
Additions during the year					6,765		677		3,981		-		11,423	
<b>31 December 2021</b>	<b>1,996,407</b>		<b>6,713,752</b>		<b>876,148</b>		<b>198,037</b>		<b>217,828</b>		<b>10,002,172</b>			
<b>Accumulated depreciation</b>														
1 January 2021	978,389		5,239,081		604,137		133,529		213,632		7,168,768			
Change for the year	48,210		143,659		82,708		24,793		2,332		301,702			
<b>31 December 2021</b>	<b>1,026,599</b>		<b>5,382,740</b>		<b>686,845</b>		<b>158,322</b>		<b>215,964</b>		<b>7,768,565</b>			
<b>Net book value</b>	<b>969,808</b>		<b>1,331,012</b>		<b>189,303</b>		<b>39,715</b>		<b>1,864</b>		<b>2,531,702</b>			

(i) The property, plant and equipment of subsidiaries are mortgaged as security against Government loans and other term loans. The depreciation charge for the Group for the year has been included in cost of sales amounting to RO 184,853 (2021: RO 184,605) and administration expenses RO 113,241 (2021: RO 117,097).

**NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS**  
for the year ended 31 December 2022

Parent Company	Furniture			Office			Total RO
	Building RO	and fixtures RO	equipment RO	Vehicles RO	Office RO		
Cost							
1 January 2022	345,000	331,975	88,516	137,595	903,086		
Additions during the year	-	-	371	-	-	371	
<b>31 December 2022</b>	<b>345,000</b>	<b>331,975</b>	<b>88,887</b>	<b>137,595</b>	<b>903,457</b>		
Accumulated depreciation							
1 January 2022	33,350	160,519	56,606	137,595	388,070		
Charge for the year	13,800	66,396	20,381	-	100,577		
<b>31 December 2022</b>	<b>47,150</b>	<b>226,915</b>	<b>76,987</b>	<b>137,595</b>	<b>488,647</b>		
<b>Net book value</b>	<b>297,850</b>	<b>105,060</b>	<b>11,900</b>	<b>-</b>	<b>414,810</b>		

Parent Company	Furniture			Office			Total RO
	Building RO	and fixtures RO	equipment RO	Vehicles RO	Office RO		
Cost							
1 January 2021	19,550	94,111	36,264	137,176	287,101		
Charge for the year	13,800	66,408	20,342	419	100,969		
<b>31 December 2021</b>	<b>33,350</b>	<b>160,519</b>	<b>56,606</b>	<b>137,595</b>	<b>388,070</b>		
Accumulated depreciation							
1 January 2021	311,650	171,456	31,910	-	515,016		
Charge for the year							
<b>31 December 2021</b>	<b>311,650</b>	<b>171,456</b>	<b>31,910</b>	<b>-</b>	<b>515,016</b>		
<b>Net book value</b>	<b>311,650</b>	<b>171,456</b>	<b>31,910</b>	<b>-</b>	<b>515,016</b>		

(i) The Parent Company has created a legal mortgage amounting to RO 2,600,000 relating to the head office building in favour of a commercial bank in Oman against the term loans.

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

### 12.1 Right-of-use asset and lease liability

The carrying amount of right-of-use asset recognised and the movements during the year are as follows:

	Group 31 December 2022	Group 31 December 2021
	RO	RO
As at 1 January	43,577	116,190
Adjustment due to modification in lease	355,283	(58,087)
Depreciation	<u>(13,295)</u>	<u>(14,526)</u>
As at 31 December	<u><u>385,565</u></u>	<u><u>43,577</u></u>

Lease liability is presented in the Group's consolidated statement of financial position as follows:

	31 December 2022	31 December 2021
	RO	RO
Current	18,570	13,115
Non-current	<u>381,145</u>	<u>40,339</u>
	<u><u>399,715</u></u>	<u><u>53,454</u></u>

Omani Euro foods Industries SAOG (the "Subsidiary Company") has lease liability for the land obtained from Public Establishment for Industrial Estates (PEIE), Sohar. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

Each lease generally imposes a restriction that, unless there is a contractual right for the Subsidiary Company to sublet the asset to another party, the right-of-use asset can only be used by the Subsidiary Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Subsidiary Company is prohibited from selling or pledging the underlying leased assets as security.

Right to use asset	No. of right of use assets leased		No. of leases with extension option		No. of leases with options to purchase		No. of lease with termination options	
	1	29	1	-	-	-	-	-
Land								

	Minimum lease payments due						
	Within one year	After 5 years					Total
		1-2 years	2-3 years	3-4 years	4-5 years	RO	
	RO	RO	RO	RO	RO	RO	RO
Lease payments	20,624	20,624	20,624	20,624	23,718	775,848	882,062
Finance charges	(2,054)	(3,003)	(3,903)	(4,757)	(6,404)	(462,226)	(482,347)
Net present value	<u>18,570</u>	<u>17,621</u>	<u>16,721</u>	<u>15,867</u>	<u>17,314</u>	<u>313,622</u>	<u>399,715</u>

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

### 13 Investment properties

The investment properties relating to the Group are stated at cost. The market value of these properties as at 31 December 2022 are approximate to their carrying amount.

The movement in the investment properties is as follows:

	2022	2021
Group	Group	Group
RO	RO	RO
At 1 January	3,074,850	3,229,050
Less: Depreciation	(124,200)	(124,200)
Less: Impairment charged	-	(30,000)
<b>At 31 December</b>	<b>2,950,650</b>	<b>3,074,850</b>

	2022	2021
Parent	Parent	Parent
RO	RO	RO
At 1 January	2,804,850	2,929,050
Less: Depreciation	(124,200)	(124,200)
<b>At 31 December</b>	<b>2,680,650</b>	<b>2,804,850</b>

### 14 Deferred tax asset

Deferred tax is calculated on all material temporary differences under the liability method using a principal tax rate of 15% (2021: 15%). The deferred tax pertains to the FINCORP (a Subsidiary) has recognised a deferred tax asset amounting to RO 78,367 (2021: RO 78,496) as at 31 December 2022 and the same is calculated on all material temporary differences under the liability method using a principal tax rate of 15%. Consequently, an amount of RO 129 (2021: RO 322,609) has been recognised in the income statement. The deferred tax asset recognised in the Group's consolidated statement of financial position is related to the following:

	Credited / (charged) to consolidated statement of comprehensive income	31 December
1 January	RO	RO
<b>31 December 2022</b>		
<b>Deferred tax asset</b>		
Tax effect of accelerated tax depreciation	115	922
Tax effect of provisions	24,116	(2,747)
Tax effect of change in fair value of investment	(15,900)	-
Tax effect of unrealised gains based on unquoted investments	(18,086)	46,842
Tax effect of unrealised gains on foreign quoted investments	(127,040)	1,388
Tax effect of losses	<u>215,291</u>	<u>(46,534)</u>
	<u>78,496</u>	<u>(129)</u>
		<b>78,367</b>

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

31 December 2021

### Deferred tax asset

Tax effect of accelerated tax depreciation	(915)	1,030	115
Tax effect of provisions	28,298	(4,182)	24,116
Tax effect of change in fair value of investment	-	(15,900)	(15,900)
Tax effect of unrealised gains based on unquoted investments	-	(18,086)	(18,086)
Tax effect of unrealised gains on foreign quoted investments	-	(127,040)	(127,040)
Tax effect of losses	373,722	(158,431)	215,291
	<u>401,105</u>	<u>(322,609)</u>	<u>78,496</u>

## 15 Share capital

	2022	2021
	RO	RO
Authorised – 200,000,000 shares of RO 0.100 each	<b>20,000,000</b>	20,000,000
Issued and paid up capital – 121,875,000 shares of RO 0.100 each	<b>12,187,500</b>	12,187,500

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

	2022	2021
	Number of shares	Number of shares
	%	
Abu Dhabi Investment Company, UAE	30.00	<b>36,562,500</b>
Al Khonji Investments LLC and Group, Oman	21.16	<b>25,791,833</b>

## 16 Legal reserve

In accordance with the Commercial Companies Law of Oman, annual appropriations of 10% of the profit for the year are made to this reserve until the accumulated balance of the reserve is equal to one third of the value of the Parent Company's paid up share capital. This reserve is not available for distribution.

## 17 Revaluation reserve

In accordance with the Group policy, the items of property, plant and equipment of the Group and the Parent Company have been stated at cost less accumulated depreciation and any impairment in these consolidated and separate financial statements. In case where an associate or a subsidiary of the Group carry any items of property, plant and equipment at a revalued amount in their respective stand-alone financial statements, the Group's share of the revaluation surplus or loss is not accounted for in these consolidated and separate financial statements.

The Group's share of revaluation surplus or loss on property, plant and equipment of its subsidiaries or equity accounted investees, not accounted for in these consolidated and separate financial statements in accordance with the Group's policy, is as follows:

	2022	2021
	Group	Group
	RO	RO
Equity accounted investees	<b>1,684,561</b>	1,684,561

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

### 18 Bank overdrafts

	2022 Group RO	2021 Group RO	2022 Parent RO	2021 Parent RO
Banks in Oman (Note a)	<b>79,890</b>	398,247	<b>11,582</b>	329,904
Banks in UAE (Note b)	-	232,113	-	232,113
	<b>79,890</b>	630,360	<b>11,582</b>	562,017

(a) The Group and the Parent Company's Rial Omani overdraft facilities carry effective annual interest rates ranging from 6.00% to 6.50% (2021: 5.75% to 6.25%) per annum. The overdraft is secured by pledge over the Parent Company's certain financial assets and investments in subsidiaries (Notes 7, 9 and 10).

(b) Previously the Group and The Parent Company's UAE Dirham overdraft facilities carried effective annual interest rate ranging from (2021 – 4.87% to 5.61%) per annum. The overdraft is secured by pledge over the Parent Company's certain financial assets and investments in subsidiaries (Notes 7, 9 and 10).

### 19 Trade and other payables

	2022 Group RO	2021 Group RO	2022 Parent RO	2021 Parent RO
Other payables and accruals (Note a)	<b>1,685,471</b>	1,342,266	<b>648,412</b>	433,006
Interest payables	<b>374,371</b>	87,878	<b>374,371</b>	87,878
Account payables	<b>256,568</b>	193,579	<b>20,183</b>	21,165
Due to Directors	<b>89,165</b>	61,490	<b>75,800</b>	52,450
Employees end of service benefits (Note b)	<b>133,322</b>	259,742	<b>11,988</b>	126,029
Unclaimed dividends	<b>92,424</b>	92,424	<b>92,424</b>	92,424
Contract liabilities	<b>10,097</b>	-	-	-
Amounts due to related parties	<b>7,874</b>	9,199	-	-
Provision for income tax	<b>7,614</b>	7,614	-	-
	<b>2,656,906</b>	2,054,192	<b>1,223,178</b>	812,952

(a) During 2020, the former CEO of the Parent Company filed a complaint with the Ministry of Manpower claiming an amount of RO 1,006,000 as compensation for loss of wages and unfair dismissal. The Ministry of Manpower transferred the case to the Primary Court of Muscat and the legal process moved from the Primary Court to the Appeal Court and finally to the Supreme Court on 12 December 2021.

The final verdict was issued by the Supreme Court on 30th January 2023 ruling a settlement of RO 396,745.824 plus RO 12,441. The Company had made a partial provision in previous financial statements and, accordingly, has now provided for the balance of RO 292,870.

(b) The movements for employees end of service benefits for the year is as follows:

	2022 Group RO	2021 Group RO	2022 Parent RO	2021 Parent RO
At 1 January	<b>259,742</b>	253,954	<b>126,029</b>	123,642
Charge for the year (Note 25)	<b>22,797</b>	23,599	<b>10,116</b>	8,789
Paid during the year	<b>(149,217)</b>	(17,811)	<b>(124,157)</b>	(6,402)
At 31 December	<b>133,322</b>	259,742	<b>11,988</b>	126,029

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

### 20 Term loans

	2022	2021	2022	2021
	Group	Group	Parent	Parent
	RO	RO	RO	RO
Banks in Oman (Note a)	<b>2,121,833</b>	2,941,591	<b>2,121,833</b>	2,941,591
Banks in UAE (Note b)	-	159,219	-	159,219
	<b>2,121,833</b>	3,100,810	<b>2,121,833</b>	3,100,810

- (a) The Group and the Parent Company's Rial Omani term loans carry effective annual interest rates ranging from 3.75% to 6.25% (2021: 3.75% to 6.25%) per annum.
- (b) The Group and the Parent Company's UAE Dirham term loans carry effective annual interest rates ranging from 4.87% to 5.61% (2021: 4.87% to 5.61%) per annum.
- (c) The maturity period of the term loans is as follows:

	2022	2021	2022	2021
	Group	Group	Parent	Parent
	RO	RO	RO	RO
Due within one year	<b>974,032</b>	1,626,033	<b>974,032</b>	1,626,033
Due after one year	<b>1,147,801</b>	1,474,777	<b>1,147,801</b>	1,474,777
	<b>2,121,833</b>	3,100,810	<b>2,121,833</b>	3,100,810

- (d) The movement in term loans during the year is as follows:

	2022	2021	2022	2021
	Group	Group	Parent	Parent
	RO	RO	RO	RO
At 1 January	<b>3,100,810</b>	8,270,196	<b>3,100,810</b>	8,270,196
Availed during the year	<b>67,211</b>	181,061	<b>67,211</b>	181,061
Repayment during the year	<b>(1,046,188)</b>	(5,350,447)	<b>(1,046,188)</b>	(5,350,447)
	<b>2,121,833</b>	3,100,810	<b>2,121,833</b>	3,100,810

- (e) The term loan is secured against pledge of certain assets (Notes 7, 9 and 12).

### 21 Loans from Governments

	2022	2021	2022	2021
	Group	Group	Parent	Parent
	RO	RO	RO	RO
<b>Loans from Governments availed by:</b>				
-The Parent Company	<b>7,500,000</b>	13,800,000	<b>7,500,000</b>	13,800,000
-Omani Euro Food Industries Company SAOG	<b>3,653,000</b>	3,653,000	-	-
	<b>11,153,000</b>	17,453,000	<b>7,500,000</b>	13,800,000
<b>Less: deferred Government grant relating to:</b>				
-The Parent Company	<b>(691,880)</b>	(1,316,076)	<b>(691,880)</b>	(1,316,076)
-Omani Euro Food Industries Company SAOG	-	-	-	-
	<b>(691,880)</b>	(1,316,076)	<b>(691,880)</b>	(1,316,076)
	<b>10,461,120</b>	16,136,924	<b>6,808,120</b>	12,483,924

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

The maturity period of the loan from Government is as follows:

	2022 Group RO	2021 Group RO	2022 Parent RO	2021 Parent RO
Within 1 year	<b>3,500,000</b>	6,800,000	<b>2,500,000</b>	6,300,000
Within 1 - 2 years	<b>3,000,000</b>	3,000,000	<b>2,500,000</b>	2,500,000
Within 2 - 5 years	<b>4,653,000</b>	7,653,000	<b>2,500,000</b>	5,000,000
Total	<b>11,153,000</b>	17,453,000	<b>7,500,000</b>	13,800,000

- (a) In 2001, the Parent Company received interest free loans of RO 7,500,000 each from the Government of Oman and UAE. The loan is repayable in 6 annual instalments commencing from November 2021. A further extension was granted and repayment of loan was now expected to commence from March 2021. Partial repayment of the first instalment amounting to RO 1.2 million was made on May 31, 2021 and full repayment of the balance outstanding of the first and second instalments totalling RO 3.8 million was made on 28 June 2022, further the Company settled the third instalment of RO 2.5 million on November 24, 2022 and is now fully aligned with the repayment schedule.
- (b) The loans obtained by Omani Euro Food Industries Company SAOG are arranged through a bank on behalf of the Government of Oman. In the year 2021, the repayment schedule of the Government soft loans have been revised as agreed with the Government of the Sultanate of Oman. These carry an interest of 3% per annum. These loans are secured by a registered mortgage of the Subsidiary's property, plant and equipment in favour of the commercial bank disbursing the soft loans.

### 22 Interest income

	2022 Group RO	2021 Group RO	2022 Parent RO	2021 Parent RO
Others	<b>10,984</b>	-	<b>10,984</b>	-

### 23 Gross profit on sale of food products

The gross profit on sale of food products arrived at as follows:

	2022 Group RO	2021 Group RO
Sales	<b>2,194,950</b>	2,047,555
Cost of sales	<b>(1,996,939)</b>	(1,856,236)
Gross profit	<b>198,011</b>	191,319

### 24 Other income

	2022 Group RO	2021 Group RO	2022 Parent RO	2021 Parent RO
Miscellaneous income	<b>110,810</b>	84,466	<b>41,010</b>	18,481

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

### 25 Staff costs

	2022 Group RO	2021 Group RO	2022 Parent RO	2021 Parent RO
Salaries and benefits	<b>758,959</b>	799,164	<b>337,039</b>	351,456
Employees end of service benefits	<b>22,797</b>	23,599	<b>10,116</b>	8,789
Post employees benefits	<b>28,274</b>	12,760	<b>12,442</b>	12,760
	<b>810,030</b>	835,523	<b>359,597</b>	373,005

### 26 Administrative expenses

	2022 Group RO	2021 Group RO	2022 Parent RO	2021 Parent RO
Depreciation	<b>237,441</b>	241,297	<b>224,776</b>	225,169
Other expenses	<b>132,709</b>	52,940	<b>14,418</b>	10,374
Legal and professional fees	<b>94,670</b>	91,070	<b>44,144</b>	58,083
Directors' sitting fees	<b>61,500</b>	103,762	<b>19,200</b>	14,050
Repairs and maintenance expenses	<b>55,889</b>	48,506	<b>24,248</b>	18,826
Securities market fees and charges	<b>45,322</b>	46,154	<b>21,736</b>	24,241
Postage, fax and telephone expenses	<b>24,409</b>	28,481	<b>6,900</b>	7,996
Rent expenses	<b>19,029</b>	19,662	<b>2,229</b>	2,162
Insurance expenses	<b>18,756</b>	14,676	<b>4,305</b>	4,453
Electricity and water expenses	<b>14,455</b>	14,194	<b>7,266</b>	6,360
Advertisement and promotion expenses	<b>5,820</b>	71,286	<b>4,457</b>	2,181
Travelling expenses	<b>6,977</b>	1,133	<b>5,109</b>	1,133
General meeting expenses	<b>6,495</b>	8,761	<b>6,495</b>	8,761
	<b>723,472</b>	741,922	<b>385,283</b>	383,789

### 27 Investment related expenses

	2022 Group RO	2021 Group RO	2022 Parent RO	2021 Parent RO
Brokerage expenses	<b>11,288</b>	-	<b>11,288</b>	10,157
Amortisation of placement charges	<b>10,690</b>	10,690	<b>10,690</b>	10,690
	<b>21,978</b>	10,690	<b>21,978</b>	20,847

### 28 Taxation

- The tax authorities in Oman follow the legal entity concept. There is no concept of Group taxation in Oman.
- The tax assessment for the Parent Company has been completed up to the tax year 2017. The Parent Company does not expect to have any material impact for unassessed tax years.
- For the year 2022, Nil provision for taxation is recognised in the separate financial statements of the Parent Company, since the Parent Company has sufficient brought forward losses against taxable income.
- Furthermore, deferred tax asset is not recognised on brought forward tax losses, since management anticipates that future taxable profits may not be sufficient to adjust any deferred tax asset.
- For Omani Euro Food Industries Company SAOG, no provision for taxation has been made as this Subsidiary incurred loss in the current and earlier years.
- For FINCORP, no provision for taxation has been made as this Subsidiary incurred loss in the current and earlier years.

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

## for the year ended 31 December 2022

### 29 Trust accounts

One of the Subsidiary's fiduciary activities consist of investment management activities conducted as trustee and manager for a number of investment funds and individuals. The aggregate amounts of customers' securities held with the Subsidiary under trust account agreements or under safe custody are as follows:

	2022 Group RO	2021 Group RO
Amounts held in:		
Non-discretionary trust accounts	<b>2,365,118</b>	2,519,903
Discretionary trust accounts	<b>118,131</b>	278,539
	<b>2,483,249</b>	<b>2,798,442</b>

### 30 Earnings/(loss) per share

Basic and dilutive earnings per share calculated by dividing the net (loss)/profit for the year by the weighted average number of shares of the Parent Company outstanding during the year is as follows:

	2022 Group	2021 Group	2022 Parent	2021 Parent
Net profit/(loss) for the year attributable to equity holders of the Parent Company (RO)	<b>2,084,274</b>	1,521,782	<b>2,276,986</b>	1,663,715
Weighted average number of shares outstanding during the year	<b>121,875,000</b>	121,875,000	<b>121,875,000</b>	121,875,000
Earnings/(loss) per share (RO)	<b>0.0171</b>	0.0125	<b>0.0187</b>	0.0137

### 31 Net assets per share

	2022 Group RO	2021 Group RO	2022 Parent RO	2021 Parent RO
Net assets	<b>23,156,885</b>	21,072,611	<b>24,219,803</b>	21,942,817
Net assets per share	<b>0.190</b>	0.173	<b>0.199</b>	0.180

### 32 Related party transactions and balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties represent subsidiaries, associated companies, major shareholders, directors and key management personnel of the Parent Company, and companies of which they are principal owners.

(a) Transactions with related parties included in the consolidated and separate statement of profit or loss are as follows:

	2022 Group RO	2021 Group RO	2022 Parent RO	2021 Parent RO
<b>Sales and income:</b>				
- Through associated companies	<b>74,778</b>	-	-	3,366,312
- Through subsidiary companies	-	-	-	4,586,473
- Other related parties	<b>35,040</b>	3,252,995	-	-
	<b>109,818</b>	<b>3,252,995</b>	<b>-</b>	<b>7,952,785</b>
<b>Purchases and expenses</b>				
- Through subsidiary companies	-	-	-	10,157
Directors and key management personnel	<b>523,550</b>	661,409	<b>362,035</b>	323,553
Other related parties	<b>462,586</b>	178,055	-	-
	<b>986,136</b>	<b>839,464</b>	<b>362,035</b>	<b>333,710</b>

## NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

### for the year ended 31 December 2022

(b) Amounts due from a related party is as follows:

	2022	2021	2022	2021
	Group	Group	Parent	Parent
	RO	RO	RO	RO
The Financial Corporation Company SAOG	<b>25,811</b>	-	-	588
	<b>25,811</b>	-	-	588

Amounts due to related parties are as follows:

	2022	2021	2022	2021
	Group	Group	Parent	Parent
	RO	RO	RO	RO
Directors	<b>88,044</b>	61,490	<b>75,800</b>	52,450
Others	<b>8,995</b>	9,199	-	-
	<b>97,039</b>	70,689	<b>75,800</b>	52,450

(c) The remuneration of directors and other members of key management during the year was as follows

	2022	2021	2022	2021
	Group	Group	Parent	Parent
	RO	RO	RO	RO
Directors' sitting fees	<b>61,500</b>	103,762	<b>19,200</b>	14,050
Directors' remuneration	<b>75,000</b>	50,000	<b>75,000</b>	50,000
Key management personnel				
- Short term benefits	<b>365,991</b>	506,714	<b>263,788</b>	258,570

### 33 Segmental information

Management has determined the operating segments based on the reports reviewed by the Investment Committee that are used to make strategic decisions.

The Investment Committee considers the business as two sub portfolios. These sub portfolios consist of investments in Oman and in United Arab Emirates.

The reportable operating segments derive their income by seeking investments/funds to achieve targeted returns consummate with an acceptable level of risk within each portfolio. These returns consist of interest, dividends and gains on the appreciation in value of investments.

The segment information provided to Investment Committee for the reportable segments is as follow.

The Group operates in the investment industry. The Group's operating revenues arise primarily from investment activities. The Group operates in two geographic locations; the Sultanate of Oman and the United Arab Emirates. The analysis of income, expenses, profit and assets and liabilities is based primarily upon the location of the branch responsible for reporting the results.

# NOTES TO THE CONSOLIDATED AND THE PARENT COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2022

Group	Oman		UAE		Total	
	2022	2021	2022	2021	2022	2021
	RO	RO	RO	RO	RO	RO
<b>A: Segment Results</b>						
Sales	<b>2,194,950</b>	2,047,555	-	-	<b>2,194,950</b>	2,047,555
Less: cost of sales	(1,996,939)	(1,856,236)	-	-	(1,996,939)	(1,856,236)
Gross profit	<b>198,011</b>	191,319	-	-	<b>198,011</b>	191,319
Investment income	<b>3,357,363</b>	4,121,638	<b>41,809</b>	(687,377)	<b>3,399,172</b>	3,434,261
Interest income	<b>10,984</b>	-	-	-	<b>10,984</b>	-
Management fees	<b>120,140</b>	244,494	-	-	<b>120,140</b>	244,494
Brokerage income	<b>168,966</b>	102,883	-	-	<b>168,966</b>	102,883
Other income	<b>365,078</b>	139,467	-	118	<b>365,078</b>	139,585
Share of results from equity accounted investees	(65,291)	415,612	-	-	(65,291)	415,612
Total income	<b>4,155,251</b>	5,215,413	<b>41,809</b>	(687,259)	<b>4,197,060</b>	4,528,154
Interest expense	(192,911)	(322,025)	(326,838)	(369,509)	(519,749)	(691,534)
Depreciation and amortisation	(237,441)	(241,297)	(10,690)	(10,690)	(248,131)	(251,987)
Impairment of Receivable/payable	(272,337)	-	-	-	(272,337)	-
Provisions net	-	(30,000)	-	-	-	(30,000)
-property	-	(30,000)	-	-	-	(30,000)
Other expenses	(1,353,728)	(1,364,201)	(28,620)	(21,946)	(1,382,348)	(1,386,147)
<b>Reportable segment profit/(loss) before tax</b>	<b>2,098,834</b>	<b>3,257,890</b>	<b>(324,339)</b>	<b>(1,089,404)</b>	<b>1,774,495</b>	<b>2,168,486</b>
<b>B: Segment Assets:</b>						
Investment in equity accounted investees	<b>15,798,771</b>	16,100,249	-	-	<b>15,798,771</b>	16,100,249
Other investments	<b>13,299,200</b>	18,587,390	<b>3,441,620</b>	4,003,830	<b>16,740,820</b>	22,591,220
Other assets	<b>9,802,243</b>	9,046,608	<b>402,127</b>	111,988	<b>10,204,370</b>	9,158,596
Total assets	<b>38,900,214</b>	43,734,247	<b>3,843,747</b>	4,115,818	<b>42,743,961</b>	47,850,065
Segment liabilities	<b>12,329,770</b>	15,768,109	<b>4,081,574</b>	7,523,707	<b>16,411,344</b>	23,291,816

## 34 Commitments and contingencies

There are no capital commitments outstanding at year end.

### Guarantees:

Bank guarantees	Group	
	2022	2021
	RO	RO
Bank guarantees	<b>15,000</b>	15,000