OMAN TOURISM DEVELOPMENT COMPANY SAOC AND ITS SUBSIDIARIES

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Registered address

PO Box 479
South Al Khuwair, Bousher, Postal Code 114
Muscat
Sultanate of Oman

Principal place of business

Madinat Al Irfan, Al Seeb
Building No. 305, Way No. 3
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Muscat, Sultanate of Oman

OMAN TOURISM DEVELOPMENT COMPANY SAOC AND ITS SUBSIDIARIES

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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OMAN TOURISM DEVELOPMENT COMPANY SAOC AND ITS SUBSIDIARIES

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and consolidated financial statements of Oman Tourism Development Company SAOC (the "Parent Company" or "Omran") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2023.

Principal activities

OMRAN is registered as a closed Omani joint stock company incorporated on 17 July 2005 in the Sultanate of Oman. The principal activities are development of tourism infrastructure and real estate, hospitality and management of exhibition halls, tourist and industrial projects and hotels. The Parent Company also invests in various companies which includes subsidiaries, joint ventures and associates.

In 2020, the Ministry of Finance has transferred its investment portfolio to Oman Investment Authority ("OIA"), a new legal entity established through Royal Decree number 61/2020 dated 4 June 2020. The Parent Company is wholly owned by the OIA.

Financial position and results

The financial position of the Group as at 31 December 2023, together with the statements of comprehensive income, changes in equity and cash flows for the year then ended are set out in the accompanying financial statements.

The Group has reported its share in the net profit for the year 2023 amounting to OMR 31.58 million and has accumulated losses of OMR 287.70 million as at 31 December 2023 (a net loss of OMR 31.92 million and had accumulated losses of OMR 332.19 million as at 31 December 2022).

During the year, Ministry of Finance transferred the net assets of OCEC including building to Group as a government grant. In addition, the Group divested 49% of shares of Aasaal international investment SAOC ('Aasaal') to Falcon investment company LLC ('Falcon') which is registered in the State of Qatar and controlled by Qatar Investment Authority (QIA).

Omran has performed impairment testing for its land properties, property, plant and equipment, right-of-use assets, and inventories as at 31 December 2023. As a result, the Group has concluded that no impairment is required in the year 2023.

Dividends

In view of the losses generated during the year, the Directors do not recommend any dividend for the year 2023. (2022: nil)

Going concern

The Directors have carried out their assessment of going concern assumption and have reassessed the appropriateness of the going concern assumption. The Directors believe that the Group has access to sufficient financial resources to continue to meet its financial commitments for the foreseeable future when they become due and that the Group will continue as a going concern for at least twelve months from the reporting date. The Directors believe that the Group will achieve its objectives in the short, medium, and long term.

Governance and sustainability

The Directors are collectively responsible for the long-term success of the Group, setting the strategic aims and ensuring that obligations to the shareholder and others are understood and met. The Directors are responsible for preparing the Directors' report and these consolidated financial statements in accordance with applicable laws and regulations.

OMAN TOURISM DEVELOPMENT COMPANY SAOC AND ITS SUBSIDIARIES

DIRECTORS' REPORT (Continued)

Basis of preparation of financial statements

The accompanying consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards and the Commercial Companies Law, 2019.

On behalf of the Board of Directors

Al Mutasim Said Al Sariri
Deputy Chairman

Independent auditor's report to the shareholders of Oman Tourism Development Company SAOC

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Oman Tourism Development Company SAOC (the "Parent Company") and its subsidiaries (together, the "Group") as at 31 December 2023, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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 financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the Sultanate of Oman. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other information

The directors are responsible for the other information. The other information comprises the *Directors' Report* (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated 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 the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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Chartered Accountants Licence No. L1065369, Management Consultants Licence No. L1065290, Commercial Register No. 1230865 Tax Card No 8055889

Independent auditor's report to the shareholders of Oman Tourism Development Company SAOC (continued)

Other information (continued)

If, based on the work we have performed, 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.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the Commercial Companies Law of 2019, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are 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 they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 the consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 the directors.
- Conclude on the appropriateness of the directors' 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 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.

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Independent auditor's report to the shareholders of Oman Tourism Development Company SAOC (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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.

Report on other legal and regulatory requirements

Further, as required by the applicable provisions of the Commercial Companies Law of 2019 and the Ministerial Decision 146/2021, we report that:

(i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

(ii) the Group has maintained accounting records and the financial statements are in agreement therewith;

(iii) the Group has carried out physical verification of inventories;

(iv) the financial information included in the Board of Directors' report is consistent with the books of accounts of the Group; and

(v) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Parent Company has contravened during the year ended 31 December 2023 any of the applicable provisions of the Commercial Companies Law of 2019 or of its Articles of Association which would materially affect the financial performance and/or its financial position as at 31 December 2023.

M. Lalwani

PricewaterhouseCoopers

Mahesh Lalwani
Muscat, Sultanate of Oman
11 June 2024

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C.R. No 1230865
PricewaterhouseCoopers LLC

OMAN TOURISM DEVELOPMENT COMPANY SAOC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 OMR	2022 OMR
Revenue	6	**66,604,935**	45,315,831
Cost of sales	7(a)	**(74,569,602)**	(61,146,553)
Gross loss		**(7,964,667)**	(15,830,722)
Administrative expenses	7(a)	**(19,782,470)**	(12,703,525)
Net impairment reversal/(loss) on financial assets	15(c) 16(b)	**1,032,229**	(1,001,864)
Other income	7(b)	**3,795,702**	3,359,184
Operating loss		**(22,919,206)**	(26,176,927)
Finance income	7(c)	**999,283**	2,754,124
Finance costs	7(c)	**(6,702,402)**	(6,535,520)
Finance costs – net		**(5,703,119)**	(3,781,396)
Share of net results of investments accounted for using the equity method	12(a)	**(1,047,266)**	(1,615,227)
Loss on disposal of associate	12(b)(i)	**(124,326)**	-
Gain on sale of subsidiary	12(b)(ii & iii)	**60,871,561**	-
		59,699,969	(1,615,227)
Profit/(loss) before income tax		**31,077,644**	(31,573,550)
Income tax	8	**504,643**	(349,129)
Profit/(loss) and total comprehensive income for the year		**31,582,287**	(31,922,679)
Attributable to:			
Owner of the Parent company		**32,942,140**	(30,292,788)
Non-controlling interests		**(1,359,853)**	(1,629,891)
		31,582,287	(31,922,679)

The notes and other explanatory information on pages 11 to 62 form an integral part of these consolidated financial statements.

Independent auditor's report - pages 3 - 5.

OMAN TOURISM DEVELOPMENT COMPANY SAOC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	2023 OMR	2022 OMR
ASSETS			
Non-current assets			
Property, plant and equipment	9	**151,192,178**	263,940,294
Capital advances	9	**3,417,598**	5,161,720
Right-of-use assets	10	**844,455**	5,390,916
Investment properties	11	**98,731,040**	98,721,555
Deferred tax assets	8	**-**	656,713
Investments accounted for using the equity method	12	**255,765,977**	164,829,133
Goodwill	27	**696,611**	210,131
Fixed deposits	17	**-**	3,000,000
		510,647,859	541,910,462
Current assets			
Inventories	13	**50,329,174**	49,980,060
Other assets	14	**2,002,109**	3,155,109
Trade receivables	15	**4,037,482**	4,812,822
Other financial assets at amortised cost	16	**57,718,139**	20,054,306
Fixed deposits	17	**39,595,345**	45,934,033
Cash and cash equivalents	18	**6,541,760**	10,139,435
		160,224,009	134,075,765
Total assets		**670,871,868**	675,986,227
EQUITY AND LIABILITIES			
EQUITY			
Share capital	19	**827,603,136**	245,899,647
Share capital pending registration	19	**-**	581,809,762
Legal reserve	20	**3,321,850**	2,989,804
Accumulated losses		**(287,703,779)**	(332,190,291)
Net equity attributable to owner of the Parent Company		**543,221,207**	498,508,922
Non-controlling interests	29	**(3,925,029)**	(2,565,176)
Net equity		**539,296,178**	495,943,746
LIABILITIES			
Non-current liabilities			
Borrowings	21	**64,490,540**	104,663,694
Lease liabilities	10	**1,044,366**	4,947,825
Deferred tax liabilities	8	**-**	225,583
Government grants	22	**17,048,451**	7,423,525
Trade and other payables	23	**5,187,058**	5,298,610
Other liabilities	24	**1,808,661**	843,655
Provision for employee benefits	25	**349,625**	1,344,648
		89,928,701	124,747,540
Current liabilities			
Trade and other payables	23	**30,409,527**	51,911,136
Borrowings	21	**10,074,912**	1,699,394
Lease liabilities	10	**441,782**	708,225
Government grants	22	**710,357**	419,638
Other liabilities	24	**10,411**	556,548
		41,646,989	55,294,941
Total liabilities		**131,575,690**	180,042,481
Total equity and liabilities		**670,871,868**	675,986,227

The consolidated financial statements on pages 6 to 62 were approved and authorised for issue by the Board of Directors on and were signed on their behalf by:

Al Mutasim Said Al Sariri	Hashil bin Obaid Al Mahrouqi	Saif Al Yaarubi
Deputy Chairman	Chief Executive Officer	Chief Financial Officer

The notes and other explanatory information on pages 11 to 62 form an integral part of these consolidated financial statements.

Independent auditor's report - pages 3 - 5.

OMAN TOURISM DEVELOPMENT COMPANY SAOC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to owner of Parent company						
	Share Capital OMR	Share capital pending registration OMR	Legal reserve OMR	Accumulated losses OMR	Sub total OMR	Non-controlling interests OMR	Total OMR
Balance at 1 January 2023	245,899,647	581,809,762	2,989,804	(332,190,291)	498,508,922	(2,565,176)	495,943,746
Profit/(loss) for the year	-	-	-	32,942,140	32,942,140	(1,359,853)	31,582,287
Transactions with owner in its capacity as owner:							
Registration of share capital pending registration	581,703,489	(581,703,489)	-	-	-	-	-
Release from payables by shareholder [Note 23(iii)]	-	-	-	11,770,145	11,770,145	-	11,770,145
	827,603,136	106,273	2,989,804	(287,478,006)	543,221,207	(3,925,029)	539,296,178
Transfers during the year	-	(106,273)	332,046	(225,773)	-	-	-
Balance at 31 December 2023	827,603,136	-	3,321,850	(287,703,779)	543,221,207	(3,925,029)	539,296,178

The notes and other explanatory information on pages 11 to 62 form an integral part of these consolidated financial statements.

Independent auditor's report – pages 3 – 5.

OMAN TOURISM DEVELOPMENT COMPANY SAOC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

	Attributable to owner of Parent company						
	Share Capital OMR	Share capital pending for registration* OMR	Legal reserve OMR	Accumulated losses OMR	Sub total OMR	Non-controlling interests OMR	Total OMR
Balance at 1 January 2022	245,899,647	583,555,779	2,956,788	(301,864,487)	530,547,727	(993,416)	529,554,311
Loss for the year	-	-	-	(30,292,788)	(30,292,788)	(1,629,891)	(31,922,679)
Transactions with owner in its capacity as owner:							
Reversal of share capital pending registration	-	(1,746,017)	-	-	(1,746,017)	-	(1,746,017)
Transactions with non-controlling interest	-	-	-	-	-	58,131	58,131
	-	(1,746,017)	-	-	(1,746,017)	58,131	(1,687,886)
Transfer to legal reserve	-	-	33,016	(33,016)	-	-	-
Balance at 31 December 2022	245,899,647	581,809,762	2,989,804	(332,190,291)	498,508,922	(2,565,176)	495,943,746

The notes and other explanatory information on pages 11 to 62 form an integral part of these consolidated financial statements.

Independent auditor's report – pages 3 – 5.

OMAN TOURISM DEVELOPMENT COMPANY SAOC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 OMR	2022 OMR
Operating activities			
Profit/(Loss) before income tax		**31,077,644**	(31,573,550)
Adjustments for:			
Depreciation and amortisation	9, 10	**11,727,243**	12,238,919
Loss on disposal of property, plant and equipment		**-**	870,225
Provision for employee benefit obligation	25	**333,724**	153,189
Share of net results of investments accounted for using the equity method	12	**1,047,266**	1,615,227
Amortisation of government grant	7(b)	**(813,383)**	(474,601)
Net impairment losses on financial assets	4(b)	**(1,032,229)**	1,001,864
Loss on sale of associate investment	12	**124,326**	
Gain on sale of subsidiary	12	**(60,871,561)**	-
Finance costs	7(c)	**6,702,402**	6,535,520
Finance income	7(c)	**(999,283)**	-
Operating cash flows before working capital changes:		**(12,703,851)**	(12,387,333)
Inventories		**443,659**	(1,049,564)
Other assets		**1,220,612**	825,355
Trade receivables		**775,340**	(1,580,228)
Other financial assets at amortised cost		**8,475,411**	3,021,894
Trade and other payables		**(18,055,131)**	2,949,110
Other liabilities		**(418,868)**	71,831
Cash used in operations		**(20,262,828)**	(8,148,935)
Income taxes paid	8(c)	**(350,296)**	(386,788)
Net cash used in operating activities		**(20,613,124)**	(8,535,723)
Investing activities			
Purchase of property, plant and equipment	9	**(1,623,169)**	(3,032,602)
Payment against capital work- in- progress (net)	9	**(15,543,609)**	(9,872,459)
Capital advances	9(a)	**1,744,122**	(5,146,175)
Additional investment in equity-accounted investments	12	**(26,714,300)**	(9,366,894)
proceeds from / (Investment in) sale of investment	12	**33,000,000**	(142,088)
Net movements in investment in fixed deposits	17	**9,338,688**	17,990,500
Interest received		**914,862**	2,754,126
Net cash generated from / (used in) investing activities		**1,116,594**	(6,815,592)
Financing activities			
Net proceeds from borrowings (net of processing fees)	21	**31,797,636**	2,111,111
Net movements in lease liabilities	10	**(4,532,650)**	(240,584)
Loan repaid		**-**	(932,888)
Advance received from related parties		**-**	13,483,500
Interest paid		**(5,302,489)**	(5,561,888)
Net cash generated from financing activities		**21,962,497**	8,859,251
Net increase/(decrease) in cash and cash equivalents		**2,465,967**	(6,492,064)
Cash and cash equivalents at beginning of the year	18	**10,139,437**	16,632,294
Cash acquired through acquisition of subsidiary	12	**12,276**	-
Provision for expected credit losses on bank balances		**3,393**	(793)
Divestment of Aasaal Cash		**(6,079,313)**	-
Cash and cash equivalents at end of the year		**6,541,760**	10,139,437
Non- cash investing and financing activities:			
Land under property, plant and equipment	9	**21,826,028**	-
Contribution from shareholder / Owner	19	**581,703,489**	(1,745,842)
Transfer of Investment from Subsidiary to Associates	12	**66,612,245**	-

The notes and other explanatory information on pages 11 to 63 form an integral part of these consolidated financial statements.

Independent auditor'– report —pages 3 - 5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1 Legal status and principal activities

Oman Tourism Development Company SAOC (the "Parent Company" or "Omran") is registered as a closed Omani joint stock Company incorporated on 17 July 2005 in the Sultanate of Oman. The principal activities are development of tourism infrastructure and real estate, hospitality and management of exhibition halls, tourist and industrial projects and hotels.

The Company also invests in various companies which includes subsidiaries, joint ventures and associates. Prior to 2020, the Company was controlled by the Ministry of Finance which held 100% of the Company's share capital. In 2020, the Ministry of Finance transferred its investment portfolio to Oman Investment Authority ("OIA"), a new legal entity established through Royal Decree number 61/2020 dated 4 June 2020. Accordingly, the Company is now wholly owned and controlled by OIA.

The Government of the Sultanate of Oman (the "Owner") has control over the OIA and is therefore the ultimate owner of the Omran

During the year, the Group has sold 49% of its shareholding in Aasaal International Investment SAOC ('Aasaal") to Falcon Investment Company LLC ('Falcon'), a Company registered in the State of Qatar controlled by Qatar Investment Authority (QIA). Refer Note [12(b)(ii)] for further details. Upon the disposal of 49% of its shareholding to Falcon, Omran's investment in Aasaal is classified as an investment in joint venture. Refer note 12 for details.

The Parent Company and its subsidiaries listed below are collectively referred to as the "Group". The subsidiaries are incorporated in the Sultanate of Oman. The principal activities of the subsidiaries are set out below:

Subsidiaries	**Effective Shareholding percentage**		**Principal activities**
	2023	2022	
Aasaal International Investment SAOC ('Aasaal')*	-	100%	Management of Hotels and Tourists Projects
Omran Tourism LLC	**99.98%**	99.98%	Investment Holding company in tourism and hospitality sector
Omran Hospitality LLC	**100%**	100%	Investment Holding company in tourism and hospitality sector
Mussanah Resort Management Company LLC*	-	100%	Management of showrooms, tourist and industrial projects, hotels, motels and shelters
Muscat Beach Property Management Company LLC*	-	100%	Management of showrooms, tourist and industrial projects, hotels, motels and shelters
Khasab Resort Management Company LLC*	-	100%	Management of showrooms, tourist and industrial projects, hotels, motels and shelters
Dibba Hotel Management Company LLC	**100%**	100%	Management of showrooms, tourist and industrial projects, hotels, motels and shelters
Masira Hotel Management Company LLC*	-	100%	Management of showrooms, tourist and industrial projects, hotels, motels and shelters
Duqum Sands Property Management Company LLC*	-	100%	Management of showrooms, tourist and industrial projects, hotels, motels and shelters
Duqum Management Company LLC*	-	100%	Management of showrooms, tourist and industrial projects, hotels, motels and shelters
Al Jabal Al Akdhar Hotel and Resorts Management Company LLC*	-	100%	Management of showrooms, tourist and industrial projects, hotels, motels and shelters
Khasab Hotel & Resorts Management Company LLC*	-	100%	Management of showrooms, tourist and industrial projects, hotels, motels and shelters

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

1 Legal status and principal activities (continued)

Subsidiaries	Effective Shareholding percentage		Principal activities
	2023	2022	
National Omani Hospitality Company LLC	100%	100%	Management of showrooms, tourist and industrial projects, hotels, motels and shelters
Al Isteraha Hospitality LLC	100%	100%	Management of showrooms, tourist and industrial projects, hotels, motels and shelters
Oman Project Development Management Company LLC	100%	100%	Management of tourist and industrial projects
Oman Heritage Development & Projects Management Company LLC	100%	100%	Management of tourist projects
Destination Hotel Management SAOC	51%	100%	Management of tourist projects
Destination Tourism Investment & Hotel Management Company SAOC	100%	100%	Management of tourist projects
Hoota Cave Property Management Company LLC	100%	100%	Management of showrooms, tourist projects
Al Assala Hotels & Resorts Management Company SAOC*	-	100%	Management of tourist projects
Mina Sultan Qaboos Waterfront Company SAOC	100%	100%	Development of tourism infrastructure and real estate
Al Baleed Property & Hotel Management Company LLC	100%	100%	Management of tourist projects and restaurants
Waterfront Investments Company SAOC	100%	100%	Development of tourism infrastructure and real estate
Oman International Exhibition Centre LLC	100%	100%	Management of tourist projects
Oman Tourism College SAOC	100%	100%	Providing education and training in tourism and hospitality
Salalah Hotels Company LLC*	-	100%	Management of Hotels.
Waterfront and Marina Services SAOC	97.69%	97.69%	Construction and operation of tourism related projects, including resorts and marinas
Oman Sail LLC	100%	100%	Tourism and water sports activities
Sindbad Charter LLC	100%	100%	Management and operations of yacht charters, boat trips, maritime recreational activities
Ras Al Jinz Hospitality LLC*	-	100%	Operation and management of turtle reserve
Al Ashkhara Guest House LLC*	-	100%	Operation and management of youth hostel
Salalah Guest House LLC*	-	100%	Operation and management of youth hostel
Al Uwaifiya Guest House LLC*	-	100%	Operation and management of guest house
Muttrah Tourism Development Company SPC	100%	100%	Commercial real estate development
Green Peak Project Development Company LLC*	-	100%	Development, operation and rental of real estates
Alil Salalah SAOC*	-	100%	Commercial and residential real estate development.
Yiti Tourism Development Company SAOC	100%	100%	Commercial and residential real estate development.
Al Bustan Hospitality and Investment LLC	100%	100%	Management of hotels and tourist projects

* This represents Aasaal and its subsidiaries, together the "Aasaal group". Aasaal group was 100% owned by Omran in the previous year. On 30 November 2023, Omran sold 49% of the investment in Aasaal group to Falcon. After this disposal, the investment is concluded as a joint venture investment by Omran. Refer note 12 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

1 Legal status and principal activities (continued)

Subsidiaries	Effective Shareholding percentage		Principal activities
	2023	2022	
Musandam Destination for Development and Investment SPC	**100%**	100%	Management of hotels and tourist projects
National Travel Operator	**100%**	100%	Tourism and experiences operations
Al Batinah Hotels Company SAOC	**82%**	82%	Tourism and hospitality operations

The country of incorporation and principal activities of the associates and joint ventures are set out below:

		Country of incorporation	Shareholding percentage 2023	Shareholding percentage 2022	Principal activities
Aasaal International Investment SAOC ('Aasaal')	Joint venture	Sultanate of Oman	**51%**	-	Management of Hotels and Tourists Projects
Muriya Tourism Development Company SAOC	Associate	Sultanate of Oman	**30%**	30%	Development of real estate projects, establishing and managing hotels in Oman
Salalah Beach Tourism Development Company SAOC	Associate	Sultanate of Oman	**30%**	30%	Development of an integrated tourism project in Salalah
Al Sifah Tourism Development Company SAOC	Associate	Sultanate of Oman	**30%**	30%	Development of an integrated tourism project in Sifah
Sodah Tourism Development Company SAOC	Associate	Sultanate of Oman	**30%**	30%	Development of an integrated tourism project in Sodah
Aasaal International Investment SAOC	Joint venture	Sultanate of Oman	**51%**	-	Tourism and experiences operations
Qatari Diar Ras Al Hadd Development Company SAOC	Associate	Sultanate of Oman	**30%**	30%	Commercial real estate development and rental or sale activities
Iskan International Projects FZC	Associate	United Arab Emirates	**25%**	25%	Real estate sale activities
International Hotel School LLC	Associate	Sultanate of Oman	**50%**	50%	Hotel management and education school
Taqah Hotel Management Company LLC	Associate	Sultanate of Oman	**12.5%**	12.5%	Management of hotels, resorts and other tourism projects in Oman
Al Batina Hotels Company SAOC	Associate	Sultanate of Oman	-	25.59%	Ownership and operation of the Sohar Beach Hotel
Salalah Beach Resort SAOG	Associate	Sultanate of Oman	-	16%	Ownership and management of the Hilton Salalah Resort
Al Mouj Muscat SAOC	Associate	Sultanate of Oman	**40%**	40%	Development of real estate projects
Saraya Bander Jissah SAOC	Associate	Sultanate of Oman	**50%**	50%	Development of an integrated tourism project at Bander Jissah
Madinat Al Irfan Development Company SAOC	Joint venture	Sultanate of Oman	**50%**	50%	Commercial real estate development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

1 Legal status and principal activities (continued)

		Country of incorporation	Shareholding percentage	Shareholding percentage	Principal activities
			2023	2022	
Muscat National Development and Investment Company SAOC	Associate	Sultanate of Oman	**27%**	27%	Renting and operating of self-owned or leased real estate, and other related activities, and management of tourist projects
National Destination for Leisure and Tourism Company SAOC	Joint venture	Sultanate of Oman	**63.91%**	63.91%	Management of hotels, tourist projects
Sustainable Development and Investment Company SAOC	Joint venture	Sultanate of Oman	**50%**	50%	Construction of real estate project
Agri Tourism Development Co LLC	Associate	Sultanate of Oman	**50%**	50%	Integrating tourism projects

2 Basis of preparation

The principal accounting policies applied in the preparation of these consolidated financial statements are set out in note 3. These policies have been consistently applied to each of the years presented.

(a) Compliance with IFRS Accounting Standards

The consolidated financial statements of Oman Tourism Development Company SAOC and its subsidiaries have been prepared in accordance with IFRS Accounting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. These financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) and the applicable requirements of the Commercial Companies Law, 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

2 Basis of preparation (continued)

(b) New and amended standards adopted by the Group

The financial statements have been drawn up based on accounting standards, interpretations and amendments effective for periods ending on or before 31 December 2023. The Company has adopted the following new and revised Standards and Interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee, which were effective for the current accounting period:

The Company has applied the following relevant standards and amendments for the first time for their annual reporting period commencing 1 January 2023:

- IFRS 17 - Insurance Contracts, (effective on or after 1 January 2023);
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of accounting policies, (effective on or after 1 January 2023);
- Amendments to IAS 12 - 1 January 2023 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction, (effective on or after 1 January 2023); and
- Amendment to IAS 12 - International tax reform (effective on or after 1 January 2023).

The amendments listed above did not have any impact on the amounts recognized in the prior and current periods.

(c) New standards and interpretations not yet adopted

The following standards, amendments and interpretations to existing standards have been published and are not mandatory for the 31 December 2023 reporting periods and have not been early adopted by the Company. The Company is currently assessing the impact of these standards, amendments or interpretations on the future period.

As at 31 December 2023, the following standards and interpretations has been issued but were not mandatory for annual reporting periods ending on 31 December 2023.

- Amendments to IFRS 16 – Sale and Leaseback transactions (effective on or after 1 January 2024);
- Amendment to IAS 1 – Non-current liabilities with covenants (effective on or after 1 January 2024);
- Amendment to IAS 7 and IFRS 7 - Supplier finance arrangements (effective on or after 1 January 2024);
- Amendments to IAS 21 - Lack of Exchangeability (effective on or after 1 January 2025)
- IFRS S1 - 'General requirements for disclosure of sustainability-related financial information (effective on or after 1 January 2024, subject to endorsement of the standards by local jurisdictions) and
- IFRS S2 – 'Climate-related disclosures; (effective on or after 1 January 2024, subject to endorsement of the standards by local jurisdictions)

(d) Going concern

As at 31 December 2023, the Group has a positive net equity of OMR 539.29 million (2022: 495.94 Million) and net current assets of OMR 118.58 million (2022: 78 Million) and accumulated losses of OMR 287.53 million (2022: 332.19 Million).

The Directors have carried out their assessment of going concern assumption and believe that the Group has access to sufficient financial resources to continue to meet its financial commitments for the forceable future when they become due. Directors believe that the Group will continue as a going concern for at least twelve months from the reporting date. The Directors believe that the Group will achieve its objectives in the short, medium, and long term. Hence, these consolidated financial statements have been prepared on a going concern basis.

3 Summary of material accounting policies

(a) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Parent Company has control. The parent company controls an entity where 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the parent company. They are deconsolidated from the date the control ceases.

Refer to note 3(h) for business combinations by the Group.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

(ii) Associates

Associates are all entities over which the Parent company has significant influence but not control or joint control. This is generally the case where the parent company holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

(iii) Joint arrangements

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has joint ventures.

Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides 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.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 3(l).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

3 Summary of material accounting policies (continued)

(a) Principles of consolidation and equity accounting (continued)

(v) Changes in ownership interests.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Parent company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence (or where control is subsequently obtained and the investment is transferred to investment in subsidiaries), any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in the consolidated statement of comprehensive income. This fair value becomes 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. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated statement of comprehensive income. If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to the consolidated statement of comprehensive income where appropriate.

(b) Foreign currency translation

Functional and presentation currency

Items included in these consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Rial Omani (OMR), which is the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into Rial Omani at the exchange rate prevailing on the transaction date. Foreign currency assets and liabilities are translated into Rial Omani at the exchange rate prevailing at the reporting date. Differences on exchange are dealt within the consolidated statement of comprehensive income.

(c) Revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time as stated below.

- *Rooms* - Room revenue consists of the services rendered during the year, net of discounts and municipal and tourism taxes which is recognised on a daily basis over time based on occupancy.
- *Food, beverage and other hotel services* - Food, beverage and other hotel services revenues are recognised at a point in time when goods are supplied, or services rendered.
- *Revenue from project development* - Revenue is recognised based on an agreement with the customer and over the period of the contract according to the percentage of completion of project.

3 Summary of material accounting policies (continued)

(c) Revenue from contracts with customers (continued)

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied. The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

For fixed-price contracts, revenue is recognised based on the actual material and service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual cost spent relative to the total estimated cost. The Company uses the 'input method' to determine the appropriate amount to recognise in a given period.

The input method is measured by reference to the contract costs incurred up to the date of the statement of financial position as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the input method. They are presented as inventories, pre-payments or other assets, depending on their nature.

Variations which are in the nature of extension of existing scope of work are accounted for using cumulative catch-up adjustments to the cost to complete method of revenue recognition. Variation orders which require addition of distinct goods and services to the scope and variation orders which require addition of distinct goods and services to the scope at standalone selling prices are accounted for as new contracts with the customers.

A loss is recognised in the statement of comprehensive income when the expected contract costs exceed the total anticipated contract revenue.

Contracts include multiple deliverables, such as the supply of materials and related installation services. However, the installation is not simple, does include an integration service and which could not be performed by another party. It is therefore accounted for as a single performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they will be estimated based on expected cost-plus margin.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in statement of comprehensive income in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by Company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(i) Contract assets

Contract assets represent the Company's right to consideration for services provided to customers for which the Company's right remains conditional on something other than the passage of time. Contract assets represents the difference between work completed as certified by the customer and invoices raised based on agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

3 Summary of material accounting policies (continued)

(c) Revenue from contracts with customers (continued)

(ii) Contract liabilities

Contract liabilities represent the Company's obligation to transfer goods or services to a customer for which the Company has received consideration from the customer.

- *Education services* - The Group generates a portion of revenue from providing education services. The Group generally charges students upfront fees. The Group accounts for the up-front fees as an advance payment to be satisfied in the future and revenue is recognised over the period of time as and when the services are provided as the student can simultaneously receive and consume the benefits provided. No revenue is recognized if there are significant uncertainties that affect the recovery of fees. Services provided free 'f cost and other 'donations in kind' are recognised at their estimated fair value.

- *Sponsorship income* - Sponsorship income is recognised in the consolidated statement of comprehensive income when the Group's right to receive the payment is established. Services provided free of cost and other 'donations in kind' are recognised at their estimated fair value if such fair value is reliably estimable. Sponsorship income that compensates the Group for specific expenses incurred are recognised in the statement of comprehensive income on a systematic basis in the same period in which those expenses are recognised. Sponsorship income that compensates the Group for the cost of an asset is deducted from the asset's cost.

- *Berthing fees* - Revenue from berthing fees is recognised over the period to which the fees relate.

- *Revenue from centralised cooling services, potable water and sewerage water supply* - Revenue from providing cooling service, potable water and sewerage water supply to hotels and offices is recognised on the delivery of cooling services to the customers.

- *Fuel sales* - Revenue from fuel sales is recognised at a point in time when goods are supplied.

- *Workshop services* - Revenue is recognised over time as the Group's performance does not create an asset for which the Group has an alternative use. Revenue is recognised on the basis of work completed to date.

- *Exhibition and event organising income* – Exhibition and event organising income consists of the services rendered during the year, net of discounts and municipal taxes which is recognised on a daily basis over time based on the duration of the exhibition and events.

- *Commercial sailing income* - Revenue from commercial sailing is recognised over the period to which the income relates.

- *Entrance fees for tourism assets* – Entrance fee for the tourism assets revenues are recognised at a point in time when the tickets are sold.

- *Rent income* from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as rent income. The respective leased assets are included in the statement of financial position based on their nature.

A receivable is recognised when goods are delivered and services are rendered and such goods or services are accepted by the customer as this is the point in time that the consideration is unconditional because only passage of time is required before the payment is due. Receivables with respect to room revenue is accrued and recorded on a daily basis since room revenue is recorded over time based on occupancy.

No element of financing is deemed present as the goods are sold and services are rendered with standard credit terms of 30-90 days, which is consistent with market practice.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

3 Summary of material accounting policies (continued)

(c) Revenue from contracts with customers (continued)

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(d) Government grants

Grants from the government 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.

Grants related to income

Government grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Grants related to assets

Government grants relating to the purchase of property, plant and equipment are included in liabilities as deferred income and they are credited to the statement of comprehensive income and shown under the head other income on a straight-line basis over the expected lives of the related assets. When government grant has been shown as deferred income and the asset to which it relates to is initially recorded at its gross cost, an amount of deferred income is released to the statement of comprehensive income to compensate for any impairment loss recognized on the asset.

(e) Finance income and costs

Finance income and costs are accounted for on an accrual basis using the effective interest rate method.

(f) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group and its subsidiaries and associates operate and generate taxable income. The Directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The Directors establish provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

3 Summary of material accounting policies (continued)

(f) Income tax (continued)

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Leases

The Group leases various offices, retail stores, equipment and vehicles. Rental contracts are typically made for fixed periods of between 6 months to 4 years but may have extension options as described in below.

The Group also has usufruct rights for various plots of land. The contracts are typically made for a period of 25 to 50 years.

As a Lessee

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

3 Summary of material accounting policies (continued)

(g) Leases (continued)

As a Lessee (continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the entity, which does not have recent third-party financing, and
- makes adjustments specific to the lease, (e.g., term, country, currency and security).

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

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

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

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

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

(h) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred.
- liabilities incurred to the former owners of the acquired business.
- equity interests issued by the Group.
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

3 Summary of material accounting policies (continued)

(h) Business combinations (continued)

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase gain.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in the statement of comprehensive income.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit and loss or other comprehensive income, as appropriate. Any amounts recognised in other comprehensive income relating to previously held equity in interest are recognised on the same basis as would be required if that interest had been disposed directly.

Business combinations involving entities under common control do not fall under the scope of IFRS 3 "Business Combinations" and are accounted for under the predecessor basis of accounting. Under this method, there is no requirement to fair value the assets and liabilities of the transferred entities and hence no goodwill is created as the balances remain at their respective carrying values. The results and cash flows of the subsidiaries, associates and joint ventures are consolidated/equity are accounted for prospectively from the date on which the business combination between entities under common control occurred.

(i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, is capitalised. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment and can be measured reliably. All other expenditure is recognised in the statement of comprehensive income as an expense when incurred.

Land is not depreciated. The cost of property, plant and equipment is written down to residual value in equal instalments over the estimated useful lives of the assets. The estimated useful lives are:

Asset	**Years**
Plant and machinery	30
Buildings – Main	10 – 50
Buildings – Marina	20
Buildings – Access roads	10
Office furniture and fixtures	3 – 10
Hotel fixtures and furniture	5 – 7
Computer, equipment, telephone and conference systems	4 – 7
Motor vehicles and boats	3 – 20
Marina	20
Breakwater	50
Berth, seawall and slipways	10 – 30

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

3 Summary of material accounting policies (continued)

(i) Property, plant and equipment (continued)

Capital work-in-progress includes all expenditure incurred on licence fees, design fees, detailed engineering, construction, borrowing cost, equipment, project management, legal fees, staff costs including allocated staff costs for project management team, office rent and telephone expenses directly attributable to the development of capital projects. Capital work-in-progress is recorded at cost less impairment if any.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount. When assets are sold or disposed of, the gross carrying amount and accumulated depreciation are derecognised, and any gain or loss on the sale or disposal is recognised in the consolidated statement of comprehensive income.

(j) Investment properties

Investment properties comprises properties that are held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property. Land is not depreciated.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment property is carried at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of investment properties is written down to residual value in equal instalments over the estimated useful lives of the assets.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Gains or losses on the disposal of investment properties are determined as the difference between net disposal proceeds and the carrying value of the asset in the financial statements. Transfers between investment property, property, plant and equipment and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. Provision is made where necessary for obsolete, slow-moving and defective items.

Land held for resale.

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred.

(l) Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

3 Summary of material accounting policies (continued)

(m) Financial assets

(i) Classification

The Group on initial recognition currently classifies its non-derivative financial instruments in the following measurement categories:

- those to be measured subsequently at fair value either through other comprehensive income (FVOCI), or
- at fair value through profit or loss (FVTPL), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial instruments and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the statement of comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group categories its debt instruments into the following measurement category.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the statement of comprehensive income and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the of statement of comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the statement of comprehensive income and presented net within other gains/(losses) in the period in which it arises.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

3 Summary of material accounting policies (continued)

(m) Financial assets (continued)

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its financial instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Refer to note 4(b) for further details.

For other financial assets at amortised cost and cash and bank balances, the Group applies the three-stage model approach permitted by IFRS 9, which requires the Group to follow 12 months expected credit loss method or life time expected credit loss method in assessing the losses to be recognised from initial recognition of financial assets at amortised cost, cash and bank balances. Refer to note 4(b) for further details.

(n) Trade receivables

Trade receivables represent amounts due from contracts with customers and for goods and services provided which are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. See note 15 for further information about the Group's trade receivables and note 4(b) for a description of the Group's impairment policies on trade receivables.

(o) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Deposits with a maturity of more than 1 year from the date of placement are shown as non-current asset.

(p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of comprehensive income as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

3 Summary of material accounting policies (continued)

(p) Borrowings (continued)

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

(r) Provision for employee benefits

Employee benefit obligation is accrued in accordance with the terms of employment of the Group employees at the reporting date, having regard to the requirements of the Oman Labour Law 2003 as amended and in compliance with IAS-19: 'Employee Benefits'. Employee entitlements to annual leave and leave salary are recognised when they accrue to employees and an accrual is made for the estimated liability as a result of services rendered by employees up to the reporting date. These accruals are disclosed 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 and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurance Law of 1991 are recognised as an expense in the consolidated statement of comprehensive income as incurred.

In accordance with the provisions of IAS 19, Employee benefits, management has carried an exercise to assess the present value of the Company's obligations as of reporting date, using the actuarial techniques, in respect of employees' end of service benefits payable under the Oman Labour Law. Under this method, an assessment is made of an employee's expected service life with the Company and the expected basic salary at the date of leaving the service.

(s) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(t) Fair value

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

3 Summary of material accounting policies (continued)

(t) Fair value (Continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

External valuers are involved for valuation of investment properties. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the Group's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

Fair value related disclosures for investment properties and property plant and equipment are set out in note 11. The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

(u) Owner / Shareholder contributions

Transfer of assets / businesses without any consideration by the Owner / Shareholder acting in its capacity as an Owner / shareholder is recognised as a capital contribution made by the Owner / Shareholder at its fair value on the date of transfer.

(v) Goodwill

Goodwill arising on acquisition of a subsidiary is initially recognised at cost, being the excess of cost of business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities. Goodwill is subsequently measured at cost less accumulated impairment losses. Impairment losses, if any, in respect of goodwill arising on consolidation are assessed on an annual basis.

4 Financial risk management

Financial risk factors

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

4 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk of loss due to volatility in the exchange rates. The Group has minimal foreign currency transactions, and these transactions are mostly in US Dollars (USD) or in other currencies pegged to the USD whereby the Central Bank of Oman has historically maintained a peg between OMR and USD.

(ii) Interest rate risk

The Group is exposed to interest rate risk as it has short term deposits with banks and term loans which carry fixed interest on commercial terms. As the Group does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss category, a change in interest rates at the reporting date would not affect profit or loss. The Group carries out periodic analysis and monitors the market interest rate fluctuations taking into considering the Group's needs.

	2023 OMR	2022 OMR
Variable rate borrowings	**74,565,452**	106,363,088

Profit or loss is sensitive to change in the interest rate as below:

		2023 OMR	2022 OMR
Interest rates – Increase by 1%	Profit/ (loss) will (decrease)/increase by	**(745,655)**	(1,063,631)
Interest rates – decrease by 1%	Profit/ (loss) will increase/ (decrease) by	**745,655**	1,063,631

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits, other financial assets at amortised cost and credit exposures to corporate customers, travel agents within Oman and abroad and Government institutions. The Group's operations have a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Ageing of receivables is monitored against credit limits set on an ongoing basis. All corporate customers and travel agents are duly assessed for their credit worthiness based on the volume of business transacted, their past payment records, credit history within the Group and the industry and history of these customers.

On an ongoing basis ageing of receivables is monitored against credit limits set. The Group's operations do not require collateral in respect of financial assets. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. The hotels do not have any significant concentration of credit risk from private companies.

The following table shows the analysis of trade receivables (note:15) of the Group at the reporting date:

Gross	**2023 OMR**	2022 OMR
Government	**1,741,735**	842,025
Corporate customers	**2,239,317**	2,270,621
Local travel agents	**638,932**	1,147,569
Credit cards	**304,301**	958,993
Other receivables	**129,766**	1,639,019
	5,054,051	6,858,227

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

4 Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

Calculation of expected credit loss provision for trade receivables – Simplified approach

31 December 2023	**Expected credit loss rate**	**Estimated total gross carrying amount at default OMR**	**Expected credit loss OMR**
Current	**5%**	**1,245,897**	**62,294**
> 30 days	**12%**	**1,466,537**	**175,984**
30 – 60 days	**22%**	**465,913**	**103,707**
61 – 90 days	**33%**	**763,684**	**252,016**
> 91 days	**38%**	**1,112,020**	**422,568**
Total		**5,054,051**	**1,016,569**

31 December 2022	Expected credit loss rate	Estimated total gross carrying amount at default OMR	Expected credit loss OMR
Current	7%	1,702,903	120,264
> 30 days	17%	2,741,726	460,385
30 – 60 days	33%	500,335	165,394
61 – 90 days	55%	451,937	246,970
> 91 days	72%	1,461,326	1,052,392
Total		6,858,227	2,045,405

At 31 December 2023, though the Group has significant bank balances, management believes that the credit risk arising out of cash and cash equivalents are minimal as these are placed with local banks with good market standing. The exposure to credit risk on Government receivables for projects is considered to be minimal by the Group's management. The Group monitors its position on a regular basis.

Calculation of expected credit loss for dues from banks under note 18 and including fixed deposits, (note 17) on general approach.

31 December 2023	**Dues from banks OMR**	**Expected credit loss OMR**
Credit Rating (Baseline credit assessment)		
Baa1	**37,561,976**	**97,010**
Baa2	**4,974,352**	**22,710**
Baa3	**1,139,688**	**4,741**
Unrated	**2,552,791**	**9,316**
Total	**46,228,807**	**133,777**

31 December 2022	Dues from bank OMR	Expected credit loss OMR
Credit Rating (Baseline credit assessment)		
Baa1	213	-
Ba3	1,004,725	1,040
Baa3	57,004,564	146,108
Total	58,009,502	147,148

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

4 Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

Other financial assets at amortised cost mainly comprises amounts due from other related parties, government entities, retention receivables and other receivables including amount due from Falcon. Management believes that the credit risk arising on these assets is minimal based on management's assessment after considering the counter parties ability to pay and no history of prior default. Further, amount receivable from Falcon is not due until finalisation of completion accounts as per the requirements of signed Sales and purchase agreement. Refer note 16 for further details.

During the current year, the net (reversal) / provision for expected credit losses charged to the statement of comprehensive income are as follows:

	2023 OMR	2022 OMR
Trade receivables [note 15 (c)]	**(1,028,836)**	457,211
Other financial assets at amortised cost [note 16(c)]	**-**	693,726
Cash and bank and fixed deposits [note 18(b)]	**(3,393)**	(149,073)
	(1,032,229)	1,001,864

In case of due from ministries and unrated parties, the Group has applied the general approach. In case of due from ministries the probability of default was arrived at by mapping the sovereign rating of the Sultanate of Oman to publicly available probability of default from Moody's. For unrated parties, probability of default was arrived at by mapping annual issued weighted corporate default rates from Moody's.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Liquidity risk mainly relates to trade and other payables and due to related parties. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Management monitors rolling forecasts of the Group's liquidity reserve (comprises undrawn borrowing facility) and cash and cash equivalents on the basis of expected cash requirements.

The contractual undiscounted cash flow analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the reporting date are:

	Less than one year OMR	More than one year OMR	Total OMR
2023			
Trade and other payables	**30,409,527**	**5,187,058**	**35,596,585**
Borrowings - principal	**10,074,912**	**64,490,540**	**74,565,452**
Future interest	**4,601,059**	**25,456,866**	**30,057,925**
Lease liabilities	**120,000**	**3,600,000**	**3,720,000**
	45,205,498	**98,734,464**	**143,939,962**
2022			
Trade and other payables	51,562,017	5,298,610	56,860,627
Borrowings	1,699,394	104,663,694	106,363,088
Future interest	5,612,340	47,006,150	52,618,490
Lease liabilities	475,000	14,725,000	15,200,000
	59,348,751	171,693,454	231,042,205

4 Financial risk management (continued)

Financial risk factors (continued)

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to OIA 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 dividend paid to OIA issue new shares or sell assets to reduce debt, if any.

The total equity of the Group comprises the registered share capital, share capital pending registration, legal reserves and retained earnings. Management's policy is to maintain an optimum capital base to maintain investor, creditor and market confidence to sustain future growth of business as well as return on capital. Capital requirements are prescribed by the Commercial Companies Law of 2019.

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 plus lease liabilities less cash and cash equivalents. Total capital is calculated as 'Total equity' as shown in the statement of financial position plus net debt. Also, refer to note 2(e) for further details.

The gearing ratios at 31 December 2023 and 2022 were as follows:

	2023 OMR	2022 OMR
Total borrowings	**74,565,452**	106,363,088
Lease liabilities	**1,486,148**	5,656,050
Less: cash and cash equivalents	**(6,541,760)**	(10,139,435)
Net debt	**69,509,840**	101,879,703
Total equity	**539,296,178**	498,858,042
Total capital	**608,806,018**	600,737,745
Gearing ratio	**0.11**	0.17

(e) Fair value estimation

The carrying values for the Company's financial assets and liabilities that are showing as current approximate their fair values. Management has also assessed that the Company's non-current financial assets and liabilities approximate their fair values as they are interest bearing and discounted at market rates.

5 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. The Directors and management also need to exercise judgement in applying the Group's accounting policies.

This note provides detailed information on the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates assumptions turning out to be wrong.

(a) Impairment of non-financial assets

(i) Impairment of land and property, plant and equipment

A decline in the value of non-financial assets could have a significant effect on the amounts recognised in the consolidated financial statements. The Directors and management assess the impairment of property, plant and equipment, capital work-in-progress and right-of-use assets whenever events or changes in circumstances indicate that the carrying value 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

5 Critical estimates and judgements (continued)

(a) Impairment of non-financial assets (continued)

(i) Impairment of land and property, plant and equipment (continued)

Factors that are considered important which could trigger an impairment review include:

- observable indications that the asset's value has declined during the period significantly more than would be expected as a result of the passage of time or normal use.
- significant changes with an adverse effect on the Group have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Group operates or in the market to which an asset is dedicated.
- market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
- the carrying amount of the net assets of the Group is more than its market capitalisation.
- evidence of obsolescence or physical damage of an asset.
- significant changes with an adverse effect on the Group have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date,
- reassessing the useful life of an asset as finite rather than indefinite, and
- evidence from internal reporting which indicates that the economic performance of the asset is, or will be, worse than expected.

The Directors and management have assessed that there are impairment indicators, however, based on available evidence and an impairment testing exercise, the Directors and management have concluded that no impairment will need to be recognised in relation to the Group's non-financial assets forming part of its cash generating units. Refer to note 9 10, 11 and 13 for other disclosures.

Based on valuations, the computed recoverable amounts of the individual cash-generating units which were tested for impairment as at reporting date are above their carrying amounts and therefore assessed to be not impaired (2022 – not impaired). Other impairment disclosures are presented in notes 9, 11 and 13.

The recoverable amounts were assessed based on 'value in use' (VIU) calculations are found to be not impaired as at 31 December 2023. In determining the VIU, the management of the Group has considered the following:

- the revenue growth from the base year 2023 to be in the average range of 1.5% to 15%,
- terminal growth at the end of 5 years at 2% and
- discounting of the cash flows at 8 -10%.

Assuming individual key inputs remaining constant, the decrease in the recoverable amounts of the investments at 31 December 2023 as presented below continues to be higher than their carrying values except for certain non-financial assets thus resulting in no impairment.

Change in key input	Decrease in recoverable amounts (OMR '000)
Terminal value / exit yield	
-absolute change of -1%	**(67,140)**
Discount rate	
-absolute change of +3%	**(147,942)**

During the year 2023, nil impairment has been recognised (2022 – Nil).

When the recoverable amounts are consistently higher than the carrying amount of respective investments then management has determined to reverse the impairment provision made on investments in line with the requirements of IAS 36 'Impairment of Assets".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

5 Critical estimates and judgements (continued)

(a) Impairment of non-financial assets (continued)

(ii) Impairment of investments in equity accounted investees.

The requirements of IAS 28 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in associates or joint ventures. Where necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised is reduced from the carrying amount of the investment. During the current year, no impairment was with recognised respect to these investments.

(b) Provision for expected credit losses of trade receivables and other assets at amortised cost

The Group uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables and other assets at amortised cost. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating). The provision matrix is initially based on the Group's historical observed default rates.

The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (e.g., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the hospitality sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 15.

(c) Useful lives of property, plant and equipment

The Group determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges would be adjusted prospectively where the management believes the useful lives differ from previous estimates.

(d) Deferred taxation

The Group has not recognised any material deferred tax assets (after netting off the deferred tax liabilities) as at 31 December 2023 as the management believes that these may not be recoverable in view of the uncertainty on availability of future taxable profits.

In respect of open tax assessment years, the Directors and management consider that the additional tax liability, if any, on completion of the assessment will not be material to the Company's financial position. Also, in the current year, the Group has partially transferred its investment in Aasaal to Falcon as mentioned in Note 12 to the consolidated financial statements. The Directors and management believe that the potential tax exposure arising from the transfer will not have any tax implications as the shares transferred are of SAOC entity. Further to that if there will be any tax difference it will be netted off against carry forward tax losses available or the taxes, if any will not be material.

(e) Existence of control, joint control or significant influence

The Group holds shares in various entities which it classifies as a subsidiary, joint venture or associate based on the Directors' assessment of the existence of control, joint control or significant influence over these entities. The Directors have performed the assessment following the guidance provided in IFRS 10 'Consolidated financial statements' and IFRS 3 'Business Combinations' and with reference to the terms and conditions of the shareholders' agreement of these entities to determine whether it has joint control or significant influence over the investees (refer to note 12).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

5 Critical estimates and judgements (continued)

(f) Revenue recognition

The Company uses the input method in recognising its contract revenues. Use of this method requires the Company to estimate revenues and costs over the remaining period of the projects. These estimates will, by definition, be seldom equal to the actual results. However, the deviations are not anticipated to be of a material nature as the estimates are based on historical experience, progress to date on contracts and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are regularly evaluated.

The variations recognised by the Company in the revenue are mainly in relation to changes to the originally agreed contract scope and additional costs incurred due to engineer instructions, which management believes that it is probable that the customer will approve, and the amounts can be reliably measured.

(g) Transaction price for sale of partial investment in Aasaal (including contingent consideration)

During the year, the Group has sold 49% of its investment in Aasaal to Falcon. In accordance with the Share Purchase Agreement (SPA) between the parties, the transaction price for the 49% investment is OMR 64 Million subject to acceptance of the completion accounts which highlight the working capital and other adjustments as prescribed in the agreement between Omran and Falcon through completion accounts. Management has submitted the completion accounts to Falcon and as at date, the completion accounts are being reviewed by Falcon and these are not yet finalized. Management has used their judgement that the final transaction price will not be materially different from the transaction price considered for accounting of the partial sale in these financial statements. Refer to note 12 for further details.

Further, as per SPA between Omran and Falcon, Omran is entitled to a deferred consideration which is contingent on the achievement of certain target net operating income of the underline subsidiaries by 2026 as specified in SPA. As per the management's assessment, it is highly unlikely that the established target for achieving the contingent consideration will be met. Hence, no contingent consideration has been recognised.

6 Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

	2023 OMR	2022 OMR
Type of goods or services		
Rooms	**24,554,751**	21,087,513
Food and beverage	**17,263,195**	15,343,450
Project development revenue	**14,866,062**	-
Other hotel services (i)	**2,387,284**	2,333,765
Education services	**1,570,003**	1,654,241
Events management revenue	**1,452,431**	-
Berthing fees and marina revenue	**1,343,160**	720,170
Sponsorship income	**725,886**	255,338
Rent income	**684,917**	-
Centralised cooling services	**246,500**	912,219
Commercial income	**217,137**	2,033,910
Others (ii)	**1,293,609**	975,225
	66,604,935	45,315,831

(i) Other hotel services include health club membership, spa services, banquets, laundry and shuttle services.
(ii) Other revenues include fuel sales, workshop services, commercial sailing income and entrance fees for tourism assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

6 Revenue from contracts with customers (continued)

(b) Disaggregation of revenue from contracts with customers

	2023 OMR	2022 OMR
Timing of revenue recognition		
Over time	**48,052,641**	26,963,247
At a point in time	**18,552,294**	18,352,584
	66,604,935	45,315,831

7 Income and expense items

This note provides a breakdown of the items included in cost of sales, administrative expenses, other income, finance income and costs.

(a) Breakdown of expenses by nature

	2023 OMR	2022 OMR
Staff costs (see below for details)	**33,622,512**	31,339,432
Project development cost	**14,444,386**	-
Depreciation and amortisation (note 9 and 10)	**11,727,243**	12,238,919
Cost of food, beverages and rooms	**11,185,458**	9,373,892
Fuel, power and water	**5,227,457**	4,728,698
Repairs and maintenance	**3,643,085**	2,528,374
Advertisement and promotion	**2,469,956**	1,701,846
Management fees	**1,181,183**	838,044
Professional and legal fees	**715,865**	582,120
Employee training and recruitment expenses	**703,205**	478,700
Insurance and rent expense	**525,930**	-
Information technology expenses	**344,544**	258,024
Office expenses	**274,418**	250,374
Pre-operating expenses of hotels and projects	**-**	84,435
Bad debts written off	**12,389**	10,609
Others	**9,210,133**	9,555,460
	95,287,764	73,968,927
Amount capitalised as work-in-progress [note 9(v)]	**(935,692)**	(118,849)
	94,352,072	73,850,078

Breakdown of expenses by function

	2023 OMR	2022 OMR
Cost of sales	**74,569,602**	61,146,553
Administrative expenses	**19,782,470**	12,703,525
	94,352,072	73,850,078

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

7 Income and expense items (continued)

(a) Breakdown of expenses by nature (continued)

Staff costs during the year is comprised of:

	2023 OMR	2022 OMR
Basic salary and allowances	**23,984,271**	22,326,619
Staff accommodation and food allowances	**3,320,510**	3,095,037
Social security costs	**2,013,963**	1,877,209
Bonus	**525,663**	676,883
End-of-service benefits (note 25)	**333,724**	153,189
Other costs	**3,444,381**	3,210,495
	33,622,512	31,339,432

(b) Other income

	2023 OMR	2022 OMR
Amortization from government grant (note 22)	**813,383**	474,601
Rent income	**-**	148,417
Miscellaneous income	**2,982,319**	2,736,166
	3,795,702	3,359,184

(c) Finance income and costs

Finance income

	2023 OMR	2022 OMR
Interest income	**999,283**	2,754,124

Interest income is earned from short-term and long-term fixed deposit and call deposit balances with Islamic bank windows and commercial banks in Oman during the year which carry annual – interest rates ranging from 3.5% - 6% per annum (2022 - from 3.35 % to 4.85% per annum).

Finance costs

	2023 OMR	2022 OMR
Interest on borrowings	**(6,339,654)**	(6,121,958)
Interest on lease liabilities [note 10(ii)]	**(362,748)**	(413,562)
	(6,702,402)	(6,535,520)
Finance costs – net	**(5,703,119)**	(3,781,396)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

8 Income tax

Income tax is provided in accordance with the provisions of the income tax law of the Sultanate of Oman after adjusting for items which are non-taxable or disallowed. The–tax rate applicable to the Company is 15% (2022 - 15%) on taxable income. no provision for current taxation has been made as the Company incurred a taxable loss for the year.

(a) Details of taxation recognised in the consolidated statement of comprehensive income are as follows:

	2023 **OMR**	2022 OMR
Current year tax	**171,644**	349,129
Prior period tax	**-**	580,000
Deferred tax (credit) / charge	**(676,287)**	(580,000)
Income tax (credit) / expense	**(504,643)**	349,129

(b) Details of provision for income tax recognised in the consolidated statement of financial position:

	2023 **OMR**	2022 OMR
Balance at 1 January	**350,296**	387,955
Current year tax	**171,644**	349,129
Payments during the year	**(350,296)**	(386,788)
Balance at 31 December	**171,644**	350,296

(c) The following is a reconciliation of income tax calculated on the accounting profit/ (loss) at the applicable tax rate with the income tax expense for the year:

	2023 **OMR**	2022 OMR
Profit/ (loss) before tax for the year	**31,077,644**	(31,573,550)
Tax charge on accounting profit/ (loss)	**4,661,647**	(4,736,033)
Adjustments for tax effect of:		
Share of losses of equity accounted investees	**(5,181,042)**	242,284
Tax exempt income	**(128,387)**	(72,316)
Non-deductible expenses	**58,091**	62,034
Impairment of non-financial assets	**(154,834)**	(86,018)
Deferred tax asset not recognised for current year tax losses	**916,169**	4,939177
Income tax (credit) / expense	**171,644**	349,129

(d) The Parent Company's taxation has been agreed with the Oman Tax Authorities for all years up to 31 December 2019. The Directors believe that additional taxes, if any, in respect of the unassessed tax years would not be material to the Group's consolidated financial position at the reporting date.

(e) Further, the Parent company had transferred certain hotels and other operating assets to its subsidiaries at their book value as on 1 January 2018, 1 May 2019, 31 December 2019 and 1 October 2022 respectively. Also, in the current year, the Group has sold 49% of the investment in its subsidiary Aasaal to Falcon Investment Company LLC. Management believes that the tax exposure on the transfer of this investment to the subsidiary is not there as disposal of a SAOC entity's shares are exempt as per law. Management is confident that taxes arising out of the above (if any) will be netted off against the tax losses which are being carried forward.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

8 Income tax expense (continued)

(f) In case of majority of the Group companies, the net deferred tax liability recognised in the statement of financial position mainly relates to accelerated depreciation and setoff with the corresponding deferred tax assets on the tax losses. In view of the uncertainty regarding the availability of future taxable profits, no further deferred tax asset on taxable losses has been recognised in the financial statements for the respective companies.

(g) Deferred tax is calculated on all temporary differences using a principal tax rate of 15% (2022 - 15%). The net deferred tax liability in the consolidated statement of financial position and the net deferred tax charge in the consolidated statement of comprehensive income are attributable to the following items:

	1 January 2023 OMR	Credit/ (charge) to the consolidated statement of comprehensiv e income OMR	Aasaal Investment SAOC Divestment	31 December 2023 OMR
Provisions	656,713	732,590	(1,389,303)	-
Accelerated tax depreciation	(225,583)	(56,303)	281,886	-
Deferred tax liability, net	**431,130**	**676,287**	**(1,107,417)**	**-**
Disclosed in the consolidated statement of financial position as:				
Deferred tax asset	656,713	732,590	(1,389,303)	-
Deferred tax liability	(225,583)	(56,303)	281,886	-
	431,130	676,287	(1,107,417)	-

	1 January 2022 OMR	Credit/(charge) to the consolidated statement of comprehensive income OMR	31 December 2022 OMR
Provisions	19,499	637,214	656,713
Accelerated tax depreciation	(168,369)	(57,214)	(225,583)
Deferred tax liability, net	(148,870)	580,000	431,130
Disclosed in the consolidated statement of financial position as:			
Deferred tax asset	28,988	627,725	656,713
Deferred tax liability	(177,858)	(47,725)	(225,583)
	(148,870)	580,000	431,130

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

9 Property, plant and equipment

Details of the movement in property, plant and equipment are set out on pages 60 – 62.

10 Right-of-use assets and lease liabilities

(I) Amounts recognised in the consolidated statement of financial position

	2023 OMR	2022 OMR
Right-of-use assets	**4,837,736**	5,649,036
Divestment Aasaal	**(3,735,161)**	-
Less: Impairment recognised	**(258,120)**	(258,120)
	844,455	5,390,916
Lease liabilities		
- Current	**441,782**	708,225
- Non-current	**5,019,056**	4,947,825
Divestment Aasaal	**(3,974,690)**	-
	1,486,148	5,656,050

(ii) Amounts recognised in the consolidated statement of comprehensive income:

	2023 OMR	2022 OMR
Depreciation charge on right-of-use assets		
Leasehold rights	**470,157**	281,723
Equipment and vehicles	**83,023**	70,069
	553,180	351,792
Interest and finance charges paid/payable for lease liabilities [note (c)]	**362,748**	413,562
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	-	-

The total cash outflows for leases during the current year amounted to OMR 533,437 (2022 – OMR 240,583).

11 Investment properties

	2023 OMR	2022 OMR
Investment properties	**98,731,040**	98,721,555
Investment properties at their carrying values include land held for:		
-Commercial, retail and education development [(a)(I)]	**32,551,000**	32,551,000
-Held for grant of usufruct rights [(a)(ii)]	-	1,040,000
-Held for undetermined future use [(a)(iii)]	**16,839,000**	16,839,000
-Held for future development (b)*	**22,962,818**	22,962,818
-Held for lease to a related party (b)*	**4,436,602**	4,436,602
-Held for project under development (c)	**21,941,620**	20,892,135
	98,731,040	98,721,555

(a) Investment properties include land at Madinat Al Irfan (East) ["MAI"] Urban Development Project held for:

(i) Commercial, retail and education development which the Group intends to lease out to third parties. Total value of land is OMR 32,551,000 (2022 – OMR 32,551,000), net of impairment.

(ii) Land held for grant of usufruct rights to related parties includes land used for OCEC building which transferred to PPE by parent in current year (2022 – OMR 1,040,000) [refer to Note 9].

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

11 Investment properties (continued)

(a) Investment properties include land at Madinat Al Irfan (East) ["MAI"] Urban Development Project held for: (continued)

(iii) Land held for undetermined future use. Total value of land is OMR 16,839,000 (2022 - OMR 16,839,000), net of impairment.

(b) Land held for future development pertains to plots own by Muttra Tourism Development Company SPEC (MTDC) amounting to RO 22.9 million (2022 – OMR 22.9 million). The carrying value of the leased property (including the allocated land) amounted to RO 4.4 million (2022 – OMR 4.4 million) which is leased to Sustainable Development and Investment Company SAOC, a related party.

(c) This relates to land owned by Yeti Tourism Development Company SAOC with a carrying value of OMR 31.6 million at 31 December 2023. During the year 2023, there is an addition of OMR 1.1million due to ongoing capital works at Yeti land.

(d) At 31 December 2023, the directors have assessed that the carrying values of the land properties above approximately at their fair values.

Description of valuation technique used and key inputs and assumptions to arrive at fair valuation for investment property, inventory and property, plant and equipment of MAI (East) is as follows:

	Valuation Technique	Significant unobservable inputs	Range (weighted average)
MAI Office properties	DCF method (refer below)	Estimated rental value per sqm per month	OMR 8 per sqm per month
		Long-term vacancy rate and running costs	15%
		Yield	8.75%
MAI Retail properties	DCF method (refer below)	Estimated rental value per sqm per month	OMR 9.5 per sqm per month
		Long-term vacancy rate and running costs	15%
		Yield	8.75%
MAI Residential properties	DCF method (refer below)	Average sale value per sqm	OMR 775 per sqm
MAI Hospitality	DCF method (refer below)	Average daily rate (ADR)	OMR 205 -OMR 233
		Commencing occupancy	50%
		Stabilized occupancy	60%
		Non-room revenue	46% in stabilization
		Capitalisation rate	7.00%-9.00%
		Discount rate	9.00%- 10.00%

Using the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long-term vacancy rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

11 Investment properties (continued)

(d) At 31 December 2023, the directors have assessed that the carrying values of the land properties above approximately at their fair values. (continued)

Description of valuation technique used and key inputs and assumptions to arrive at fair valuation for investment property, inventory and property, plant and equipment of Yeti land is as follows:

	Valuation Technique	**Significant unobservable inputs**	**Range (weighted average)**
YTDC Office properties	Residual method (refer below)	Estimated sales value per sqm	OMR 115 per sqm
YTDC Retail properties	Residual method (refer below)	Estimated sales value per sqm	OMR 115 per sqm
YTDC Residential properties	Residual method (refer below)	Estimated sales value per sqm	OMR 90 -115 per sqm
YTDC Hospitality	Residual method (refer below)	Estimated sales value per sqm	OMR 100 - 115 per sqm
YTDC Entertainment	Residual method (refer below)	Estimated sales value per sqm	OMR 100 per sqm
YTDC Community Facilities	Residual method (refer below)	Estimated sales value per sqm	OMR 85 per sqm

The residual method is cost based approach to valuation and is a generally accepted method of valuing land which is considered to have development potential. The Gross Development Value (GDV) of the proposed Development is estimated and from this the total cost of the development including an allowance for the developer profit, is deducted to give residual value, which is the value of the site in its present condition.

	Valuation Technique	**Significant unobservable inputs**	**Range (weighted average)**
Office properties	DCF method (refer below)	Estimated rental value per sqm per month	OMR 10 per sqm per month
		Long-term vacancy rate and running costs	15%
		Yield	8.75%
Retail properties	DCF method (refer below)	Estimated rental value per sqm per month	OMR 10 per sqm per month
		Long-term vacancy rate and running costs	15%
		Yield	8.75%
Residential properties	DCF method (refer below)	Average sale value per sqm	OMR 750 per sqm

At 31 December 2023, the carrying values of all land properties are shown under:

	2023 **OMR**	2022 OMR
Investment properties	**98,731,040**	95,157,911
Property, plant and equipment [note 9]	**29,238,977**	26,762,318
Inventories (note 13)	**49,890,267**	49,073,587
	177,860,284	170,993,816

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

12 Investments accounted for using the equity method

(a) Investment in Associates and joint ventures

The details of the Group's investments accounted for using the equity method are as follows:

31 December 2023		Equity share %	Investment in share capital OMR	Advance against share capital (v) OMR	Share in cumulative profit or loss and impairment less dividend declared OMR	Total OMR
Muriya Tourism Development Company SAOC	Associate	30%	7,657,741	878,155	(2,143,104)	6,392,792
Al Sifah Tourism Development Company SAOC	Associate	30%	12,884,340	1,997,320	(11,389,178)	3,492,482
Salalah Beach Tourism Development Company SAOC	Associate	30%	20,546,387	5,590,768	(13,424,399)	12,712,756
Sodah Tourism Development Company SAOC	Associate	30%	3,809,724	46,738	(3,107,647)	748,815
International Hotel School LLC	Associate	50%	75,000	-	(50,425)	24,575
Iskan International Projects FZC	Associate	25%	1,160,400	652,461	285,105	2,097,966
Taqah Hotel Management Company LLC (i)	Associate	12.5%	2,824,361	-	(2,824,361)	-
Saraya Bander Jissah SAOC (ii)	Associate	50%	30,000,000	6,250,000	(11,935,499)	24,314,501
Qatari Diar Ras Al Hadd Development Company SAOC	Associate	30%	1,200,000	4,859,651	(885,651)	5,174,000
Al Mouj Muscat SAOC (iii)	Associate	40%	23,206,938	102,376	11,232,324	34,541,638
Madinat Al Irfan Development Company SAOC (ii)	Joint venture	50%	2,499,000	32,003,096	(9,557,557)	24,944,539
Muscat National Development & Investment Co SAOC	Associate	27.25%	15,783,172	233,683	(1,450,651)	14,566,204
National Destination for Leisure and Tourism Co SAOC	Joint venture	63.9%	24,676,452	800,000	(33,230)	25,443,222
Sustainable Development & Investment Co SAOC	Joint venture	50%	227,854	35,375,336	(2,375,791)	33,227,399
Agri Tourism Development Co LLC	Joint venture	50%	100,000	-	(82,662)	17,338
Aasaal International Investment SAOC	Joint control	51%	66,612,245	1,187,402	268,103	68,067,750
			213,263,614	89,976,986	(47,474,623)	255,765,977

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

12 Investments accounted for using the equity method (continued)

(a) Investment in Associates and joint ventures (continued)

The details of the Group's investments accounted for using the equity method are as follows: (continued)

31 December 2022		Equity share %	Investment in share capital OMR	Advance against share capital (v) OMR	Share in cumulative profit or loss and impairment less dividend declared OMR	Total OMR
Muriya Tourism Development Company SAOC	Associate	30%	7,657,741	878,155	(2,082,807)	6,453,089
Al Sifah Tourism Development Company SAOC	Associate	30%	12,884,340	1,997,320	(10,630,288)	4,251,372
Salalah Beach Tourism Development Company SAOC	Associate	30%	20,546,387	4,094,402	(12,899,851)	11,740,938
Sodah Tourism Development Company SAOC	Associate	30%	3,809,724	46,738	(3,092,440)	764,022
International Hotel School LLC (ii)	Associate	50%	75,000	-	(49,069)	25,931
Iskan International Projects FZC	Associate	25%	1,160,400	652,461	305,300	2,118,161
Taqah Hotel Management Company LLC (i)	Associate	12.5%	2,824,361	-	(2,824,361)	-
Saraya Bander Jissah SAOC	Associate	50%	30,000,000	6,250,000	(9,712,168)	26,537,832
Qatari Diar Ras Al Hadd Development Company SAOC	Associate	30%	1,200,000	2,929,117	(802,195)	3,326,922
Al Batina Hotels Company SAOG	Associate	25.6%	1,035,260	-	(816,648)	218,612
Salalah Beach Resort SAOG	Associate	16%	1,410,534	-	(286,206)	1,124,328
Al Mouj Muscat SAOC(iii)	Associate	40%	23,206,938	102,376	8,276,395	31,585,709
Madinat Al Irfan Development Company SAOC	Joint venture	50%	2,499,000	32,003,096	(9,557,557)	24,944,539
Muscat National Development & Investment Co SAOC	Associate	27%	15,783,172	233,683	(996,203)	15,020,652
National Destination for Leisure and Tourism Co SAOC	Joint venture	63.9%	24,676,452	-	3,359	24,679,811
Sustainable Development & Investment Co SAOC	Joint venture	50%	227,854	14,075,336	(2,293,339)	12,009,851
Agri Tourism Development Co LLC	Joint venture	50%	100,000	-	(72,636)	27,364
			149,097,163	63,262,684	(47,530,714)	164,829,133

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

12 Investments accounted for using the equity method (continued)

(a) Investment in Associates and joint ventures (continued)

The movement in the cumulative changes in investments accounted for using the equity method is as follows:

	2023 OMR	2022 OMR
At 1 January	**164,829,133**	156,977,466
Share of net results of investments accounted for using the equity method:		
Muriya Tourism Development Company SAOC	**(60,297)**	(160,713)
Al Sifah Tourism Development Company SAOC	**(758,891)**	(1,350,032)
Salalah Beach Tourism Development Company SAOC	**(525,050)**	(250,004)
Sodah Tourism Development Company SAOC	**(15,207)**	(39,330)
International Hotel School LLC	**(1,356)**	(2,000)
Iskan International Projects FZC	**(20,195)**	12,113
Taqah Hotel Management Company LLC	-	(75,980)
Saraya Bander Jissah SAOC	**(2,223,331)**	(2,175,365)
Qatari Diar Ras Al Hadd Development Company SAOC	**(83,456)**	(79,885)
Al Batina Hotels Company SAOG	-	(175,364)
Salalah Beach Resort SAOG	-	(86,187)
Madinat Al Irfan Development Company SAOC	-	(361,774)
Muscat National Development & Investment Co SAOC	**(454,448)**	1,462,639
National Destination for Leisure and Tourism Co SAOC	**(36,589)**	21,574
Al Mouj Muscat SAOC	**2,955,929**	3,432,913
Agri Tourism Development Co LLC	**(10,025)**	(72,637)
Aasaal International Investment SAOC	**268,103**	-
Sustainable Development & Investment Co SAOC	**(82,453)**	(1,715,195)
Share of results for the year	**(1,047,266)**	(1,615,227)
Advances made during the year (net) [(v)]	**26,714,300**	9,366,894
Subsidiary investment partially disposed and retained as joint venture[b(ii)]	**66,612,245**	-
Additional stake in Agri Tourism Development Co LLC	-	100,000
Associate transfer to Subsidiary (Al Batinah Hotels SAOC) [b(iii)]	**(218,612)**	-
Disposal of an associate	**(1,124,326)**	-
At 31 December	**255,765,977**	164,829,133

(i) The Group holds 12.5% shares in Taqah Hotel Management Company LLC ("THMC") but has more than 20% voting rights. In determination of voting rights. the Group has also considered its representation on the Board of Salalah Beach Tourism Development Company SAOC ("SBTC") in which the Group holds 30% of the share capital. At the reporting date, SBTC holds 58.3% shares in THMC. Effective shareholding is 24.16% of Group in THMC.

(ii) The Group holds 50% investments in Madinat Al Irfan Development Company SAOC, International Hotels School LLC and Saraya Bander Jissah SAOC. As per its agreements with the other shareholders, the Company has assessed that it has joint control over Madinat al Irfan Development Company SAOC and significant influence over International Hotels School LLC and Saraya Bander Jissah SAOC. Hence Madinat al Irfan Development Company SAOC has been shown as joint venture and International Hotels School LLC and Saraya Bander Jissah SAOC have been shown as associates.

(iii) The investment is held by Waterfront Investments Company SAOC, a wholly owned subsidiary of the Group.

(iv) Due to legacy misalignment of accounting policies on measurement of investment properties between Al Mouj Muscat SAOC which uses fair value and the Group which uses cost method, the accounting of share in profits in the associate led to an adjustment of OMR 587,000 (2022 - OMR 380,028) in the consolidated financial statements during the current period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

12 Investments accounted for using the equity method (continued)

(a) Investment in Associates and joint ventures (continued)

(v) Advances represent advances made to equity-accounted investees in respect of the Group's investment in their share capital which is pending registration with the Ministry of Commerce and Industry and other long-term advances paid to the investees in the nature of investment.

(vi) During the current year, the Company made additional investments of OMR 26.71 million (2022 – OMR 9.4 million) in the following associates:

	2023 OMR	2022 OMR
Sustainable Development and Investment Company SAOC	**21,300,000**	6,696,276
Muscat National Development & Investment Co SAOC	-	1,400,000
Muscat National Development & Investment Co SAOC	-	(1,166,317)
National Destination for Leisure and Tourism Co SAOC	**800,000**	-
Salalah Beach Tourism Development Company SAOC	**1,496,364**	1,594,870
Qatari Diar Ras Al Hadd Development Company SAOC	**1,930,534**	586,598
Aasaal International Investment SAOC	**1,187,402**	-
Al Mouj Muscat SAOC	-	102,376
Madinat Al Irfan Development Company SAOC	-	153,091
	26,714,300	9,366,894

(b) Disposal of Investment

During the year group disposed following investments pertaining to them calculations are below:

(i) Salalah Beach Resort SAOG

	2023 OMR
Carrying value of the investment	**1,124,326**
Sale proceeds	**(1,000,000)**
Loss on disposal of associate	**(124,326)**

(ii) Realised gain on sale of partial investment in subsidiary

During the year, the Parent Company sold 49% shareholding in Aasaal to Omran Tourism LLC (a wholly owned subsidiary of Omran). Omran Tourism LLC subsequently sold the same 49% investment in Aasaal to Falcon Investment Company LLC refer (Note 1). The details are as follows:

	2023 OMR
Sale consideration – before adjustments	**64,000,000**
Carrying value of the Investment	**(36,778,068)**
Realised gain on sale of partial investment in subsidiary	**27,221,932**

The price of OMR 64 million is determined based on the share purchase agreement between Omran and Falcon as of 30 November 2023, which is the closing date. As per the agreement, the Group has received 50% (OMR 32 million) of sale consideration and the remaining will be received subject to acceptance of the completion accounts which highlight the working capital and other adjustments as prescribed in the agreement. Management believes that any adjustment pertaining to the finalisation of completion accounts will not materially impact the transaction price. As per sale and purchase agreement, Omran is entitled to deferred consideration which is subject to the achievement of target net operating income for the portfolio of hotels forming part of the sale transaction through Aasaal. As per management assessment [refer note 5(g)], it is highly unlikely that the established targets for achieving the deferred consideration will be met, and hence no deferred consideration has been recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

12 Investments accounted for using the equity method (continued)

(b) Disposal of Investments (continued)

(iii) Fair value gain on loss of control of investment in subsidiary

	2023 OMR
Fair value of the investment retained in joint venture 51%	66,612,245
Net assets value of the retained investment 51%	(32,962,616)
Gain on loss of control of investment in subsidiary	33,649,629

Based on the terms of the Shareholders Agreement, the Directors have concluded that the 51% interest in Aasaal meets the criteria of a jointly controlled entity and thus has been classified as an investment in joint venture.

Following the disposal of 49% investment in Aasaal and classification of Aasaal as a joint venture, the following assets and liabilities were derecognised from the consolidated financial statements of Omran.

	30 November 2023 OMR
Assets	
Non-current assets	145,536,608
Inventories	792,773
Other current assets	12,112,478
Cash and cash equivalents	6,079,313
	164,521,172
Less: Liabilities	
Borrowings	62,076,793
Lease liabilities	3,974,690
Government grants	7,133,832
Employee benefit obligation	1,328,747
Trade and other payables	25,374,529
	99,888,591
Net Assets	64,632,581

Total gain on the sale of 49% of investment in Aasaal is OMR 60.87 million. Refer note 12 (ii) & (iii) for further details.

(iv) Further to above, following assets and liabilities are considered for consolidation for the acquisition of Al Batinah Hotels Company SAOC on date of acquisition of 1st October 2023.

	1 October 2023 OMR
Assets	
Property, plant and equipment	2,741,160
Inventories	4,357
Other assets	18,153
Trade receivables	3,522
Cash and cash equivalents	12,276
	2,779,468
Less: Liabilities	
Borrowings	226,098
Lease liabilities	121,849
Government grants	161,464
Employee benefit obligation	1,216
Trade and other payables	1,501,486
Other liabilities	217,910
	2,230,023
Net Assets	549,445
Purchase consideration	937,025

Refer note 27 on good-will recognized on acquisition of Al Batinah Hotels SAOC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

12 Investments accounted for using the equity method (continued)

The summarised financial information of the Group's investments accounted for using the equity method are as follows:

	Net assets OMR ('000)	Total assets OMR ('000)	Total liabilities OMR ('000)	Income OMR ('000)	Expenses OMR ('000)	Results OMR ('000)	Share of results recognised OMR ('000)
31 December 2023							
Muriya Tourism Development Company SAOC	21,362	23,582	2,220	-	201	(201)	(60)
Salalah Beach Tourism Development Company SAOC	59,579	87,800	28,220	22,899	24,649	(1,750)	(525)
Al Sifah Tourism Development Company SAOC	17,319	59,365	42,046	9,086	11,615	(2,529)	(759)
Sodah Tourism Development Company SAOC	4,503	5,920	1,417	103	153	(50)	(15)
International Hotels School LLC	50	67	17	-	3	(3)	(1)
Qatari Diar Ras Al Hadd Development Company SAOC	3,044	22,406	19,362	69	347	(278)	(83)
Saraya Bander Jissah SAOC	36,129	150,703	114,574	20,043	24,490	(4,447)	(2,223)
Taqah Hotel Management Company LLC	(1,678)	28,204	29,882	7,598	8,644	(1,046)	-
Iskan International Projects LLC	8,433	8,618	185	52	132	(80)	(20)
Al Mouj Muscat SAOG	101,867	292,201	190,334	70,208	62,818	7,390	2,956
Madinat Al Irfan Development Company SAOC	12,783	14,980	2,197	-	-	-	-
Muscat National Development and Investment Company SAOC	62,339	66,166	3,827	496	2,164	(1,668)	(454)
National Destination for Leisure and Tourism Company SAOC	40,484	59,087	18,603	255	312	(57)	(37)
Sustainable Development & Investment Co SAOC	44,495	56,994	12,499	5,842	6,007	(165)	(82)
Agri Tourism Development Co. LLC	(147)	673	820	0	20	(20)	(10)
Aasaal International Investment SAOC	67,486	166,011	98,525	42,160	49,813	(7,653)	268,103

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

12 Investments accounted for using the equity method (continued)

31 December 2022	Net Assets OMR ('000)	Total assets OMR ('000)	Total liabilities OMR ('000)	Income OMR ('000)	Expenses OMR ('000)	Results OMR ('000)	Share of results recognised OMR ('000)
Muriya Tourism Development Company SAOC	22,340	25,970	3,630	98	634	(536)	(161)
Salalah Beach Tourism Development Company SAOC	57,296	87,862	30,567	17,590	18,993	1,187	(250)
Al Sifah Tourism Development Company SAOC	1,187	55,452	36,557	9,704	14,884	(4,911)	(1,350)
Sodah Tourism Development Company SAOC	2,547	4,147	1,601	98	230	(131)	(39)
International Hotels School LLC	52	68	15	-	4	(4)	(2)
Qatari Diar Ras Al Hadd Development Company SAOC	1,326	14,037	12,711	31	297	(266)	(80)
Saraya Bander Jissah SAOC	53,076	150,997	97,921	6,209	6,161	(4,351)	(2,175)
Taqah Hotel Management Company LLC	(632)	28,141	28,773	4,203	7,017	(1,637)	(76)
Iskan International Projects LLC	8,481	8,669	188	115	129	48	12
Al Batina Hotels Company SAOG	854	2,892	2,038	222	257	(644)	(175)
Salalah Beach Resort SAOG	7,027	8,766	1,739	1,259	1,886	(558)	(86)
Al Mouj Muscat SAOG	94,477	272,771	178,294	74,484	65,344	9,194	3,433
Madinat Al Irfan Development Company SAOC	12,783	14,980	2,197	-	727	(724)	(362)
Muscat National Development and Investment Company SAOC	67,200	74,246	7,046	1,155	12,569	6,601	1,463
National Destination for Leisure and Tourism Company SAOC	38,616	56,628	18,012	36	18,020	25	21
Sustainable Development & Investment Co SAOC	18,439	32,987	14,548	-	3,430	(3,430)	(1,715)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

13 Inventories

	2023 OMR	2022 OMR
Land held for resale (i) and (ii)	**57,350,267**	56,533,587
Food and beverage	**205,147**	730,053
Others	**233,760**	176,420
	57,789,174	57,440,060
Less: provision for slow- moving and obsolete inventories and impairment	**(7,460,000)**	(7,460,000)
	50,329,174	49,980,060

Land held for resale includes followings;

(i) Land held for residential development at Madinat Al Irfan (East) Urban Development Project with a carrying value of OMR 25 million (2022 – 25 Million) after recording of net impairment loss of OMR 7.46 million.

(ii) Land held for sale as part of the mixed-use tourism development project located in Yiti with a carrying value of OMR 25 million (2022 – OMR 24 million).

Inventories held for sale are expected to be sold, consumed or realised in the normal operating cycle of the company and is accordingly presented within current asset even though is expected to be realised in practice after more than twelve months from the reporting date.

The movement in provision for slow-moving and obsolete inventories is as follows:

	2023 OMR	2022 OMR
Balance at 1 January and December	**7,460,000**	7,460,000

14 Other assets

	2023 OMR	2022 OMR
Advances to suppliers	**1,824,332**	3,022,146
Prepayments	**177,777**	132,963
	2,002,109	3,155,109

15 Trade receivables

	2023 OMR	2022 OMR
Trade receivables	**5,054,051**	6,858,227
Less: provision for expected credit losses (c)	**(1,016,569)**	(2,045,405)
	4,037,482	4,812,822

a) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold and services rendered in the ordinary course of business. They are generally due for settlement within 30-90 days and therefore are all classified as current. These receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised fair value.

The Group holds these receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 4(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

15 Trade receivables (continued)

b) Carrying and fair values of trade receivables

The carrying amounts of the Group's trade receivables are denominated in Rial Omani (OMR). Due to the short-term nature of the current receivables, their carrying ant is considered to approximate their fair value.

c) The movement in the provision for expected credit losses is as follows:

	2023 OMR	2022 OMR
Balance at 1 January	**2,045,405**	1,588,194
Net (reversal) / provision during the year [note 4(b)]	**(1,028,836)**	457,211
Balance at 31 December	**1,016,569**	2,045,405

16 Other financial assets at amortised cost

The Group classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at amortised cost include:

	2023 OMR	2022 OMR
Due from other related parties [26(ii)]	**20,482,626**	6,794,726
Due from the Oman Investment Authority [26(ii)]	**1,283,890**	1,283,890
Due from the Ministry of Tourism [26(ii)]	**360,929**	360,929
Other receivables (a)	**36,120,347**	12,146,004
Retention receivable	**213,779**	212,189
Less: provision for expected credit losses (c)	**(743,432)**	(743,432)
	57,718,139	20,054,306

(a) Other receivables and due from related parties

The Group holds these receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate method. Details about the Group's impairment policies and the calculate loss allowance are provided in note 4(b).

The Group divested partial investment in Aasaal International Investment SAOC as explained in detail in note 12 (ii). Other receivables include the remaining 50% (OMR 32 million) of the sale consideration receivable from Falcon Investment Company LLC as at year end.

(b) Impairment and risk exposure

Information about the impairment of due from related parties and Group's exposure to market risk, credit risk and liquidity risk can be found in note 4.

(c) The movement in the provision for expected credit losses is as follows:

	2023 OMR	2022 OMR
Balance at 1 January	**743,432**	49,706
Provided during the year [note 4(b)]	**-**	693,726
Balance at 31 December	**743,432**	743,432

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

17 Fixed deposits

	2023 OMR	2022 OMR
Fixed deposits (i)	39,697,929	49,036,617
Less: provision for expected credit losses [note 18(b)]	(102,584)	(102,584)
	39,595,345	48,934,033
Less: non-current portion	-	(3,000,000)
Current portion	39,595,345	45,934,033

(i) The fixed and call deposits are placed with Islamic windows of commercial banks in Oman that have a maturity period of 6 months to 1 year. Deposit with a maturity of 1 year from the date of placement are shown as non-current asset. The deposits carry profit share and interest rates / profit share ranging from 5% -6% per annum (2022 - from 3.75% to 4.85% per annum). At the end of the reporting period, there is no non-current portion of fixed deposits (2022 – 3 million).

18 Cash and cash equivalents

	2023 OMR	2022 OMR
Current accounts	6,109,274	8,625,605
Call and short-term deposit (i)	361,928	1,345,005
Margin money	59,676	53,407
Less: provision for expected credit losses (b)	(31,193)	(48,125)
	6,499,685	9,975,892
Cash on hand	42,075	163,543
	6,541,760	10,139,435

(i) Call deposits with commercial banks in Oman carry interest at rates ranging from 2.5% - 5% per annum (2022 - from 1.2% to 4.8% per annum).

(a) Classification as cash equivalents

Cash and cash equivalents include cash on hand, all bank balances, including deposits with a maturity three months or less from the date of placement.

(b) The movement in the provision for expected credit losses is as follows:

	2023 OMR	2022 OMR
Balance at 1 January	150,709	299,782
Reversal during the year [note 4(b)]	(3,393)	(149,073)
Aasaal Divestment	(13,539)	-
Balance at 31 December	133,777	150,709
Relating to cash and cash equivalents	31,193	48,125
Relating to fixed deposits (note 17)	102,584	102,584
	133,777	150,709

(c) Net debt reconciliation

	2023 OMR	2022 OMR
Cash and cash equivalents	(6,541,760)	(10,139,435)
Borrowings	74,565,452	106,363,088
Lease liabilities	1,486,148	5,656,050
Net debt	69,509,840	101,879,703

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

18 Cash and cash equivalents (continued)

(c) Net debt reconciliation (continued)

31 December 2023	Other assets Cash and cash equivalents OMR	Liabilities from financing activities Borrowings OMR	Lease liabilities OMR	Total OMR
Net debt as at 1 January	**(10,139,435)**	**106,363,088**	**5,656,050**	**101,879,703**
Cash flows	**(2,433,077)**	**29,927,009**	**(557,960)**	**26,935,972**
Aasaal divestment	**6,079,313**	**(62,076,793)**	**(3,974,690)**	**(59,972,170)**
Other changes(i)	**(48,561)**	**352,148**	**362,748**	**666,335**
Net debt as at 31 December	**(6,541,760)**	**74,565,452**	**1,486,148**	**69,509,840**

31 December 2022	Other assets Cash and cash equivalents OMR	Liabilities from financing activities Borrowings OMR	Lease liabilities OMR	Total OMR
Net debt as at 1 January	(16,632,294)	104,211,233	5,896,634	93,475,573
Cash flows	6,596,236	1,178,223	(654,146)	7,120,313
Other changes (i)	(103,377)	973,632	413,562	1,283,817
Net debt as at 31 December	(10,139,435)	106,363,088	5,656,050	101,879,703

(i) Other changes include non-cash movement, including accrued interest expenses which will be presented as financing cash flows in the statement of cash flows when paid.

19 Share capital and share capital pending registration

The authorised share capital of the Parent Company is 830 million (2022- 600 million shares of OMR 1 each) ordinary shares of OMR 1 each. As at 31 December 2023, the fully subscribed and paid-up share capital amounted to OMR 827,603,136 (2022 - OMR 245,899,647) comprising of 827,603,136 shares at OMR 1 each (2022 - 245,899,647 million shares of OMR 1 each). During the year, the Parent Company registered the share capital pending registration of OMR 581,703,489 as Paid-up Share capital of Parent Company.

20 Legal Reserve

In accordance with the Article 106 of the Commercial Companies' Law of 2019, annual appropriations of 10% of the profit for the year is made to this reserve until the accumulated balance of the reserve is equal to one-third of the value of the Parent company's or respective subsidiaries paid-up share capital. The legal reserve in these consolidated financial statements represent a sum of amounts transferred by the Parent company and subsidiaries to legal reserve. This individual legal reserve in the respective companies are not available for distribution.

21 Borrowings

	2023 OMR	2022 OMR
Current borrowings [refer to notes 21(i),(ii) ,(iii) and (iv)]	**10,074,912**	1,699,394
Non-current borrowings	**64,490,540**	104,663,694
	74,565,452	106,363,088

(i) During the year 2023, Omran secured two Bank Facilities with local commercial banks OMR 12 million Ahli Bank and OMR 10 million National Bank of Oman for the period of 3 years and 1 year respectively at margin rate above CBO benchmark is 2.65% p.a. and 1.90% p.a. respectively. The amounts are full repayable in one full instalment at the end of the loan tenure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

21 Borrowings (continued)

(ii) Destination Tourism Investment Management Co SAOC a wholly owned subsidiary signed a long-term facility with Ahli Bank for OMR 18.5 million for the JW-Marriot Hotel project. The total carrying amount of the loan as of 31 December 2023 is OMR 17.8 million (2022 – 17.8) repayable in semi-annual instalments commencing from 31 December 2024 in escalated instalments until June 2036, when a bullet payment of OMR 4.6 million will be paid. The loan carries a variable interest payable semi-annually and subject to annual review at private sector time deposit rate as per CBO publications plus 2% margin. The subsidiary company has paid upfront fees amounting to OMR 157,250 on the term loan, the upfront fees is amortized over the loan term based on effective interest rate basis. The term loan is secured mainly against the property, plant and equipment owned by the entity note 9. The subsidiary company has obtained a waiver from the bank for testing financial covenants until 2024.

(iii) During the year 2015, Destination Hotel Management Company SAOC, signed a long-term facility with Sohar International Bank for OMR 30,600,000 for the Crown Plaza hotel project. The total carrying value as at 31 December 2023 amounted OMR 31.4 million (2022- OMR 29.5 million).:

The facility is secured mainly against certain property, plant and equipment and site usufruct owned by the Company and corporate guarantee by the Parent company. The loan is subject to security coverage ratio which the subsidiary has not complied with as at 31 December 2023. However, the Company has obtained a waiver from the bank for testing financial covenants until 30 September 2024 [refer note 2(b)] during the year.

(iv) The Yiti Group entered into a term loan agreement with Oman Arab Bank SAOG for a total term loan value amounting to OMR 22.98 million of which an amount of OMR 5.039 million as of 31 December 2023 was drawn down. The loan is subject to an interest rate of 6.25% (2022 – nil) per annum and will be quarterly reviewed by the bank thereon. The loan is payable from the year 2025 in semi-annual instalments over a period of 13 years after a moratorium period (i.e., 2 years from signing facility letter). The term loan is secured by a first legal charge over usufruct land and commercial mortgage over all the tangibles and intangible assets (including licenses). The loan is subject to certain debt covenants which the Company has complied with as at 31 December 2023.

(v) The movement in borrowings is as follows:

	2023 OMR	2022 OMR
Balance at 1 January	**106,363,088**	104,211,233
Proceeds from borrowings	**29,927,009**	20,624,468
Borrowing settled through refinancing	**-**	(18,513,357)
Divestment of Aasaal	**(62,076,793)**	-
Borrowings paid during the year	**(1,047,765)**	(932,888)
Unpaid interest accrued	**1,399,913**	973,632
Balance at 31 December	**74,565,452**	106,363,088

(vi) The fair values of the borrowings approximate the carrying values because the interest rate on the borrowings approximates the market interest rate at the reporting date (level 2).

(vii) The unamortised transaction cost for borrowings is OMR 144,565 (2022- OMR 456,312)

22 Government grants

	2023 OMR	2022 OMR
Deferred government grants (i), (ii), (iii), (iv)	**17,758,808**	7,843,163
Less: current portion of deferred government grant	**(710,357)**	(419,638)
Non-current portion of deferred government grant	**17,048,451**	7,423,525

(i) In the year 2012, an amount of OMR 2.1 million was transferred by MOF to Oman Tourism College as capital grant. During the year, OMR 54,963was amortized. The balance as at 31 December 2023 is OMR279,267 (2022 – OMR 325,230).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

22 Government grants (continued)

(ii) The fixed assets of OCEC were transferred to the Group at a fair value of OMR 15 million, which was accounted for as government grant. Management determined the useful life of the building to be 35 years, based on which the grant is amortised to profit and loss.

(iii) Furthermore, the Group received a grant amounting to OMR 1.4 million for the development of Zip-line in Musandum Government which was developed on the land leased by the Company. This asset is estimated to have a useful life of 5 years and the grant will be amortized against the same period.

The movement in government grant is as follows:

	2023 OMR	2022 OMR
Balance at 1 January	**7,843,163**	8,317,764
Additions during the Year	**17,862,860**	-
Divestment of Aasaal	**(7,133,832)**	-
Amortised during the year [note 7(b)]	**(813,383)**	(474,601)
Balance at 31 December	**17,758,808**	7,843,163

23 Trade and other payables

	2023 OMR	2022 OMR
Accrued expenses (i)	**8,181,865**	10,686,208
Trade payables	**6,233,659**	7,870,402
Other payables	**8,028,357**	8,334,047
Retentions payable	**324,972**	7,327,007
Due to related parties [(ii) and note 26(iii)]	**8,482,862**	22,641,786
Contract liabilities	**4,173,226**	-
Income tax payable [note 8(c)]	**171,644**	350,296
	35,596,585	57,209,746
Less: Non-current portion of retention	**(5,187,058)**	(5,298,610)
	30,409,527	51,911,136

(i) Accrued expenses include accruals for capital work-in-progress amounting to OMR 3.42 million (2022 - OMR 3.24 million).

(ii) Contract liabilities include amounts pertaining to OIA contract for the development of OIA HQ building, of OMR 3.6 million.

(iii) During the year there is a release from payables by shareholders amounting to OMR 11.7 million with the OCEC transfer.

24 Other liabilities

	2023 OMR	2022 OMR
Advances from customers	**1,388,129**	1,021,710
Others	**430,942**	378,493
	1,819,072	1,400,203
Less: current portion of advances from customers	**(10,411)**	(556,548)
	1,808,661	843,655

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

25 Provision for employee benefits

	2023 OMR	2022 OMR
Balance at 1 January	**1,344,648**	1,191,459
Charge for the year [note 7(a)]	**333,724**	153,189
Divestment of Aasaal	**(1,328,747)**	-
Balance at 31 December	**349,625**	1,344,648

In accordance with the provisions of IAS 19. the management has carried out an exercise to assess the net present value of its obligations as at 31 December 2023 and 2022 using the projected unit credit method in respect of employees' end of service benefits payable under the Oman Labour Law 2003 and the Social Security Law of 1991. The expected liability at the date of leaving the service has been discounted to net present value using a discount rate of 7% (2022- 7%) per annum. Under this method, an assessment has been made of an employee's expected service life with the company and the expected basic salary at the date of leaving the service. The management has assumed average increment/promotion costs of 3% (2022 - 3%) per annum.

26 Related party transactions and balances

The Group is owned by OIA which is the Sovereign Wealth Fund of Oman and fully controlled by Government of Oman. The Group entered into transactions in the ordinary course of business with shareholders, entities in which certain members and senior management have significant influence and entities in which the Group has entered into management agreements (other related parties).

(a) *Related parties represent the entities under common control of the Group, directors and key management personnel of the Group and its shareholders and entities over which Group has significant influence or joint control.*

(b) *Transactions with related parties represent transactions with shareholders, directors and senior management of the Group, and entities jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.*

The Group has applied the exemptions as allowed for 'Government entities' under IAS 24 – 'Related party disclosures', for disclosure of transactions and balances with another entity that is a related party because of the Government having control or joint control of, or significant influence over, both the Group and the other entity, except for transactions and balances material to the Group.

(c) *Other transactions with investments accounted for using the equity method are disclosed in respective notes to the consolidated financial statements.*

(i) Transactions with related parties during the year are as follows:

	2023 OMR	2022 OMR
(a).Revenue from services and other income		
-Ministries	**2,132,168**	1,792,840
-OIA	**12,594,068**	-
-Other related parties	**2,011,513**	831,242
	16,737,749	2,624,082
(b) Management and licence fees	-	140,263

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

26 Related party transactions and balances (continued)

(ii) Due from related parties as at year-end:

	2023 OMR	2022 OMR
OIA (note 16)	1,283,890	1,283,890
Madinat Al Irfan Development Company SAOC	1,440,000	1,440,000
Al Mouj Muscat SAOC	1,600,000	3,200,000
Ministry of Tourism (note 16)	360,929	360,929
Aasaal International Investment SAOC	13,723,087	-
Other related parties	3,719,539	2,154,726
	22,127,445	8,439,545

Provision for expected credit losses on due from related parties charged to the consolidated statement of comprehensive income, net of recoveries, during the year is Nil (2022 - OMR 457,211).

(iii) Due to related parties (note 23) as at year-end:

	2023 OMR	2022 OMR
OIA contract liability [note 22 (ii)]	3,664,746	4,782,462
Oman Convention and Exhibition Centre	-	13,059,794
Ministry of Finance	1,333,333	1,333,333
Aasaal International Investment SAOC	3,250,489	-
Others	3,899,040	3,466,197
	12,147,608	22,641,786

(iv) Key management compensation:

The remuneration of directors and other members of key management during the year was as follows:

	2023 OMR	2022 OMR
Directors' remuneration and sitting fees	35,050	40,900
Salaries and other benefits	1,995,498	1,900,476
Employees' end of service benefits	1,252,266	1,192,635
	3,282,814	3,134,011

27 Goodwill

Following is the movement during the year.

	2023 OMR	2022 OMR
Balance at 1 January	210,131	210,131
Goodwill - acquisition of Al Batinah Hotels [note 12(iii)]	486,480	-
Balance at 31 December	696,611	210,131

The accounting for the acquisition will be revised on completion of Purchase Price Allocation within a period of 12 months from the date of acquisition as allowed under IFRS 3 "Business Combinations". However, Group recognize the good-will amounting OMR 486,480 in the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

28 Commitments

As at 31 December 2023, the Group has capital commitments amounting to OMR 7.2 million (2022: OMR 18.6 million).

In addition to above the Parent has provided corporate guarantees to the lenders of the following entities:

1- Destination Hotel Management Company SAOC 51% of (OMR 32 million Borrowings)
2- Al Assala Hotels and Resorts SAOC 100% of (OMR 32 million Borrowings)
3- Destination Tourism Investment Management Company SAOC 100% of (OMR 18.5 million Borrowings)
4- Alil Salalah SAOC 100% of (OMR 14.2 million Borrowings)
5- Yiti Hospitality Investment Company SPC 100% of (OMR 22.98 million Borrowings)

29 Material partly-owned subsidiaries

Proportion of equity interest held by non-controlling interests:

Name	**Country of incorporation and operation**	**2023**	2022
Destination Hotel Management SAOC	Sultanate of Oman	**49%**	49%
Al Batinah Hotels SAOC	Sultanate of Oman	**18%**	-
Waterfront Marina Services SAOC	Sultanate of Oman	**2.7%**	2.7%

The summarised (unaudited 2023) financial information of the subsidiary is provided below. This information is based on amounts before intercompany eliminations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

29 Material partly-owned subsidiaries (continued)

Summarised statement of profit or loss: (audited 2023)

	2023 OMR	2022 OMR
Revenue from contracts with customers	3,297,457	2,701,800
Cost of sales	(4,080,334)	(4,200,170)
General and administrative expenses	(623,288)	(292,056)
Net impairment losses on financial assets	-	(47,323)
Other income	281,450	-
Finance costs	(1,650,497)	(1,490,433)
Finance income	-	179
Total comprehensive loss	(2,775,210)	(3,328,004)
Attributable to non-controlling interests	(1,359,853)	(1,629,891)

Summarised statement of financial position: (audited 2023)

	2023 OMR	2022 OMR
Property, plant and equipment and right of use assets (non-current)	25,894,978	26,601,861
Inventories, cash and cash equivalents, other financial assets and trade receivables (current)	794,825	554,943
End of service benefits (non-current)	(30,661,554)	(23,579)
Term loan, lease liabilities and trade and other payables (current)	(4,038,512)	(5,235,054)
Total equity	(8,010,263)	(5,235,053)

	2023 OMR	2022 OMR
Attributable to:		
Equity holders of the parent	4,085,234	(2,669,877)
Non-controlling interests	3,925,029	(2,565,176)

Summarised statement of cash flow information (audited 2023):

	2023 OMR	2022 OMR
Operating activities	37,013	(169,833)
Investing activities	(192,579)	(28,256)
Financing activities	128,778	215,705
Net decrease in cash and cash equivalents	26,788	74,128

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

9 Property, plant and equipment

	Land (i) OMR	Property, plant and equipment OMR	Buildings (ii) OMR	Office furniture and equipment OMR	Hotel fixtures and furniture OMR	Computers and equipment OMR	Telephones and conference systems OMR	Vehicles & Boats OMR	Marina/ breakwater/ berth seawall OMR	Capital work-in-progress OMR	Total OMR
Cost											
At 1 January 2023	40,158,318	8,926,296	313,697,086	2,396,248	21,768,989	35,235,856	71,747	3,382,264	20,185,471	24,988,287	470,810,562
Additions	-	-	520,929	-	410,872	589,056	-	92,478	9,834	15,543,609	17,166,778
Transfers	2,676,659	-	17,741,160	-	-	1,408,209	-	-	-	-	21,826,028
Divestment of Aasaal	(200,000)	-	(226,280,812)	-	(17,281,625)	(19,479,721)	-	(596,334)	(16,645,343)	(3,672,522)	(284,156,357)
Disposals	-	-	-	-	(33,088)	(195,887)	-	-	-	-	(228,975)
At 31 December 2023	42,634,977	8,926,296	105,678,363	2,396,248	4,865,148	17,557,513	71,747	2,878,408	3,549,962	36,859,374	225,418,036
Accumulated depreciation and impairment											
At 1 January 2023	13,396,000	1,834,840	125,784,221	2,309,590	15,840,627	24,935,001	71,697	3,162,500	19,690,507	-	207,024,983
Depreciation [note 7(a)]	-	210,886	6,353,646	86,658	1,779,433	2,651,759	-	47,494	44,187	-	11,174,063
Divestment of Aasaal	-	-	(94,518,726)	-	(14,573,090)	(17,578,637)	-	(539,278)	(16,534,482)	-	(143,744,213)
Disposals	-	-	-	-	(33,088)	(195,887)	-	-	-	-	(228,975)
At 31 December 2023	13,396,000	2,045,726	37,619,141	2,396,248	3,013,882	9,812,236	71,697	2,670,716	3,200,212	-	74,225,858
Carrying amount											
At 31 December 2023	29,238,977	6,880,570	68,059,222	-	1,851,266	7,745,277	50	207,692	349,750	36,859,374	151,192,178

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

9 Property, plant and equipment (continued)

	Land (i) OMR	Property, plant and equipment OMR	Buildings (ii) OMR	Office furniture and equipment OMR	Hotel fixtures and furniture OMR	Computers and equipment OMR	Telephones and conference systems OMR	Vehicles & Boats OMR	Marina/ breakwater/ berth seawall OMR	Capital work-in-progress OMR	Total OMR
Cost											
At 1 January 2022	40,158,318	8,926,296	316,034,095	2,366,093	19,952,021	35,088,436	71,747	3,350,203	20,185,471	16,484,949	462,617,629
Additions	-	-	335,062	30,155	2,000,017	601,189	-	66,179	-	9,872,459	12,905,061
Transfers	-	-	386,991	-	524,134	457,996	-	-	-	(1,369,121)	-
Disposals	-	-	(3,059,062)	-	(707,183)	(911,765)	-	(34,118)	-	-	(4,712,128)
At 31 December 2022	40,158,318	8,926,296	313,697,086	2,396,248	21,768,989	35,235,856	71,747	3,382,264	20,185,471	24,988,287	470,810,562
Accumulated depreciation and impairment											
At 1 January 2022	13,396,000	1,537,298	121,944,860	2,233,823	13,678,782	23,358,837	71,697	3,086,123	19,517,624	-	198,825,044
Depreciation [note 7(a)]	-	297,542	6,470,011	75,767	2,590,416	2,334,566	-	100,657	18,168	-	11,887,127
Disposals	-	-	(2,630,650)		(428,571)	(758,402)	-	(24,280)	-	-	(3,841,903)
At 31 December 2022	13,396,000	1,834,840	125,784,221	2,309,590	15,840,627	24,935,001	71,697	3,162,500	19,535,792	-	206,870,268
Carrying amount											
At 31 December 2022	26,762,318	7,091,456	187,912,865	86,658	5,928,362	10,300,855	50	219,764	649,679	24,988,287	263,940,294

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

9 Property, plant and equipment (continued)

(i) Land includes plots of land at Madinat Al Irfan (East) Urban Development Project amounting to OMR 6.7 million (2022: OMR 6.7 million) held for construction of infrastructure and buildings to be used by the Group for the conduct of its business. It also includes plots of land at Capital Yacht amounting to OMR 8.3 million (2022: OMR 8.3 million) and land of Yiti OMR 7.8 million (2022: OMR 7.8 million).

(ii) Buildings with a carrying amount of OMR 24.7 million (2022 - OMR 9.7 million) is funded by government grant [note 22(iii)]. With the OCEC transfer, the Parent Company has classified the land from investment property to property plant and equipment. Note (11)

(iii) As at 31 December 2023, the Group's management carried out an impairment assessment for properties where indicators were identified. No impairment was recognized based on the assessment (2022: Nil).

(iv) The carrying amount of property, plant and equipment pledged as security for borrowings is OMR 115.9 million (2022: OMR 115.9 million).

(v) Amounts of OMR 935,692 (2022 – OMR 118,849) representing staff costs and project related expenses have been allocated to capital work in progress during the year.

(vi) The details of capital work-in-progress are as follows:

	2023 OMR	2022 OMR
Yiti Tourism Development Company LLC	18,094,519	8,247,278
Shatti Square Project	2,656,273	2,648,561
Muscat Beach Property Management Company LLC	2,722,760	2,283,792
Four Seasons Hotels Project	2,624,134	1,710,361
Omran Commercial Building	4,553,636	1,374,451
Alila Salalah SAOC	-	939,196
Irfan East Project	787,041	787,041
Ibis Hotel	760,015	760,015
Green Peak Project Development Company LLC	-	451,351
Duqm Management Company LLC	-	429,593
Destination Tourism Investment & Hotel Management Company SAOC	4,226,618	238,859
Other projects	434,378	5,117,789
	36,859,374	24,988,287

(vii) The details of Capital advances is as follows:

	2023 OMR	2022 OMR
Destination Tourism Investment & Hotel Management Company SAOC	-	885,615
Omran HQ	2,777,120	3,540,125
Others	640,478	735,980
	3,417,598	5,161,720