

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 March 2026

1 Legal status and principal activities

Financial Services Company SAOG (the “Company”) was established as an Omani public joint stock company listed on the Muscat Stock Exchange. The registered office address of the Company is P.O. Box 2777, Ruwi, Postal Code 112, Sultanate of Oman.

The Company is primarily engaged in the following activities:

- Brokerage;
- Issue Management;
- Margin Financing;
- Portfolio management;
- Investment Advice and Research.

2 Summary of significant account policies

The interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the disclosure requirements set out in the Rules for Disclosure and Proformas issued by the Fascial Service Authority of the Sultanate of Oman and the requirement of the Commercial Companies Law of 1974 as amended. The principal accounting policies are summarised below. These policies have been consistently applied to all the periods/years presented unless otherwise stated.

2.1 Basis of preparation

The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting on a historical cost basis, except for certain financial instruments which are measured at fair value. Financial assets classified at fair value through profit or loss are carried at fair value, while other financial assets measured at fair value are also recognised at fair value in accordance with applicable IFRS requirements.

Financial assets measured at amortised cost, including receivables, are carried at amortised cost using the effective interest method.

These interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2025. The same measurement bases and accounting policies have been consistently applied, unless otherwise disclosed.

2.2 Critical accounting estimates and judgements

The preparation of interim financial statements in conformity with IFRS requires the use of certain critical accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The area requiring higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the interim financial statements is fair value measurement of financial instruments.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The management uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The company has used discounted cash flow analysis for various available-for-sale financial assets that were not traded in active markets. Where it is impractical to use discounted cash flows the company used net asset value or par value of instruments as appropriate.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 March 2026 (continued)****2.3 Revenue recognition**

Dividends in relation to the securities portfolio are credited to income during the period in which entitlement is notified.

Profit or loss on sale of investment represents the difference between sale proceeds and book value of securities sold, calculated on a weighted average basis.

The interest income is accounted for on accrual basis.

2.4 Financing costs

Financing costs comprise interest payable on borrowings and foreign exchange gains and losses. All interest and other costs incurred in connection with borrowings are expensed as incurred, as part of financing costs.

2.5 Financial assets**Classification and Measurement**

The Company classifies its financial assets in accordance with IFRS 9 Financial Instruments into the following categories:

- financial assets at fair value through profit or loss (FVPL);
- financial assets at fair value through other comprehensive income (FVOCI); and
- financial assets measured at amortised cost.

Financial assets are classified based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the instruments.

Financial assets are initially recognised at fair value. Transaction costs are included in the initial measurement of financial assets, except for financial assets classified at FVPL, where transaction costs are expensed in profit or loss.

Financial Assets at Fair Value through Profit or Loss (FVPL)

Financial assets are classified at FVPL if they are held for trading or designated at fair value through profit or loss at initial recognition. A financial asset is considered held for trading if it is acquired principally for the purpose of selling in the short term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at FVPL are measured at fair value. Gains or losses arising from changes in fair value, including interest and dividend income, are recognised in profit or loss in the period in which they arise.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 March 2026 (continued)****Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)**

Financial assets are classified at FVOCI if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and where the contractual terms give rise to cash flows that are solely payments of principal and interest.

Subsequent to initial recognition, these assets are measured at fair value. Changes in fair value are recognised in other comprehensive income and accumulated in equity. Upon derecognition, the cumulative gain or loss is reclassified to profit or loss.

For equity instruments designated at FVOCI, gains and losses are recognised in other comprehensive income and are not subsequently reclassified to profit or loss upon disposal.

Financial Assets at Amortised Cost

Financial assets are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows, and where the contractual cash flows represent solely payments of principal and interest.

Subsequent to initial recognition, these assets are measured at amortised cost using the effective interest method.

Recognition and Derecognition

Regular purchases and sales of financial assets are recognised on the trade date, being the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred, and the Company has transferred substantially all the risks and rewards of ownership.

Fair Value Measurement

The fair value of quoted financial instruments is based on current market prices. For financial instruments not traded in active markets, fair value is determined using appropriate valuation techniques, including recent arm's length transactions, reference to similar instruments, and discounted cash flow analysis, maximising the use of observable inputs.

Where it is not practicable to apply discounted cash flow techniques, alternative approaches such as net asset value or par value are used, as appropriate.

Impairment of Financial Assets

The Company recognises impairment of financial assets based on the expected credit loss (ECL) model in accordance with IFRS 9.

At each reporting date, the Company assesses whether there has been a significant increase in credit risk since initial recognition. If so, lifetime expected credit losses are recognised; otherwise, 12-month expected credit losses are recognised.

For trade receivables, the Company applies the simplified approach and recognises lifetime expected credit losses.

Impairment losses are recognised in profit or loss and are reversed if the amount of expected credit losses decreases in a subsequent period.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 March 2026 (continued)**

Fair Value Measurement

The fair value of quoted financial instruments is based on current market prices. For financial instruments not traded in active markets, fair value is determined using appropriate valuation techniques, including recent arm's length transactions, reference to similar instruments, and discounted cash flow analysis, maximising the use of observable inputs.

Where it is not practicable to apply discounted cash flow techniques, alternative approaches such as net asset value or par value are used, as appropriate.

In accordance with IFRS 13 Fair Value Measurement, the Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level	Description
Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability, reflecting the Company's own assumptions.

The Company determines whether transfers between levels in the hierarchy have occurred at the end of each reporting period.

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For trade receivables, the Company applies the simplified approach and recognises lifetime expected credit losses.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 March 2026 (continued)****2.6 Trade debtors and other receivables**

Trade debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Bad debts are written off during the year in which they are identified.

2.7 Cash equivalents

For the purpose of the cash flow statement, the company considered all bank balances with a maturity of three months or less from the date of placement are considered to be cash equivalents.

2.8 Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

2.9 Accounts payable and other payables

Accounts payable and other payables are stated at cost.

2.10 Foreign currencies**Functional and presentation currency**

Items included in the company's interim financial statements are measured using Rials Omani which is the currency of the primary economic environment in which the company operates.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Rial Omani at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 March 2026 (continued)****2.11 Segment Financial reporting**

A segment is a distinguishable component of the company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3 Financial instruments and financial risk management**3.1 Financial risk factors**

The company's activities expose it to a variety of financial risks including the effects of changes in market risk including debt and equity market prices, foreign currency exchange rates, interest rates and credit risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. Risk management is carried out by the management under policies approved by the Board of Directors.

(1) Interest rate risk

The company manages its exposure to interest rate risk by ensuring that significant borrowings are on a fixed rate basis.

(2) Price risk

The company is exposed to equity securities price risk because of investments held and classified either as available-for-sale or at fair value through profit or loss.

(3) Credit risk

The company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter parties and continually assessing the creditworthiness of counter parties.

(4) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. Due to the dynamic nature of the business, management aims at maintaining flexibility in funding by keeping credit lines available.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 March 2026 (continued)**

3.2 Fair value estimation

The fair value of publicly traded investments is based on quoted market prices at the balance sheet date. For non-traded financial instruments, the fair value is estimated by reference to the current market value of similar instruments or by reference to the discounted cash flows of the underlying net assets and assumptions that are based on market conditions existing at each balance sheet date. Where it is impractical to use discounted cash flow the company uses net asset value or par value of instruments as appropriate. The carrying amounts of financial assets and liabilities with a maturity of less than one year approximate to their fair values.

4 Dividend and other income

	Three months ended 31 March 2026	Three months ended 31 March 2025
Dividend income	<u>60,647</u>	<u>97,789</u>
Other income	<u>12,802</u>	<u>17,526</u>
	<u>73,449</u>	<u>115,315</u>

5 Salaries and related costs

	Three months ended 31 March 2026	Three months ended 31 March 2025
Salaries and allowances	<u>65,578</u>	<u>81,132</u>
End of service benefits	<u>3,775</u>	<u>3,363</u>
	<u>69,353</u>	<u>84,495</u>

6 Administrative and general expenses

	Three months ended 31 March 2026	Three months ended 31 March 2025
Membership and subscription fees	<u>8,853</u>	<u>6,726</u>
Postage and telephone expenses	<u>2,751</u>	<u>2,408</u>
Directors' setting fees	<u>8,800</u>	<u>2,100</u>
Advertisement	<u>480</u>	<u>671</u>
Printing and stationery	<u>133</u>	<u>351</u>
Company insurances	<u>4,030</u>	<u>4,632</u>
Buildings expenses	<u>3,898</u>	<u>1,963</u>
Professional fees	<u>1,403</u>	<u>1,340</u>
Maintenance contract	<u>4,013</u>	<u>5,261</u>
Miscellaneous expenses	<u>6,709</u>	<u>6,200</u>
	<u>41,070</u>	<u>31,652</u>

7 Cash and bank Balances

	31 March 2026	31 March 2025
Cash on hand	<u>700</u>	<u>700</u>
Bank current account	<u>5,630,976</u>	<u>1,032,771</u>
	<u>5,631,676</u>	<u>1,033,411</u>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 March 2026 (continued)**

8 Investments

	Market value 31 March 2026	Carrying value 31 March 2026	Carrying value 31 March 2025
	<u>₹</u>	<u>₹</u>	<u>₹</u>
Financial assets at fair value through profit or loss			
Banking and investment sector	17,127	16,376	39,557
Manufacturing sector	210,322	210,378	261,642
Services sector	<u>28,078</u>	<u>30,269</u>	<u>77,154</u>
	<u>255,527</u>	<u>257,023</u>	<u>378,353</u>
Fair value (loss)/gain during the period		<u>(1,496)</u>	<u>(20,701)</u>
		<u>255,527</u>	<u>357,652</u>
FVOCI investments			
Manufacturing sector	100,258	100,258	108,279
Services sector	1,553,170	1,553,170	1,444,466
Unquoted Omani shares	-	-	-
	<u>1,653,428</u>	<u>1,653,428</u>	<u>1,552,745</u>
Fair value decrease during the period		-	<u>(8,021)</u>
Carrying value of investments		<u>1,653,428</u>	<u>1,544,724</u>
		<u>1,908,955</u>	<u>1,902,376</u>

(a) Movement of investment in securities during the period is as follows:

	31 March 2026	31 March 2025
	<u>₹</u>	<u>₹</u>
Financial assets at fair value through profit or loss:		
At beginning of the period	208,227	339,138
Purchase	11,384,299	2,307,836
Change in fair value	(1,496)	(20,701)
Proceeds of sales	<u>(11,335,503)</u>	<u>(2,268,621)</u>
At end of the period	<u>255,527</u>	<u>357,652</u>
FVOCI investments:		
At beginning of the period	1,653,428	1,552,745
Purchase	-	-
Change in fair value	-	(8,021)
Proceeds of sales	-	-
At end of the period	<u>1,653,428</u>	<u>1,544,724</u>
Total at end of the period	<u>1,908,955</u>	<u>1,902,376</u>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 March 2026 (continued)**

8 Investments (continued)

(b) Details of the company's investments where it holds in excess of 10% of the investee company's share capital are set out below:

	Holding %	Number of Securities	Market value RO	Cost RO
MSM Quoted Securities:				
Global Omani Investment	10.6	530,906	849,449	849,449

9 Other receivables

	31 March 2026	31 March 2025
Amounts due from customers and others	1,034,383	615,449
Amounts due from related parties	61	-
Prepayments and accrued income	157,227	169,736
	<u>1,191,671</u>	<u>785,185</u>

10 Investments properties

The Company's investment properties consist of two commercial properties located at Muscat and Salalah. On 1 January 2017, management transferred the above properties (which included freehold land and buildings) from property and equipment to investment properties due to change in use of the assets.

11 Share capital

Authorised, issued and fully paid up capital at 31 March 2026 comprises 20,000,000 shares of Baisa 100 each (31 December 2025 - 31 March 2026 - 20,000,000 shares of Baisa 100 each).

At 31 March 2026, the following shareholder held 10% or more shares of the company.

	31 March 2026		31 March 2025	
	No.	%	No.	%
Dhofar International Development and Investment Holding Company (SAOG)	9,630,769	48.15	9,230,769	46.154
Omar Ahmed Said AL Gharibi	4,550,000	22.75	-	-
Mohsin Ahmed Alawi Al Hadad	2,552,543	12.76	7,000,000	35

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 March 2026 (continued)**

12 Share premium

Share premium represents the excess of the amounts received over the nominal value of shares issued to the shareholders.

13 Property Revaluation Reserve

The property revaluation reserve represents the surplus arising from the revaluation of freehold land (which was transferred to investment properties in 2017). This reserve is not distributable until the freehold land is disposed of. The reserve is presented in the statement of changes in shareholders' equity, net of deferred tax.

14 Bank overdraft

The company has overdraft and bank guarantee facilities with commercial banks in the amounts of ₪ 1,377,000 and ₪ 15,000 respectively, which are secured against pledge of company buildings and marketable securities held in company's investments. Interest is charged at 6.5 – 6.75 % per annum. Overdraft facilities are repayable on demand.

15 Employee Benefits Obligations

	31 March 2026	31 March 2025
	₪	₪
Opening balance	7,379	11,217
Provision for the period	431	633
Payments during the period	-	-
Closing balance	<u>7,810</u>	<u>11,850</u>

16 Trade Payables and Other Credit Balances

	31 March 2026	31 March 2025
	₪	₪
Trade payables	3,948,162	1,152,781
Accruals and other payables	37,656	15,893
Due to related parties (Note 20)	2,156,327	40,559
Total	<u>6,142,145</u>	<u>1,209,233</u>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 March 2026 (continued)**

17 Segment Financial reporting

The company has only one significant segment, which is buying and selling securities.

18 (Loss)/earnings per share

The calculation of basic earnings per share is based on net profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the period as follows:

	31 March 2026	31 March 2025
the Profit or (Loss) for three months ended the Profit or (Loss) for three months ended	<u>176,498</u>	<u>(7,416)</u>
Weighted average number of shares	20,000,000	20,000,000
Earnings per share (Rials)	0.008	(0.0003)

19 Net asset value per share

The calculation of net asset value per share is based on net assets and the number of shares outstanding at the balance sheet date as follows:

	31 March 2026	31 March 2025
Net assets	<u>3,382,799</u>	<u>2,992,291</u>
Number of shares	20,000,000	20,000,000
Net asset value per share (Rials)	0.169	0.150

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 March 2026 (continued)**

20 Related party transactions

The company has entered into transactions with entities over which certain Directors are able to exercise significant influence or with shareholders who own more than 10% of the company's share capital. In ordinary course of business, such related parties provide services and funding to the company. The company also provides services and funding to certain related parties.

(a) The significant transactions with related parties are as follows:

	Three months ended 31 March 2026	Three months ended 31 March 2025
Buying and selling of securities	<u>6,240,853</u>	<u>231,519</u>
Net brokerage commission	15,523	580
Dividend income	-	10,618
Directors' sitting fees	8,800	2,100

(b) The outstanding balances with related parties are as follows:

	31 March 2026	31 March 2025
Accounts receivable and other receivable	<u>-</u>	<u>-</u>
Accounts payable	2,156,327	40,559

21 Contingent liability

	31 March 2026	31 March 2025
Guarantee given to Muscat Securities Market	<u>15,000</u> <u>15,000</u>	<u>15,000</u> <u>15,000</u>

22 Customer securities held in trust

The company operates trust accounts and holds securities in its name on trust and on behalf of its customers, in accordance with the provision of the Capital Market Law. All the trust accounts are not managed by the company and are classified as follows:

	31 March 2026	31 March 2025
Amounts held in trust accounts:	<u>352,253</u>	<u>292,486</u>