

Measurement Income and Earnings Quality under IFRS 9, IAS 28, IFRS 3 and IFRS 16: Evidence from the Population of Listed Investment Companies on the Muscat Stock Exchange

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ABSTRACT

In listed investment holding companies, reported profit is shaped to a large degree by accounting measurement rules rather than by operating margins. This study examined the complete population of ten investment holding companies listed on the Muscat Stock Exchange (MSX) over fiscal years 2021–2025, a census of 49 firm-years drawn from MSX XBRL annual filings. Reported profit was decomposed into core earnings and transitory items. Transitory items were defined as realised and unrealised fair-value gains (including IAS 40 investment-property revaluations), impairment charges and reversals, and named one-off gains arising under IAS 28, IFRS 3 and IFRS 16. Fair-value changes on equity instruments designated at FVOCI, which bypass profit or loss, were measured separately. The analysis used earnings-persistence regressions, dividend regressions, NAV-based price regressions and a Sloan-type next-year return test, with firm-clustered and wild-cluster-bootstrap inference. Transitory items account for 42% of aggregate reported profit, exceed half of profit in 22 of 49 firm-years (45%), and reverse the sign of earnings in 9 (18%). A further RO 40.1 million of fair-value gains on equity instruments designated at FVOCI never reach profit or loss. In regressions of next-year return on assets on current core and transitory return on assets, core earnings persist approximately one-for-one (coefficient 1.08, cluster-robust s.e. 0.23), whereas the transitory component does not (0.18, s.e. 0.21); a Wald test rejects equality of the two coefficients ($p = 0.004$). Cash dividends per share respond to core earnings per share (coefficient 0.146, $p < 0.001$) but not to transitory earnings per share (0.063, $p = 0.34$). The median transitory share is 0.55 for the ten firm-years in which managers chose stock, perpetual bonds, or convertible bonds instead of cash, compared with 0.09 for firm-years with cash-only dividends. Share prices load on net asset value per share; neither earnings component adds significant explanatory power once NAV is controlled for. Next-year market-adjusted returns are negatively related to current transitory return on assets (coefficient -3.6 , $p = 0.03$). This pattern is consistent with partial mispricing in a thin market, although risk, illiquidity and information-asymmetry explanations cannot be excluded. The results show that the IFRS 9 prohibition on recycling FVOCI equity gains, combined with IAS 28 reclassification gains that do pass through profit or loss, makes reported profit depend on the classification path of the same holding. This is relevant to standard-setters and to GCC rules that base distributable profit and directors' remuneration on unadjusted net profit.

Keywords: earnings quality; earnings persistence; fair value; IFRS 9; FVOCI recycling; bargain purchase; IFRS 16; investment holding companies; Oman; Muscat Stock Exchange.

INTRODUCTION

In 2025, A'Sharqiya Investment Holding renewed a five-year lease on a residential complex with Oman LNG. It recorded an unrealised gain of RO 3.26 million under IFRS 16 and classified the gain as rental income in the structured filing submitted to the Muscat Stock Exchange (MSX), reporting a net profit of RO 3.39 million. The net profit was five times higher than that of the previous year, and the company increased its dividend for the first time in six years. The underlying operating profit fell by 6%. In the management discussion, the pre-tax figure was quoted as the company's net profit. The share price rose by 29% over the year.

The above episode is not an anomaly. It is the ordinary condition of financial reporting in this sector, whose assets consist almost entirely of financial instruments, equity-accounted associates and investment property, and whose income statement is therefore a collage of measurement outcomes produced by IFRS 9, IAS 28, IFRS 3, IAS 40 and IFRS 16. Each of these standards routes value changes through a different channel, namely profit or loss, other comprehensive income (OCI), or directly to equity. Each channel carries different implications for the persistence of the reported number, its distributability, and how a rational investor should price it. Whether boards and investors in a small, concentrated, and thinly traded market actually make these distinctions is an empirical question that has not been examined on any GCC exchange.

This paper examines the Muscat Stock Exchange. It studies the complete population of ten MSX-listed investment holding companies over five fiscal years, from FY2021 to FY2025, or from FY March 2022 to FY March 2026 for the two firms with March year-ends, yielding a total of 49 firm-year observations. Because these ten firms constitute the entire population rather than a sample, the study is a census of the sector. Consequently, questions of external validity associated with sampling do not arise, and the small-N inference problem is addressed directly using cluster-robust and wild-cluster-bootstrap standard errors, rank regressions, and non-parametric tests rather than being assumed away. The period encompasses a complete cycle, including the post-pandemic recovery, the 2022–23 interest-rate shock, Oman’s return to investment-grade sovereign status, and the 2025 MSX liquidity boom, during which market turnover rose by 301% and the MSX30 Index increased by 28%, allowing fair-value gains of every kind to be observed in both directions.

The study makes three contributions. First, it provides a standard-by-standard decomposition of earnings for a sector in which the accounting decomposition is the economic decomposition. It uses the MSX XBRL “Analysis of Income and Expense” taxonomy, which requires every filer to tag dividends, realised gains, unrealised FVTPL gains, and investment-property revaluations on separate lines. To the author’s knowledge, no prior study has exploited this data source. Second, it extends the earnings-persistence and mispricing literature initiated by Sloan (1996) and organised by Dechow, Ge, and Schrand (2010), which examines the extent to which the market perceives earnings changes as permanent or transitory, to a setting in which the most common transitory component is not an accrual but a fair-value measurement. It also examines several transitory items, namely IAS 28 deemed-disposal gains on the reclassification of an associate, IFRS 3 bargain-purchase gains in related-party combinations, and a lessor-side IFRS 16 remeasurement gain, that are sufficiently rare in developed markets that they have not been studied at all. Third, it documents the real-world consequences of the boundary between profit or loss and other comprehensive income (OCI) for corporate decisions: boards of directors pay cash dividends out of core earnings and issue paper distributions when profits are transitory.

The key findings are as follows. Transitory items account for 42% of aggregate reported profit, or OMR 123.9 million out of a total of OMR 297.5 million. They exceed half of reported profit in 22 of 49 firm-years and change its sign in 9 of them. Core earnings scaled by total assets are a significant positive predictor of next-year return on assets, with a coefficient of 1.08 (cluster-robust s.e. 0.23), whereas transitory earnings have a coefficient of 0.18 (s.e. 0.21). This difference is significant at the 1% level and persists after excluding the two largest firms, applying a rank transformation, and conducting a wild-cluster bootstrap for the core coefficient. Cash dividends per share increase with core earnings per share but are not significantly affected by transitory earnings per share. Prices, on the other hand, are explained almost entirely by net asset value per share. Once NAV is controlled for, neither earnings component provides significant explanatory power. The median firm trades at 0.56 times NAV. Next-year market-adjusted returns are negatively related to current transitory return on assets. Firms in the highest tercile of transitory income earn a mean abnormal return of -13.8% in the following year, whereas those in the lowest tercile earn 6.4%.

The remainder of the paper is organised as follows. Section 2 describes the institutional setting. Section 3 reviews the literature and develops the hypotheses. Section 4 describes the data, decomposition and empirical design. Section 5 presents the results. Section 6 presents the additional analyses and robustness tests. Section 7 discusses the implications for standard-setters, regulators and boards. Section 8 concludes.

INSTITUTIONAL SETTING

2.1 Investment holding companies on the Muscat Stock Exchange

The MSX financial sector index comprises banks, insurers, leasing companies, and a group of “investment” issuers whose business involves owning stakes in other companies. Ten such issuers filed complete annual reports throughout the study period and constitute the population studied here, as shown in Table 1. They range from Ominvest (Oman International Development and Investment Company SAOG), a RO 1.4 billion group with equity-accounted stakes in Bank Muscat, Oman Arab Bank, and National Finance and consolidated insurance operations through LIVA Group, to Al Batinah Development and Investment Holding, with RO 2.4 million in assets and a share that did not trade for five months in 2025. Ominvest and Dhofar International Development and Investment Holding (DIDIC) together hold approximately 87 percent of the sector’s assets; four of the ten firms report accumulated losses.

Three features of the sector matter for what follows. First, the firms are bank-heavy. Ominvest, DIDIC and Al Anwar Investments channel Omani banking-sector earnings to retail shareholders through the equity method and FVOCI stakes, so that their reported income embeds the associates’ own fair-value items. Second, ownership is concentrated and interlocked. Oman and Emirates Investment Holding owns 51% of FINCORP. DIDIC owns 22% of FINCORP and 48% of Financial Services Company. Al Anwar owns 5.7% of DIDIC. The Social Protection Fund, Oman’s consolidated state pension fund, is a blockholder of at least 10% in Ominvest and DIDIC and is represented on the board of A’Sharqiya. Third, the sector is thinly traded: free float is below 20% at three firms, and the two smallest firms did not trade during several months of the sample period.

2.2 The accounting channels

According to IFRS 9, an equity investment that is not held for trading may be designated as FVTOCI at initial recognition. In this case, changes in fair value are recognised in OCI and are never recycled to profit or loss, even on disposal. However, dividends are recognised in profit or loss. Debt instruments and all other equity investments are measured at FVTPL, with changes recognised in profit or loss. Any change in the business model triggers reclassification, with any difference recognised in profit or loss. Expected credit losses on amortised-cost assets and receivables are recognised in profit or loss and may be reversed. Under IAS 28, an associate is accounted for using the equity method. When significant influence is lost, the retained interest is remeasured to fair value, with the resulting gain or loss recognised in profit or loss. However, on the reverse transition from fair value through other comprehensive income to an associate, that gain is not reversed through profit or loss. Impairment of an associate is recognised and may be reversed through profit or loss. A previously held interest is remeasured under IFRS 3 when there is a step acquisition, with the resulting gain or loss recognised in profit or loss. Any excess of the fair value of the net assets acquired over the consideration is recognised immediately as a bargain-purchase gain under IFRS 3 after a mandatory reassessment. Under IAS 40, investment property may be carried at fair value, with changes in fair value recognised in profit or loss.

Thus, economically similar transactions, such as a gain on a strategic bank stake, can end up in profit or loss (if the stake was in an associate and significant influence is lost), in other comprehensive income (if it was designated as FVOCI), or nowhere in the primary statements (if an FVOCI stake is sold, with the cumulative gain moving from the fair-value reserve to retained earnings). All three routes are observed in the sample.

2.3 Regulatory and distribution rules

Listed companies in Oman file their annual reports using the standardised MSX XBRL format. The income statement includes an “Analysis of Income and Expense” schedule, which presents dividends, realised gains, unrealised fair value through profit or loss gains, and investment property revaluations on separate lines. The Financial Services Authority, formerly the Capital Market Authority before 2023, enforces the Code of Corporate Governance, which caps directors’ remuneration by reference to net profit and approves distributions. Under the Commercial Companies Law 18/2019, companies must first appropriate part of their net profit to the legal reserve and may make distributions from retained earnings. Neither scheme specifies whether realised or

unrealised profit or loss should be considered when calculating deemed dividends or remuneration payable.

Table 1. The population of MSX-listed investment companies

Ticker	Company	FYE	Years	Assets FY25 (RO m)	Principal holdings	Major block / state holder
OMVS	Ominvest (Oman International Development & Investment Co.)	Dec	FY2021–25	1,399	Bank Muscat, OAB, NFC, IGI (associates); LIVA (insurance subsidiary)	SPF 11.9%; OIA
DIDI	Dhofar International Development & Investment Holding	Dec	FY2021–25	570	Bank Dhofar, Sohar Intl (associates); Dhofar Insurance, Khedmah (subsidiaries)	SPF 10.0%
GFIC	Global Financial Investments Holding	Dec	FY2021–25	98	NAPCO (industrial), brokerage subsidiaries; associates	Chairman 20%
AAIC	Al Anwar Investments	Mar	FY Mar-22–26	97	NBO (FVOCI 8.6%); Oman Chlorine, NDC, Voltamp (associates)	None disclosed
SIHC	A'Sharqiya Investment Holding	Dec	FY2021–25	24	FVOCI equities, bonds; Oman LNG lease	SPF board seat
OEIO	Oman & Emirates Investment Holding	Dec	FY2021–24	40	Oman Hotels, Oman Fibre Optic, FINCORP 51%	ADIC 30% to 2023
AMII	Al Madina Investment Holding	Mar	FY Mar-22–26	17	Al Madina Real Estate, Tilal Development (unquoted FVTPL/associates)	None disclosed
FINC	The Financial Corporation (FINCORP)	Dec	FY2021–25	7	FVTPL portfolio; one associate; ex-brokerage	OEIO 51%, DIDI 22%
FSCI	Financial Services Co.	Dec	FY2021–25	7	Brokerage; FVOCI equities; investment property	DIDI 48%
DBIH	Al Batinah Development & Investment Holding	Dec	FY2021–25	2	Listed portfolio; SME subsidiaries; land	None disclosed

Notes: Assets are consolidated total assets at the latest fiscal year-end (FY2024 for OEIO, whose FY2025 filing was not available). SPF = Social Protection Fund (state pension fund); OIA = Oman Investment Authority; ADIC = Abu Dhabi Investment Company. FINCORP reports standalone financial statements; all others are consolidated.

LITERATURE AND HYPOTHESES

3.1 Earnings components and persistence

The proposition that earnings components differ in persistence, and that the market does not fully price this difference, is attributed to Sloan (1996), who showed that the accrual component of earnings is less persistent than the cash-flow component. The resulting findings show that a strategy of going long on low-accrual firms and short on high-accrual firms generates abnormal returns. Dechow, Ge, and Schrand (2010) organize the subsequent literature around the idea that earnings “quality” is decision-specific and that decomposition of earnings is the workhorse method. To assess the market valuation of the components, Mishkin’s (1983) method measures persistence by regressing next-period earnings on current components. Mispricing is tested by

comparing the market's implied persistence, recovered from a returns regression, with the actual persistence.

The fair-value literature applies the same logic to measurement rather than accrual. Barth, Landsman and Wahlen (1995) show that fair-value-based earnings of US banks are more volatile than historical-cost earnings and that the incremental volatility is not reflected in share prices. Hodder, Hopkins and Wahlen (2006) find that the incremental volatility of full-fair-value income is priced as risk. Bratten, Causholli and Khan (2016) show that unrealised fair-value gains and losses in bank OCI predict future earnings less well than realised components and that their pricing is muted. Penman (2007) frames the debate: fair values are relevant when they measure the value of assets whose worth is independent of the firm's use of them, as is the case for a portfolio investor. However, the resulting income is, by construction, the change in a price rather than the outcome of a business model, and its persistence depends on the persistence of price changes, which is low.

Investment holding companies represent the limiting case. Their assets comprise financial instruments, associates, and property. The operating component of income consists of dividend and interest streams plus the share of associates' profits, while everything else is a measurement outcome. This yields the first hypothesis.

H1. *Transitory measurement income, such as IFRS 9 fair-value gains, realised gains, impairments and their reversals, IAS 28 deemed-disposal gains, IFRS 3 bargain-purchase and remeasurement gains, IAS 40 revaluations and IFRS 16 remeasurements, is less persistent than core income, such as dividends, interest, rental income and the share of associates' net income after operating and finance costs.*

3.2 The profit-or-loss / OCI boundary

The primary focus of this comprehensive-income reporting research is whether an item's location in the performance statement affects its use. Kanagaretnam, Mathieu and Shehata (2009) find that OCI items are value-relevant, but less so than net-income items. The broader literature reviewed by Dechow et al. (2010) finds that items placed in OCI attract less attention from analysts and investors and that managers use classification to manage the bottom line. IFRS 9 has hardened this boundary. The election of FVOCI for equity instruments is irrevocable, gains are never recycled, and the IASB's post-implementation review of IFRS 9 classification and measurement (IASB 2022) recorded that this prohibition on recycling was the single most contested feature of the standard among preparers, who argued that it made reported profit uninformative about the outcome of long-term equity investment. The GCC context adds a twist: dividend and remuneration rules refer to net profit, so the FVOCI election affects cash.

H2. *When a firm reports cash dividends, investors respond to core earnings rather than transitory earnings. When transitory items dominate reported profit, boards tend to substitute non-cash distributions, such as stock dividends, perpetual bonds, and convertible bonds, for cash.*

3.3 Pricing

For a holding company, net asset value is a natural anchor for price, and the Ohlson (1995) framework predicts that earnings add information only to the extent that they signal future abnormal earnings relative to book value. Core earnings should therefore be priced more highly than transitory earnings, and to the extent that investors do not distinguish between them, current transitory earnings should predict lower future returns (Sloan 1996). Thin trading, concentrated ownership, and limited analyst coverage make both underreaction and noise plausible.

H3a. *Price loads more heavily on core than on transitory earnings, conditional on net asset value.* **H3b.** *Current transitory earnings are negatively related to next-year abnormal returns.*

DATA AND RESEARCH DESIGN

4.1 Sample and sources

The population comprises every company classified by the MSX as an investment or investment-holding issuer that filed complete annual reports for at least three consecutive fiscal years from 2021 to 2025 (Table 1). All eleven XBRL documents for each of the 40 filings were obtained from the MSX. The income statement and

balance sheet for each filing were read together with the notes where the standardised schedule was incomplete, while comparative columns supplied FY2021 and FY Mar-2022 values. Where a subsequent filing restated a comparative figure, the restated figure is used and the original is recorded. Monthly share prices, proposed dividends, and the number of shares outstanding were collected manually from the corporate governance reports and directors' reports in each filing.

Three data limitations are disclosed. Al Anwar's price tables were embedded in images and could not be extracted, so it is excluded from the pricing tests. Oman and Emirates and Al Batinah report only monthly highs and lows; the December midpoint is used, and for firm-years with no December trades, the last traded month is used instead (two firm-years, flagged). Two of Ominvest's corporate governance reports are unreadable scans. Its FY2023 price is unavailable, and its FY2024 price is proxied by the January 2025 close. The pricing sample is therefore 43 firm-years, the returns sample is 33, and the persistence sample is 39 firm-years with a following observation. Two filings, Oman and Emirates FY2025 and Al Madina FY Mar-2025, were missing before being supplied; the latter has since been added.

4.2 Decomposition

For each firm-year, reported net profit NP is decomposed as $NP = CORE + TRANS$. The transitory component is constructed in three nested layers to demonstrate that the results are robust to the boundary. Layer 1 is mark-to-market only: unrealised FVTPL gains plus investment-property fair-value changes. Layer 2 adds realised gains on securities and property and subtracts impairment charges, including reversals. Layer 3 adds named one-off items identified from the directors' reports and notes that were not already captured. These include deemed-disposal gains on the reclassification of associates, gains on the reclassification of financial assets between measurement categories, bargain-purchase gains net of remeasurement losses on previously held interests, IFRS 16 lease remeasurements, derivative gains, write-offs of unamortised finance costs, and provisions for client claims. Layer 3 is the main specification. Fair-value changes on equity instruments designated at FVOCI are recognised in other comprehensive income and, under IFRS 9, are never recycled to profit or loss. They therefore fall outside NP, are excluded from both CORE and TRANS, and are analysed separately as an off-profit component (FVOCI-OCI). The share of associates' profit is treated as core throughout, effectively understating the transitory share for Ominvest, DIDIC and Al Madina, whose associates carry fair-value items of their own; this biases the results against H1. Tax effects on transitory items are ignored except where material, as in A'Sharqiya 2025, where a RO 391 thousand deferred-tax liability arose on the lease gain.

All flow variables are scaled by total assets at the same year-end. Equity is an unsuitable deflator because it is itself inflated by FVOCI reserves and, at Ominvest and DIDIC, by perpetual bonds classified as equity. When computing net asset value, Ominvest's equity is taken net of perpetual bonds and mandatory convertible bonds. The full firm-year decomposition is reported in Appendix A, and the register of one-off items is reported in Appendix B.

4.3 Empirical models

Persistence. I estimate the persistence of a firm's remaining operating income using the following regression: $ROA_{i,t+1} = \alpha + \beta_1 \text{CoreROA}_{i,t} + \beta_2 \text{TransROA}_{i,t} + \varepsilon$, estimated by pooled OLS with standard errors clustered by firm. H1 predicts $\beta_1 > \beta_2$, and the Wald test of $\beta_1 = \beta_2$ is reported. Because the panel has ten clusters, p-values from a wild-cluster bootstrap with Rademacher weights (Cameron, Gelbach and Miller 2008; 2,000 replications) are reported alongside the asymptotic ones. Robustness: three layers: exclusion of the two largest firms; rank regression; a specification splitting TRANS into fair-value, impairment, and one-off sub-components; and a firm fixed-effects specification, reported for completeness but not preferred because, with four transitions per firm, the within transformation removes precisely the persistent level that H1 concerns and induces Nickell bias.

Dividends. $DPS_{i,t} = \alpha + \beta_1 \text{CoreEPS}_{i,t} + \beta_2 \text{TransEPS}_{i,t} + \beta_3 \text{DPS}_{i,t-1} + \varepsilon$ is estimated for all firm-years and for paying firm-years. A logit model examines the decision to pay any cash dividend, using CORE and TRANS scaled by equity. We also compare the transitory share in firm-years with and without non-cash distributions.

Pricing. A per-share levels model $P_{i,t} = \alpha + \beta_1 \text{NAVPS}_{i,t} + \beta_2 \text{CoreEPS}_{i,t} + \beta_3 \text{TransEPS}_{i,t} + \varepsilon$ and a scale-

$$\text{free model } P/NAV_{i,t} = \alpha + \beta_1 \text{ CORE}/BV_{i,t} + \beta_2 \text{ TRANS}/BV_{i,t} + \beta_3 \text{ FVOCI-OCI}/BV_{i,t} + \varepsilon.$$

Returns: market-adjusted return $ARI_{i,t}$ (fiscal-year return including cash dividends and adjusted for stock dividends, less the return on the MSX financial-sector index) on the change in core and transitory earnings deflated by lagged market value; and the Sloan test $ARI_{i,t+1} = \alpha + \beta_1 \text{ CoreROAI}_{i,t} + \beta_2 \text{ TransROAI}_{i,t} + \varepsilon$ together with a tercile sort on TransROA.

Table 2. Descriptive statistics, 49 firm-years

Variable	Mean	S.D.	Min	Median	Max
Net profit (RO m)	6.07	12.9	-1.82	0.53	49.34
Transitory component (RO m)	2.53	7.65	-1.52	0.02	43.89
Core component (RO m)	3.54	7.87	-1.02	0.26	39.89
Transitory / net profit	0.05	1.13	-4.96	0.01	3.21
FVOCI fair-value OCI (RO m)	0.82	3.25	-5.14	0	16.55
ROA (%)	1	6.2	-19	2.6	16.5
Core ROA (%)	0.6	4	-8.4	1.1	13.9
Transitory ROA (%)	0.4	4.5	-20.5	0	13.5
FVTPL assets / total assets	0.17	0.15	0.01	0.11	0.52
FVOCI assets / total assets	0.14	0.16	0	0.05	0.53
Associates / total assets	0.27	0.24	0	0.25	0.8
Price / NAV (n = 43)	0.69	0.33	0.28	0.56	1.47

Notes: RO m = millions of Omani rials. Transitory = Layer 3 (see §4.2). ROA = net profit / total assets. Price/NAV uses year-end price and equity attributable to owners net of perpetual and convertible bonds; AAIC and OMVS FY2023 lack prices.

RESULTS

5.1 How much of reported profit is measurement income?

Table 3 reports the decomposition by firm, and Figure 1 shows it by firm-year. Across the 49 firm-years, reported net profit totals RO 297.5 million, of which RO 123.9 million (42%) is transitory: RO 55.3 million in realised and unrealised fair-value gains, a net RO 7.3 million in impairment charges, and RO 75.9 million in identified one-off gains. The latter are dominated by Ominvest's RO 62.0 million deemed-disposal gain on Bank Muscat in FY2022 and DIDIC's bargain-purchase gains in FY2023 and FY2025. The median absolute ratio of transitory items to net profit is 0.42. In 22 firm-years, or 45%, transitory items exceed half of reported profit, while in 9 firm-years, or 18%, core earnings have the opposite sign to reported profit. An additional RO 40.1 million in fair-value gains on FVOCI equities bypassed profit or loss entirely, exceeding the absolute value of reported profit in 7 firm-years.

The composition of income from investments and associates varies systematically by business model. At Global Financial Investments, whose income is dominated by consolidated industrial and brokerage subsidiaries, the transitory share is only 6%, and FVTPL trading activity is limited. At Oman and Emirates, the corresponding transitory share exceeds 100%, as the company liquidated its FVTPL positions in 2022 to repay debt and fund a special dividend, while core earnings were negative in three of the four years. At FINCORP, the transitory component accounts for the entire result: RO 0.72 million of fair-value gains produced a profit in 2021, while RO 1.5 million of client-claim provisions, credit losses and write-offs produced the loss in 2025, with core earnings remaining close to zero throughout. At A'Sharqiya, the lowest median transitory share in the sample, at 5 percent, coexists with a single firm-year, 2025, in which one IFRS 16 remeasurement accounted for 95 percent of profit. Al Madina exhibits the opposite pattern to the mean-reversion intuition: unrealised FVTPL losses of RO 374, 575, 583, 587 and 819 thousand over five consecutive years on unquoted holdings valued at the

investees' net asset value, indicating a persistently negative transitory component that suggests the slow correction of stale Level 3 inputs rather than noise.

Table 3. Earnings decomposition by company

Ticker	n	Σ Net profit (RO k)	Σ Transitory (RO k)	Trans. share	Median Trans/NP	Trans > 50%	Sign flips	Σ FVOCI OCI (RO k)	FVOCI /TA	FVTPL /TA	Assoc./ TA
OMVS	5	205,594	97,608	47%	0.48	2	0	23,034	11%	8%	36%
DIDI	5	48,707	16,790	34%	0.4	1	1	424	2%	17%	71%
GFIC	5	35,652	2,130	6%	0.1	0	0	1,001	2%	10%	24%
SIHC	5	5,527	3,298	60%	0.05	1	0	2,638	45%	2%	0%
OEIO	4	4,076	4,904	120%	1.47	3	2	0	0%	37%	39%
AAIC	5	3,194	1,519	48%	0.56	4	1	12,655	29%	10%	54%
FSCI	5	-374	-182	49%	0.29	2	0	416	28%	4%	0%
DBIH	5	-574	50	-9%	0.37	1	1	-27	17%	10%	0%
FINC	5	-940	-956	102%	0.89	4	2	0	0%	46%	22%
AMII	5	-3,391	-1,275	38%	0.58	4	2	-22	0%	31%	29%

Notes: Σ denotes the sum over available firm-years. Trans. share = Σ Transitory / Σ Net profit (undefined interpretation when the denominator is small; OEIO and FINC exceed 100% because core earnings are negative in most years). FVOCI/TA, FVTPL/TA and Assoc./TA are means of year-end balance-sheet ratios.

Figure 1. Core and transitory components of return on assets, by company and year

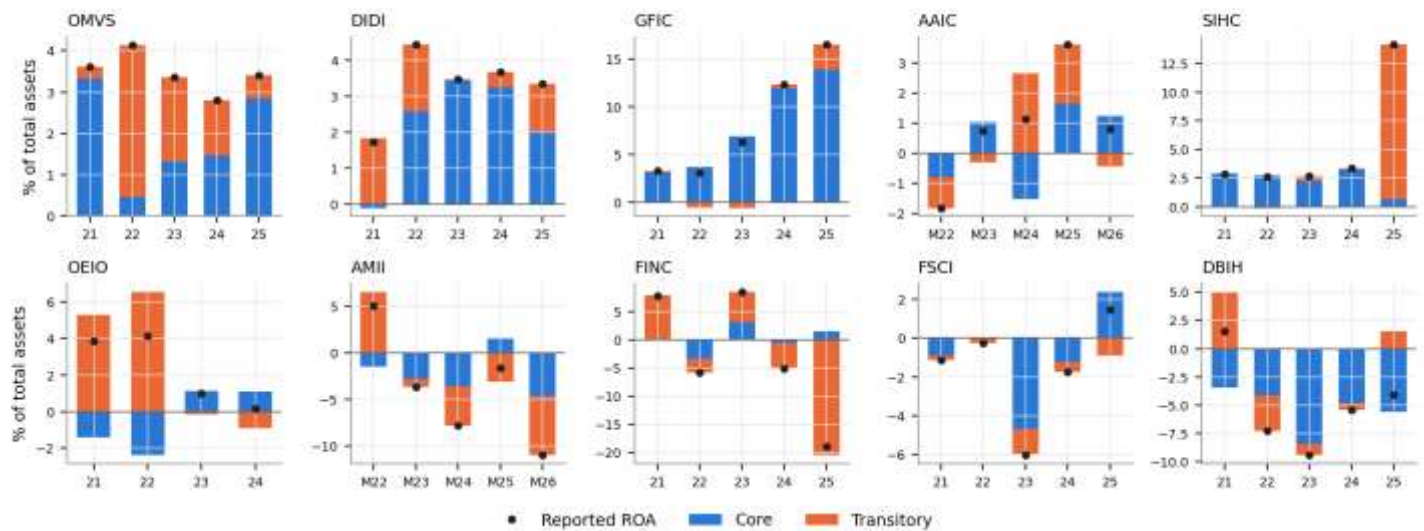


Figure 1. Core (blue) and transitory (orange) components of return on assets by company and fiscal year; the marker is reported ROA. Where the components have opposite signs the orange bar is drawn from zero. Vertical scales differ across panels.

5.2 Persistence (H1)

In Table 4, we report the persistence regressions by profit layer and show the underlying scatter in Figure 2. In the main specification, Layer 3, the coefficient on core ROA is 1.08 (cluster-robust s.e. 0.23; wild-bootstrap $p = 0.09$), and the coefficient on transitory ROA is 0.18 (0.21; wild-bootstrap $p = 0.47$). Core earnings persist essentially one-for-one, while there is no evidence that transitory earnings persist. Because both the dependent and explanatory variables are scaled by total assets, a coefficient of one means that one rial of core profit per rial

of assets this year is associated with one rial of profit per rial of assets next year. The estimate of 1.08 does not differ statistically from 1, and the 95 per cent confidence interval is 0.63 to 1.53. This does not imply explosive earnings growth; instead, it indicates that core earnings behave like a near-random walk, as is typical of recurring earnings in the persistence literature. The Wald test rejects equality at $p = 0.004$. The R^2 is 0.34, compared with 0.26 for the naive regression on undecomposed ROA. Its slope of 0.72 is the asset-weighted blend of the two. The pattern is the same at Layer 2 (0.98 versus 0.23, $p = 0.018$) and at Layer 1, where the mark-to-market component has a coefficient of -0.00 but is estimated so imprecisely (s.e. = 0.82) that the difference is not statistically significant.

The result is not driven by the two large firms: excluding Ominvest and DIDIC leaves coefficients of 1.07 and 0.13 across 31 observations. It is not driven by outliers: the rank coefficients are 0.52 and 0.14. Splitting the transitory component shows that none of its parts persists: fair-value gains have a coefficient of -0.11 (s.e. 0.57), impairment reversals 1.03 (0.95), and named one-offs -0.20 (0.88), while the core coefficient rises to 1.15. Although the impairment coefficient is imprecise, it is positive and close to one, which is consistent with the observed pattern of charges followed by reversals (Ominvest 2022–24; Al Madina Mar-2022). In this sector, impairment behaves less like a permanent write-down than like a reversible provision.

The firm fixed-effects estimate is reported for completeness. However, the core coefficient falls to -0.07 (standard error 0.80) because, with four transitions per firm, the within transformation removes the persistent firm-level component of core earnings that the hypothesis concerns and leaves only noise. In addition, dynamic panel estimates with a short T are downward-biased (Nickell 1981). The pooled estimate with clustered and bootstrapped errors is the appropriate one for a persistence question in a short panel.

Table 4. Persistence of core and transitory earnings: ROA_{t+1} on components of ROA_t

Specification	Core ROA	Transitory ROA	p: core = trans	R^2	n
(1) Naive: ROA_t only	0.722*** (0.266)	—	—	0.26	39
(2) Layer 1: unrealised FV + IAS 40	0.901*** (0.223)	-0.004 (0.818)	0.308	0.31	39
(3) Layer 2: + realised gains, impairment	0.977*** (0.266)	0.230 (0.193)	0.018	0.31	39
(4) Layer 3: + named one-offs (main)	1.081*** (0.229)	0.176 (0.213)	0.004	0.34	39
wild-cluster bootstrap p	0.09	0.469			
(5) Layer 3, excl. OMVS and DIDI	1.071*** (0.296)	0.127 (0.233)	—	0.32	31
(6) Layer 3, rank regression	0.523*** (0.154)	0.140 (0.173)	—	0.33	39
(7) Layer 3, firm fixed effects	-0.067 (0.796)	0.216*** (0.072)	—	0.61	39
(8) Components: core	1.150*** (0.210)			0.41	39
fair-value gains (realised + unrealised + IAS 40)		-0.105 (0.571)			
impairment (reversal positive)		1.033 (0.949)			
named one-offs		-0.205 (0.884)			

Notes: The dependent variable is net profit divided by total assets in the following fiscal year. Standard errors are clustered by firm and reported in parentheses; *, **, and *** denote $p < 0.10$, 0.05, and 0.01, respectively, based on the asymptotic cluster-robust t statistic. Wild-cluster bootstrap p -values using the Rademacher procedure, 2,000 draws, and ten clusters are shown for the main specification. “p: core = trans” is the Wald test of equal coefficients. Specification (7) includes firm dummies; see the text for why it is not the preferred estimator.

Figure 2. One-year-ahead ROA against current core and transitory components (39 firm-years)

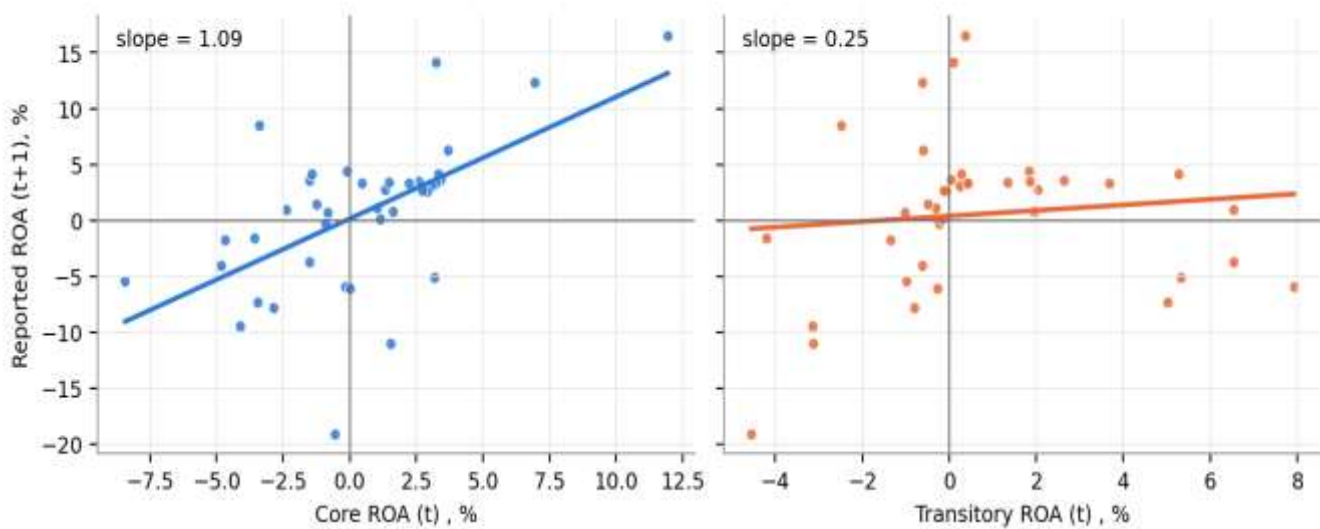


Figure 2. One-year-ahead return on assets against the current core (left) and transitory (right) components, 39 firm-years, with OLS fits.

5.3 Dividends and the substitution of paper for cash (H2)

Omani boards distinguish between the two components even though the accounting does not. In the regression of cash dividends per share on the two earnings components and last year's dividend, the coefficient on core EPS is 0.146 and statistically significant ($p < 0.001$), whereas the coefficient on transitory EPS is 0.063 and not statistically significant ($p = 0.34$). Restricted to paying firm-years, the coefficients are 0.143 and 0.053, respectively. Consistent with this corporate behavior, cash dividends are positively associated with core earnings, but only the coefficient on core EPS is statistically distinguishable from zero. The decision to pay anything at all responds to both closure rules, as reflected in the logit coefficients of 23.6 and 12.9. This reflects the fact that a loss of either kind stops distributions in a market where four firms carry accumulated losses.

The more revealing evidence of this pattern is in the form of distributions. Ten firm-years feature non-cash distributions: Ominvest's 90% perpetual-bond distribution in FY2022, 20% mandatory convertible bonds in FY2023, and 40% and 20% stock dividends in FY2024 and FY2025; DIDIC's RO 30 million in-specie distribution of perpetual bonds in FY2025; Al Anwar's annual 3–4% stock dividends; and Al Madina's 5% bonus in FY2022. The median absolute transitory share of profit in these ten firm-years is 0.55, compared with 0.09 in the firm-years that paid cash only. Ominvest's FY2022 illustrates this pattern: it reported a record profit of RO 49.8 million, 89% of which consisted of a deemed-disposal gain and an impairment that was substantially reversed the following year. This profit was “distributed” at 105% of par value, comprising 15% in cash and 90% in perpetual bonds classified as equity. Boards appear to distinguish between cash-based and paper profits and to structure distributions accordingly, while the headline payout ratio conveys the opposite impression.

Table 5. Dividends and earnings components

Model	Core	Transitory	Lagged DPS	R ² / pseudo-R ²	n
(1) DPS on EPS components, all firm-years	0.146*** (0.035)	0.063 (0.067)	0.511*** (0.143)	0.84	39
(2) DPS on EPS components, paying firm-years	0.143*** (0.036)	0.053 (0.051)	0.461*** (0.118)	0.81	18
(3) Logit: pays cash dividend, on components / equity	23.594*** (8.492)	12.949** (5.337)	—	0.33	49

Median Transitory / NP : non-cash distribution years (n = 10)	0.55				
Median Transitory / NP : cash-only paying years (n = 14)	0.09				

Notes: DPS = *Cash dividend per share proposed for the year (RO)*. EPS components equal core and transitory earnings divided by year-end shares. Standard errors are clustered by firm and reported in parentheses. Non-cash distributions include stock dividends, bonus shares, perpetual bonds, or convertible bonds distributed to shareholders.

5.4 Pricing (H3)

Table 6, which reports the pricing tests, is informative. In the per-share levels model, the coefficient of NAV per share is 0.70 ($p < 0.001$) and explains most of the cross-section ($R^2 = 0.68$). Core EPS (0.78) and transitory EPS (1.22) are both imprecisely estimated, and neither is significant nor distinguishable from the other. The scale-free specification tells the same story: price-to-NAV is unrelated to either ROE component ($R^2 = 0.02$). Conditional on book value, the MSX prices these companies as pools of assets, not as earnings streams. H3a is unsupported. This is a sensible response to the data in Sections 5.1 and 5.2. However, the market is identifying transitory cash flows with earnings and paying out a substantial cash component of them. Cash is paid out of the portion that cannot be easily observed, and although the market anchors on NAV, it is also ignoring the persistent component.

The median firm-year trades at 0.56 times NAV, with 77% of firm-years trading below NAV. The deepest discounts are observed for Oman and Emirates (median 0.36), Global Financial Investments (0.42), and A'Sharqiya (0.44). The discount is absent at Ominvest (1.11), the only firm with an international credit rating and index membership. The two firms trading persistently above NAV, Financial Services Company and Al Batinah, have the most illiquid shares, which cautions against interpreting their prices as valuations. Price-to-NAV and the share of assets held at FVOCI show a positive correlation. The market value of a fund tends to increase with the proportion of its assets held at FVOCI. This may be because the market assigns greater value to funds that have parked their gains in Other Comprehensive Income (OCI) rather than recognized them through profit or loss. A probable explanation is that the funds' FVOCI stakes are strategic, dividend-paying bank holdings.

Contemporaneous returns respond to both components: market-adjusted returns load on the change in core earnings with a coefficient of 1.18 ($p = 0.04$) and on the change in transitory earnings with a coefficient of 0.65 ($p = 0.04$); the point estimates are ordered as H3a predicts, but the difference is not significant ($p = 0.32$). The Sloan test is more decisive. Next-year market-adjusted returns are negatively related to this year's transitory ROA (coefficient = -3.6, $p = 0.03$) and positively, though imprecisely, related to core ROA (coefficient = 4.6, $p = 0.13$). The 33 firm-years can be divided into three equal categories based on transitory ROA. In the following year, the market-adjusted return is 6.4 per cent on average, with a median of -4.0 per cent, for firms in the lowest tercile, and -13.8 per cent on average, with a median of -21.2 per cent, for firms in the highest tercile. The Mann-Whitney test did not reach conventional significance, with eleven observations in each tercile ($p = 0.32$). Taken together, the evidence supports H3b in terms of direction and magnitude. Years showing large measurement gains are followed by relative underperformance, as would be expected if some investors extrapolated those gains. The design does not, however, test market efficiency directly, so the result is interpreted as consistent with, rather than proof of, mispricing. Alternative explanations cannot be ruled out with 33 observations: firm-years with large measurement gains may carry higher risk, their shares may be less liquid, or they may be subject to greater information asymmetry, and the negative subsequent returns could partly compensate for or reflect these characteristics rather than investor error.

Table 6. Pricing of earnings components

Model	NAV / core	Transitory	Other	R ²	n
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(1) Price on NAVPS, core EPS, transitory EPS	NAVPS 0.704*** (0.152); core 0.776 (1.040)	1.222 (1.020)		0.68	43
(2) P/NAV on core/BV, trans/BV, FVOCI-OCI/BV	-0.258 (0.821)	0.497 (0.578)	OCI - 0.233 (2.071)	0.02	43
(3) P/NAV on ROE	0.073 (0.601)			0	43
(4) Abnormal return _t on Δ core, Δ trans ($\div$ lagged MV)	1.182** (0.569)	0.648** (0.322)	p(equal) = 0.32	0.14	33
(5) Abnormal return _{t+1} on core ROA _t , trans ROA _t	4.599 (3.034)	-3.585** (1.628)		0.17	33
Tercile of trans ROA _t $\rightarrow$ mean AR _{t+1} : low / mid / high	6.40%	3.70%	-13.80%	MW p = 0.32	33

Notes: Prices are fiscal-year-end closes from the corporate governance reports, serving as proxies for OEIO, DBIH, and three other firm-years as described in §4.1; AAIC is excluded. Abnormal return equals the fiscal-year return, including cash dividends and adjusted for stock dividends, minus the return on the MSX financial-sector index. Standard errors are clustered by firm.

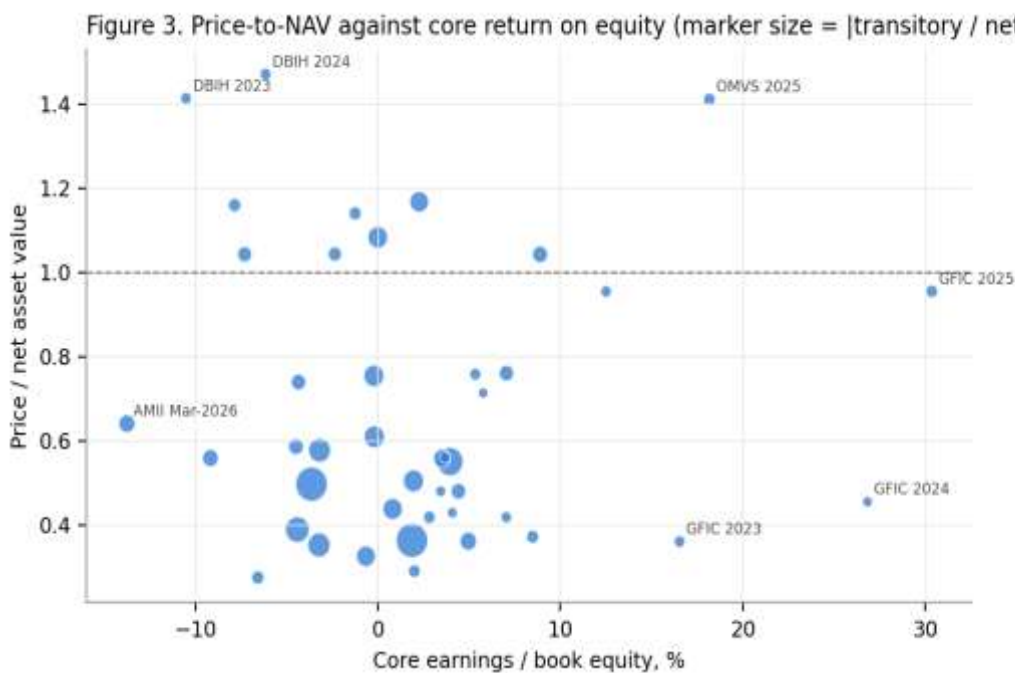


Figure 3. Price-to-NAV against core return on equity, 43 firm-years; marker area proportional to the absolute transitory share of profit. Labelled points are discussed in the text.

ADDITIONAL ANALYSES

6.1 Four events that anchor the mechanism

The reclassification round-trip (Ominvest, 2022–23). Ominvest’s record FY2022 profit of RO 49.8 million included a RO 62.8 million gain on the deemed disposal of Bank Muscat when the investment was reclassified from an associate to FVOCI. This gain was partly offset by RO 14.6 million in impairment charges, including RO 9.9 million relating to an associate. In FY2023, Bank Muscat was reclassified as an associate. However, IAS 28 does not require the earlier gain to be reversed through profit or loss. Accordingly, the fair-value reserve was released to retained earnings, and RO 9.7 million of the FY2022 impairment was reversed through profit or loss. Across the two years, the economic position changed little, while reported profit fluctuated by tens of millions. The FY2022 distribution was calculated using the inflated figure.

Bargain purchases in related-party combinations (DIDIC, 2023 and 2025). DIDIC confirmed that the bargain-purchase gain it recognised on the acquisition of Dhofar Foods Co SAOG in FY2023 was RO 3.18 million, while the gain on the acquisition of Oman Investment and Finance Co SAOG in FY2025 was RO 9.05 million gross, or RO 3.01 million net of a RO 6.04 million remeasurement loss on previously held interests, along with earn-out income in both years. All acquirees were related parties with overlapping board members. The merger with Oman Investment and Finance Co SAOG was blocked by the FSA on 31 May 2023 after a minority shareholder filed litigation and was approved by the Supreme Court in March 2025. IFRS 3 treats a bargain gain as an anomaly requiring reassessment; two in three years from the same acquirer, in combinations where the acquirer's board sat on both sides, is a pattern that the FSA's review of related-party transactions might reasonably examine.

Profit and comprehensive income diverging (Al Anwar, FY Mar-2026). Net profit fell by 68% to RO 0.77 million due to associate impairments of RO 1.75 million and doubled finance costs. Total comprehensive income stood at RO 12.5 million because the newly acquired 8.6% stake in National Bank of Oman and the stake in DIDIC, both designated as FVOCI, rose by RO 12.2 million. Bank Dhofar was fully divested in the same year, with no gain or loss recognized in profit. The cash dividend was increased from 4% to 5%, while the stock dividend was reduced from 4% to 3%. The board appears to have looked through profit to comprehensive income, the only instance in the sample in which it did so in the shareholders' favour.

A lease renewal as the year's profit (A'Sharqiya, 2025). Described in the Introduction. The dividend rose from 5% to 6%; the payout ratio fell from 72% to 16%.

6.2 Sensitivity to the transitory boundary

Three boundary choices could be contested. Treating the share of associates as core understates the transitory share of the two largest firms; rerunning the persistence regression with associates' share moved to the transitory component, which is not tabulated, leaves the core coefficient above one and the transitory coefficient below 0.3, because associates' income at Ominvest and DIDIC is in fact highly persistent, as it is bank profit. Treating Al Anwar's unexplained FY Mar-2025 "other income from investments in securities" of RO 1.36 million as transitory, which was subsequently identified in the directors' report as the gain on the partial divestment of Voltamp, is consistent with the treatment of realised gains elsewhere. Treating Global Financial's RO 472 thousand annual government-grant amortisation as a core item rather than a one-off is justifiable because it recurs consistently each year. Classifying it as transitory would not change any inference.

6.3 The IFRS 17 and taxonomy-format breaks

Ominvest restated its results of operations for the financial year ended March 31, 2022, under IFRS 17 in its FY2023 filing. Ominvest's income statements for FY2023 and FY2024 were presented in an audited rather than MSX schedule format. Therefore, the investment-income lines for those years were rebuilt from the notes. Its balance-sheet PDF for FY2024 was empty, and its FY2023 balance sheet was an unreadable scan. Both years were reconstructed from the previous year's balance sheet and the notes, and cross-checked. Excluding Ominvest entirely, rather than tabulating it separately, changes neither the sign nor the significance in Tables 4 to 6.

6.4 Alternative explanations for the dividend result

Could the dividend result reflect liquidity rather than earnings quality? Boards pay out cash when it is available, while transitory gains are non-cash. The two explanations are observationally close but not identical. Realised gains are cash and are included in the transitory component. Oman and Emirates' 2022 special dividend was funded from realised gains and is the one case where a large transitory item was paid out in cash. Ominvest's and DIDIC's paper distributions coincided with heavy borrowing programmes. A cleaner separation would require cash-flow data, which the MSX cash-flow statements provide and which is a natural extension. The point that survives either interpretation is that the reported payout ratio is uninformative about what shareholders received.

DISCUSSION AND IMPLICATIONS

For standard-setters. The IASB's post-implementation review of IFRS 9 concluded that the no-recycling rule for FVOCI equities should be retained. This paper documents what the rule does in a market where equity investment is the business: RO 40 million of gains that never reach profit, a firm whose profit fell by two-thirds while its comprehensive income rose sixteen-fold, and a stake exited without trace. It also documents the mirror image: a RO 62.8 million gain that reached profit only because of the direction of an IAS 28 reclassification and was not reversed when the reclassification was reversed. Whether or not one favours recycling, the asymmetry between the treatments of the same bank stake under IFRS 9 and IAS 28 produces reported profit that depends on the classification path rather than on the underlying economics. The sample shows that boards and regulators use this reported profit when determining distributions.

For the FSA and the MSX. Two findings have directly actionable implications. First, the bases for distributable profit and directors' remuneration in the Commercial Companies Law and the Code of Corporate Governance, respectively, refer to net profit without distinguishing between realised and unrealised gains. Several European jurisdictions and the UK, through the "realised profits" test, do distinguish between them. The evidence here that boards already behave as if they should, paying cash from core earnings and paper from transitory earnings, suggests that such a rule would codify existing practice rather than disrupt it. Second, the characteristics include the frequency of bargain-purchase gains in related-party combinations and the size of IAS 28 reclassification gains relative to the profit on which distributions are approved. These patterns could be targeted in a risk-based review of related-party transactions and distribution approvals.

For boards and analysts. The dividend evidence suggests that boards already decompose earnings. The pricing evidence suggests that investors do not, instead anchoring on net asset value. According to this evidence, a firm wishing to close its discount to net asset value would do better to make its recurring income legible, for example through a reconciliation from reported profit to core earnings in the directors' report, as Al Madina already does with its "realised income" line, rather than managing headline profit.

For research. The MSX XBRL schedule is a structured, standardised, free and largely unexploited source. The same decomposition can be applied to every listed issuer in Oman and, with adjustments, to Kuwait and Saudi Arabia, while quarterly filings quadruple the number of observations. The limitations of the present study, namely ten firms, five years and hand-collected prices, are limitations of the pilot infrastructure, not of the design.

CONCLUSION

This paper decomposed the reported earnings of the entire population of listed investment companies on the Muscat Stock Exchange over five years into a recurring core component and a transitory component generated by measurement events under IFRS 9, IAS 28, IFRS 3, IAS 40, and IFRS 16. The transitory component is large, accounting for two-fifths of aggregate profit and more than half of profit in nearly half of firm-years, and it does not persist, whereas core earnings persist one-for-one. Boards pay cash dividends out of core earnings and paper dividends out of transitory earnings. The market prices net asset value, and years of substantial measurement gains are followed by relative underperformance, a pattern consistent with partial underreaction to the distinction, although risk and liquidity explanations cannot be excluded. Although the sector is small, the mechanisms are general, and this setting makes them unusually visible.

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APPENDIX A. FIRM-YEAR DECOMPOSITION (RO)

Ticker	Year	Net profit	FV & realised	Impairment (rev. +)	One-offs	Transitory	Core	Trans/ NP	FVOCI OCI	P/NAV
AAIC	Mar-22	-842,000	-468,000	0	0	-468,000	-374,000	-0.56	-763,000	—
AAIC	Mar-23	354,000	-642,000	0	493,000	-149,000	503,000	-0.42	1,679,000	—
AAIC	Mar-24	532,000	1,262,000	0	0	1,262,000	-730,000	2.37	557,000	—
AAIC	Mar-25	2,385,000	481,000	-540,000	1,358,000	1,299,000	1,086,000	0.54	-1,012,000	—
AAIC	Mar-26	765,000	1,325,000	-1,750,000	0	-425,000	1,190,000	-0.56	12194000	—
AMII	Mar-22	1,067,034	-383,135	1,611,019	161,545	1,389,429	-322,395	1.3	-12,021	0.58
AMII	Mar-23	-780,878	-171,892	0	0	-171,892	-608,986	-0.22	-50,917	0.28
AMII	Mar-24	-1,547,770	-835,966	0	0	-835,966	-711,804	-0.54	48,274	0.56
AMII	Mar-25	-308,721	-524,917	-76,860	0	-601,777	293,056	-1.95	7,405	0.55
AMII	Mar-26	-1,820,721	-746,370	-308,028	0	-1,054,398	-766,323	-0.58	-15,178	0.64
DBIH	2021	40,700	130,614	0	0	130,614	-89,914	3.21	173,433	0.5
DBIH	2022	-178,297	-77,329	0	0	-77,329	-100,968	-0.43	-52,859	0.59
DBIH	2023	-218,201	-22,997	0	0	-22,997	-195,204	-0.11	-205,991	1.41
DBIH	2024	-126,672	-14,332	0	0	-14,332	-112,340	-0.11	84,751	1.47
DBIH	2025	-91,722	34,290	0	0	34,290	-126,012	0.37	-26,757	1.04
DIDI	2021	3,884,632	4,395,421	0	-276,301	4,119,120	-234,488	1.06	-152,608	0.61
DIDI	2022	9,690,896	4,048,034	0	0	4,048,034	5,642,862	0.42	820,716	0.48
DIDI	2023	7,758,251	-2,120,633	0	2,203,395	82,762	7,675,489	0.01	-280,022	0.71
DIDI	2024	8,286,972	781,579	0	158,411	939,990	7,346,982	0.11	590,585	0.76
DIDI	2025	19,085,799	6,773,298	-261,300	1,088,173	7,600,171	11,485,628	0.4	-554,861	0.76
FINC	2021	706,784	752,869	-30,000	0	722,869	-16,085	1.02	0	0.75

FINC	2022	-515,177	-218,510	0	0	-218,510	-296,667	-0.42	0	0.74
FINC	2023	708,414	236,164	0	208,016	444,180	264,234	0.63	0	0.56
FINC	2024	-433,350	213,126	-600,000	0	-386,874	-46,476	-0.89	0	0.33
FINC	2025	-1,406,566	348,838	-1,866,452	0	-1,517,614	111,048	-1.08	0	0.51
FSCI	2021	-48,830	0	-10,000	0	-10,000	-38,830	-0.2	6,132	1.14
FSCI	2022	-13,060	-13,023	0	0	-13,023	-37	-1	176,823	1.08
FSCI	2023	-310,101	-69,182	0	0	-69,182	-240,919	-0.22	93,157	1.16
FSCI	2024	-99,407	-28,439	0	0	-28,439	-70,968	-0.29	39,167	1.04
FSCI	2025	97,890	-61,051	0	0	-61,051	158,941	-0.62	100,683	0.36
GFIC	2021	2,284,182	522,263	-356,076	0	166,187	2,117,995	0.07	406,562	0.42
GFIC	2022	2,138,254	-192,759	-221,864	0	-414,623	2,552,877	-0.19	-74,700	0.37
GFIC	2023	4,760,881	-342,606	-123,701	0	-466,307	5,227,188	-0.1	747,530	0.36
GFIC	2024	10,334,469	1,137,694	-822,129	0	315,565	10,018,904	0.03	16,068	0.46
GFIC	2025	16,134,119	2,535,137	-5,915	0	2,529,222	13,604,897	0.16	-94,287	0.96
OEIO	2021	1,845,877	2,179,130	-30,000	376,880	2,526,010	-680,133	1.37	0	0.35
OEIO	2022	1,774,366	2,645,480	151,408	0	2,796,888	-1,022,522	1.58	0	0.39
OEIO	2023	384,693	-63,825	0	0	-63,825	448,518	-0.17	0	0.29
OEIO	2024	71,506	245,303	-600,000	0	-354,697	426,203	-4.96	0	0.36
OMVS	2021	28,859,000	2,242,000	0	0	2,242,000	26,617,000	0.08	367,000	0.96
OMVS	2022	49,343,000	-3,499,000	-14,586,000	61,975,000	43,890,000	5,453,000	0.89	16547000	1.17
OMVS	2023	43,784,000	13,891,000	9,671,000	3,000,000	26,562,000	17,222,000	0.61	- 5,143,000	—
OMVS	2024	35,891,000	11,284,000	3,451,000	2,348,000	17,083,000	18,808,000	0.48	2,866,000	1.04
OMVS	2025	47,717,000	8,288,000	-5,000	-452,000	7,831,000	39,886,000	0.16	8,397,000	1.41
SIHC	2021	530,660	-13,420	0	0	-13,420	544,080	-0.03	1,382,729	0.56
SIHC	2022	486,185	-23,775	0	0	-23,775	509,960	-0.05	-113,845	0.48
SIHC	2023	491,578	79,366	0	0	79,366	412,212	0.16	-341,430	0.42
SIHC	2024	625,739	18,911	0	0	18,911	606,828	0.03	240,164	0.43
SIHC	2025	3,392,798	-20,066	0	3,257,064	3,236,998	155,800	0.95	1,470,605	0.44

Notes: Consolidated figures (FINC standalone). OMVS and AAIC source filings in RO thousands, scaled. FV & realised = realised gains on securities and property + unrealised FVTPL + investment-property fair-value change. Impairment shown with reversals positive. One-offs as listed in Appendix B.

APPENDIX B. REGISTER OF NAMED ONE-OFF ITEMS

Ticker	Year	Standard	Item	Amount (RO)	Channel
OMVS	FY2022	IAS 28 / IFRS 9	Deemed-disposal gain, Bank Muscat associate → FVOCI, less OCI reclass	61,975,000	P&L
OMVS	FY2022	IAS 36 / IAS 28	Impairment incl. RO 9.9m on an associate	- 14,586,000	P&L
OMVS	FY2023	IFRS 3	Bargain-purchase gain, IGI step acquisition	3,000,000	P&L (other operating income)
OMVS	FY2023–24	IAS 36	Reversals of 2022 impairment	13,122,000	P&L
OMVS	FY2024	IFRS 9	Derivative gain; Horizon reclassification gain	2,348,000	P&L

DIDI	FY2021	IAS 28	Associate dilution loss	-276,301	P&L
DIDI	FY2022	IFRS 9	Realised gain on FVTPL disposal	2,580,218	P&L (in realised)
DIDI	FY2023	IFRS 3	Bargain-purchase gain, Dhofar Foods; earn-out; OGF sale	3,633,720	P&L (tagged in share of associates)
DIDI	FY2023	IFRS 9	Write-off of unamortised loan costs on refinancing	-1,430,325	P&L (finance costs)
DIDI	FY2025	IFRS 3	OIFC merger: bargain gain 9,047,696 less remeasurement loss (6,037,267)	3,010,429	P&L (other gains)
DIDI	FY2025	IAS 28 / IFRS 9	Realised loss on associates; deferred finance-cost write-off	-1,922,256	P&L
GFIC	FY2021–25	IAS 36	PPE impairments 239k / 222k / 124k / 822k / 6k	various	P&L (in impairment)
AAIC	FY Mar-2023	IFRS 9	Gain on reclassification amortised cost → FVTPL (Al Maha 5% sale)	493,000	P&L
AAIC	FY Mar-2025	IAS 28	Gain on partial divestment of Voltamp (24.7% → 15%)	1,358,000	P&L (other investment income)
AAIC	FY Mar-2025–26	IAS 28	Impairment of associates 540k / 1,750k	-2,290,000	P&L (in impairment)
AAIC	FY Mar-2026	IFRS 9 FVOCI	Fair-value gain on NBO and DIDIC stakes; Bank Dhofar exit	12,194,000	OCI only / equity
SIHC	FY2025	IFRS 16	Remeasurement gain on renewal of Oman LNG finance lease	3,257,064	P&L (tagged rental income)
OEIO	FY2021	IFRS 9	Other investment income	376,880	P&L
OEIO	FY2022	IFRS 9	Realised gains on portfolio liquidation to repay debt	2,167,844	P&L (in realised)
OEIO	FY2024	IAS 36	Provision against FINCORP subsidiary	-600,000	P&L (in impairment)
AMII	FY Mar-2022	IAS 36 / IFRS 9	Reversal of impairment on subsidiaries; AC → FVTPL reclass gain	1,772,564	P&L
AMII	FY Mar-2023–26	IAS 40	Investment-property FV: +360k / –253k / +64k / +49k	various	P&L (in IAS 40 line)
FINC	FY2023	—	'Other gains' on subsidiary merger (standalone only)	208,016	P&L
FINC	FY2024–25	IAS 37 / IFRS 9	Client-claim provisions 600k + 672k; ECL 607k; write-offs 588k	-2,466,452	P&L (in impairment)
DBIH	FY2021/24/25	IAS 16 / IAS 40	Land sale gains 3k / 18k / 26k	47,115	P&L (in realised)

APPENDIX C. VARIABLE DEFINITIONS

Variable	Definition
NP	Net profit for the year (total, before non-controlling interests), RO
TRANS (Layer 1)	Unrealised FVTPL gains + investment-property fair-value change
TRANS (Layer 2)	Layer 1 + realised gains on securities and property – impairment charges (+ reversals)
TRANS (Layer 3)	Layer 2 + named one-offs (Appendix B) not already included
CORE	NP – TRANS
ROA, CoreROA, TransROA	NP, CORE, TRANS divided by total assets at year-end

FVOCI OCI	Fair-value change on FVOCI instruments recognised in OCI, net
NAVPS	Equity attributable to owners (net of perpetual and mandatory convertible bonds) / shares outstanding
P	Fiscal-year-end closing price (proxies noted in §4.1)
DPS	Cash dividend per share proposed for the year
AR	$(P_t \times \text{bonus factor} + \text{DPS}_t) / P_{t-1} - 1$, less the MSX financial-sector index return over the fiscal year