## 1 Legal status and principal activities

Construction Materials Industries SAOG ("the Company") is a public listed joint stock company registered with Ministry of Commerce, Industry and Investment Promotion of the Sultanate of Oman. The registered address of the Company is P.O. Box 1791, Postal Code 112, Sohar, Sultanate of Oman. The principal place of business is located in Sohar and its shares are listed on Muscat Stock Exchange.

The Company is primarily engaged in manufacturing and sale of lime and limestone products. In addition, the Company holds two valid mining licenses issued by the Ministry of Energy and Minerals for mining silica and limestone in the areas specified under these licenses.

## 2 Basis of preparation and adoption of new and amended IFRS Accounting Standards

### *Basis of preparation*

*Statement of compliance*

The financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), the relevant disclosure requirements of the Financial Services Authority (FSA) and the requirements of the Commercial Companies Law of the Sultanate of Oman. These financial statements are prepared under the historical cost convention. The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2023.

*Functional and presentation currency*

The financial statements have been prepared in Rial Omani ('RO'), which is the functional and presentation currency of the Company.

### *New standards, amendments and interpretations to existing IFRS Accounting standard effective 1 January 2024*

The following new Standards, amendments to Standards and Interpretations have become effective for the first time for the reporting periods beginning on or after 1 January 2024:

**Amendment to Standards**

- Amendments to IAS 1 for:
  (a) Classification of Liabilities as Current or Non-Current
  (b) Non-Current Liabilities with Covenants
- Amendments to IFRS 16 for: Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 and IFRS 7 for: Supplier Finance Arrangements
- Amendments to IAS 12 for: International Tax Reform - Pillar Two Model Rules

The Company has adopted all of the above amendments for the first time in the reporting year and has accounted for and disclosed in the financial statements as far as these amendments were applicable to the Company. These amendments did not have any material impact on the presentation of the amounts and disclosures in the Financial Statements.The management does not expect the adoption of the Standards and Interpretations listed above to have a material impact on the financial statements of the Company in future periods.

## 2 Basis of preparation and adoption of new and amended IFRS Accounting Standards (continued)

**Standards, amendments and interpretations to existing IFRS Accounting Standards that have been issued but are not yet effective**

At the time of authorization of these financial statements, the following IFRS Accounting Standards, amendments to standards, and interpretations have been issued but not yet effective. The Company will adopt these standards, amendments and interpretations in future reporting years as indicated below:

| **Standards/Amendments to Standards** | **Effective date** |
|---|---|
| Amendments to IAS 21 for: Lack of Exchangeability and consequential amendments of other related standards | 01 January 2025 |
| Amendments to IFRS 9 and IFRS 7 for: Classification and Measurement of Financial Instruments | 01 January 2026 |
| IFRS 18: Presentation and Disclosures in Financial Statements (new standard) and consequential amendments of other related standards | 01 January 2027 |
| IFRS 19: Subsidiaries without Public Accountability: Disclosures (new standard) | 01 January 2027 |

Management believes that adoption of the above new standards and amendments, which are in issue but not yet effective, is not likely to have any material impact on the presentation and disclosure of items in the financial statements of the Company for these future periods.

## 3 Material accounting policy information

The material accounting policy information related to the preparation of the financial statements are set out below. These accounting policies have been consistently applied by the Company to all the period presented, unless otherwise stated.

**Revenue**

Revenue of the Company consists of sale of lime and limestone products. The Company uses the following 5 steps model for revenue recognition:

- Identifying the contract with a customer;
- Identifying the performance obligations;
- Determining the transaction price;
- Allocating the transaction price to the performance obligations; and
- Recognising revenue when/as performance obligation(s) are satisfied.

The Company has the status of acting as principal in all its revenue arrangements because the Company typically controls the goods before transferring them to the customers. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

**3 Material accounting policy information** (continued)

**Revenue** (continued)

Revenue is recognised either at a point in time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers. This happens when control of the products has been transferred, generally on their delivery, the recovery of the consideration is probable and there is no unfulfilled obligation that could affect the customer's acceptance of the products. However, generally there are no additional performance obligations that are distinct to a certain customer. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional in so far as only the passage of time is required before the payment is due.

*Local sales*
Revenue from local sales is recorded at a point in time when the Company transfers the control of goods to the customer. This is generally when the goods are delivered to the customer.

*Export sales*
Revenue is recognised when the control of the goods is transferred to the customer, which is when the goods are delivered to the port of departure or the port of arrival depending on the specific terms of the contract with the customer. Hence, revenue is recognised at a point in time.

**Property, plant and equipment**

Property, plant and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company. Property, plant and equipment are subsequently measured using the cost model, cost less accumulated depreciation and impairment losses. Freehold land is not depreciated since it has an infinite useful life.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value.
The estimated useful lives of the major classes of depreciable assets are as follows:

| | |
|---|---|
| Buildings | 25 years |
| Plant, machinery and equipment | 4-40 years |
| Motor and heavy vehicles | 4-8 years |
| Furniture and fixtures | 4-5 years |

As land does not have finite useful life, related carrying amounts are not depreciated.

The depreciation method, 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.

Subsequent costs are included in the asset′s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Subsequent costs such as repairs and maintenance are recognised as expenses as incurred.

## 3 Material accounting policy information (continued)

**Property, plant and equipment** (continued)

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statement of comprehensive income.

**Capital work in progress**

Capital work in progress is stated at cost, includes directly attributable expenses. These costs will be transferred to the cost of property, plant and equipment when it is completed and is available for use.

**Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*Company as a lessee*

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*Right-of-use assets*

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets include the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. Material residual value estimates and useful life estimates are updated as required, but at least annually.

**3 Material accounting policy information** (continued)

**Leases** (continued)

*Lease liabilities*

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., a change in future payments resulting from a change in index or rate used to determine such lease payments) or a change in the assessment to purchase the underlying asset.

*Short-term leases and leases of low-value assets*

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**Impairment testing on non-financial assets**

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment, and some are tested at cash-generating unit level.

Individual assets or cash-generating units with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units 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 or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell or value in use, based on an internal discounted cash flow evaluation. All non- financial assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the assets or cash-generating units recoverable amount exceeds its carrying amount. Management has reviewed the assets of the Company and is of the opinion that no impairment has occurred to any of the Company's assets.

**3 Material accounting policy information** (continued)

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials, stores, spares and consumables and packing materials is determined on a weighted average cost basis and comprises expenditure incurred in the normal course of business in bringing inventories to their present location and condition. The cost of finished goods includes costs of raw materials and an appropriate portion of direct labour and related production overheads excluding borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. Where necessary, provision is made for obsolete, slow-moving and defective inventories.

**Financial instruments**

*Recognition and de-recognition*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

*Classification and initial measurement of financial assets*

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss.

The Company classifies its financial assets as follows:

- Amortised cost;
- Fair value through profit or loss (FVTPL); and
- Fair value through other comprehensive income (FVOCI).

The Company determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual cash flow characteristics of the financial assets.

In the years presented, the Company does not have any financial assets categorised as FVTPL or FVOCI.
The classification is determined by both:

- The entity's business model for managing the financial asset; and
- The contractual cash flow characteristics of the financial asset.

All revenue and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

**3 Material accounting policy information** (continued)

**Financial instruments** (continued)

*Subsequent measurement of financial assets*

*Financial assets at amortised cost*

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):
• they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
• the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The Company's cash at bank, trade and other receivables and term deposit fall into this category of financial instruments.

*Financial assets at fair value through profit or loss (FVTPL)*

Financial assets held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at FVTPL. Further, irrespective of the business model used, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. The company has no assets measured under FVTPL at year end.

*Financial assets designated at fair value through other comprehensive income (FVOCI)*

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal

Any gains or losses recognised in OCI will be recycled upon derecognition of the asset. However, the Company has no assets measured under FVOCI at year end.

**Impairment of financial assets**

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses the 'expected credit loss (ECL) model'. Instruments within the scope of IFRS 9 included loans and other debt- type financial assets measured at amortised cost and FVOCI, contract receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company's first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

**3 Material accounting policy information** (continued)

**Impairment of financial assets** (continued)

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or
- financial instruments that have deteriorated significantly in credit quality since initial recognition and

Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

**Trade and other receivables**

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade and other receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

**Bank balances**

All bank balances are assessed to have low credit risk at reporting date as they are held with reputable financial institutions.

**Classification and measurement of financial liabilities**

The Company's financial liabilities include trade and other payables and amount due to a related party which are measured at amortised cost.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statement of comprehensive income under its line items 'finance costs' or 'finance income'.

**3 Material accounting policy information** (continued)

**Cash and cash equivalents**

For the purpose of statement of cash flows, cash and cash equivalents consist of bank balances and cash in hand, net of short term borrowings. Cash equivalents are held for the purpose of meeting short-term cash commitments (maturity of three months or less from the date of acquisition) and are subject to an insignificant risk of changes in value. Bank borrowings that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

**Directors' remuneration**

Directors' remuneration is governed by the Commercial Companies Law of the Sultanate of Oman and the rules prescribed by the Financial Services Authority. Director's remuneration is charged to statement of comprehensive income in the period of which they related.

**Dividends**

The Board of Directors recommend to the shareholders the dividend to be paid out of Company's retained earnings. The Board of Directors take into account appropriate parameters including the requirements of the Commercial Companies Law of the Sultanate of Oman and other relevant directives issued by the FSA while recommending the dividend. Dividends are recognised as a liability and deducted from equity in the period in which dividends are approved by shareholders. Dividends are paid out in the year in which they are declared.

**Income tax**

Income tax is provided for in accordance with the fiscal regulations of the Sultanate of Oman. The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax comprise those obligations to, or claim from, Tax Authorities relating to the current or prior reporting period, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and credits can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and the deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same Tax Authority.

**3 Material accounting policy information** (continued)

**Income tax** (continued)

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

**Employees' end of service benefits**

The provision for employees' end of service benefits is based upon the liability accrued in accordance with the terms of employment of the Company's employees at the reporting date, having regard to the requirements of the Oman Labour Law, 2023, the Social Security Law, 1991 and Royal Decree No. 53/2023.

***Government of Oman Social Insurance Scheme (the "Scheme")***

The Company contributes to the Scheme for all Omani employees. The Scheme, which is a defined contributions retirement plan, is administered by the Government of Oman. The Company and Omani employees are required to make monthly contributions to the Scheme.

***Non-Omani employee terminal benefits***

The provision for employees' end of service benefits for non-Omani employees is made in accordance with the requirements of the Oman Labour Law of 2023 and Royal Decree No. 53/2023. Employees are entitled to end of service benefits calculated at the rate of 30 days basic salary for each of the years of continuous service. This is an unfunded defined benefits retirement plan. Accrued non-Omani staff terminal benefits are payable on termination of employment.

**Foreign currency transaction and balances**

Foreign currency transactions are translated into the presentation currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items of statement of financial position at year-end exchange rates are recognised in the statement of comprehensive income under 'other income' or 'other expenses'.

In the Company's financial statements, all items and transactions of the Company with a transaction currency other than the Rial Omani (the Company's presentation currency) were translated into the presentation currency. Assets and liabilities have been translated into the Rial Omani at the closing rate at the reporting date. Income and expenses have been translated into the Company's presentation currency at the average rates over the reporting period.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

**3 Material accounting policy information** (continued)

**Operating segments**

An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses and whose operating results are regularly reviewed by the chief decision maker to make decisions about resources to be allocated to the segment and assess its performance. The Management of the Company has been identified as the chief decision maker, and the Company has a single reportable segment

**Provisions, contingent liabilities and contingent assets**

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Company and they can be estimated reliably. Timing or amount of the outflow may still be uncertain.

A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management have at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Long term provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate of the Company's management. In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, no liability is recognised.

Probable inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

**Significant management judgement in applying accounting policies and estimation uncertainty**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the Company′s accounting policies. The areas involving a high degree of judgment or complexity or areas where assumptions and estimates are significant to these financial statements are given below:

**3 Material accounting policy information** (continued)

**Significant management judgement in applying accounting policies and estimation uncertainty** (continued)

*Recognition of deferred tax assets*

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

*Estimation uncertainty*

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

*Going concern*

Management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has resources to continue in business for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, these financial statements continue to be prepared on the going concern basis.

*Useful lives of depreciable assets*

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected usage of the assets. At 31 December 2024, management assesses that, the useful lives represent the expected usage of the assets to the Company.

*Income tax*

Uncertainties exist with respect to interpretation of the Tax Regulations and the amount of timing of future taxable income. Given the wide range of business relationship and nature of existing contractual agreements, differences arising between the actual result and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimate, for possible consequences of the finalisation of the tax assessment of the Company. The amount of such provision is based on various factors, such as experience of previous assessment and differing interpretations of tax regulations by the taxable entity and the responsible Tax Authority.

**3 Material accounting policy information** (continued)

**Significant management judgement in applying accounting policies and estimation uncertainty** (continued)

*Estimating the incremental borrowing rate – Leases*

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liability. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. The IBR therefore, reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity- specific estimates.

*Inventories*

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

*Measurement of the expected credit loss allowance*

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting year. Details of the key assumptions and inputs used are disclosed in the accounting policy above.

**Earnings and net assets per share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Net assets per share is calculated by dividing the net assets attributable to ordinary shareholders of the Company by the number of shares outstanding at the reporting date.

**4 Property, plant and equipment**

| | Freehold land | Buildings on leasehold land | Plant machinery and equipment | Motor and heavy vehicles | Furniture and fixtures | Capital work in progress | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | RO | RO | RO | RO | RO | RO | RO |
| At 1 January 2023 | 14,000 | 780,838 | 8,670,265 | 505,347 | 109,352 | 31,330 | 10,111,132 |
| Additions | - | - | 136,179 | - | 3,238 | 170,471 | 309,888 |
| Write off | - | - | (33,265) | - | (3,429) | - | (36,694) |
| At 31 December 2023 | 14,000 | 780,838 | 8,773,179 | 505,347 | 109,161 | 201,801 | 10,384,326 |
| **At 1 January 2024** | **14,000** | **780,838** | **8,773,179** | **505,347** | **109,161** | **201,801** | **10,384,326** |
| Additions | - | **4,245** | **350,228** | - | **2,843** | **1,195,532** | **1,552,848** |
| Transfer | - | - | **(242)** | - | **242** | - | - |
| Write off | - | - | **(1,472)** | - | **(828)** | - | **(2,300)** |
| Disposal | - | - | **(42,500)** | **(25,751)** | **(8,238)** | - | **(76,489)** |
| **At 31 December 2024** | **14,000** | **785,083** | **9,079,193** | **479,596** | **103,180** | **1,397,333** | **11,858,385** |
| **Depreciation** | | | | | | | |
| At 1 January 2023 | - | 473,700 | 4,958,399 | 501,870 | 88,267 | - | 6,022,236 |
| Charge for the year | - | 36,762 | 211,519 | 3,477 | 8,798 | - | 260,556 |
| Relating to write off | - | - | (16,782) | - | (3,428) | - | (20,210) |
| At 31 December 2023 | - | 510,462 | 5,153,136 | 505,347 | 93,637 | - | 6,262,582 |
| **At 1 January 2024** | - | **510,462** | **5,153,136** | **505,347** | **93,637** | - | **6,262,582** |
| Charge for the year | - | **36,751** | **204,186** | - | **7,940** | - | **248,877** |
| Transfer | - | - | **(36)** | - | **36** | - | - |
| Write off | - | - | **(1,472)** | - | **(828)** | - | **(2,300)** |
| Relating to disposals | - | - | **(42,500)** | **(25,751)** | **(8,238)** | - | **(76,489)** |
| **At 31 December 2024** | - | **547,213** | **5,313,314** | **479,596** | **92,547** | - | **6,432,670** |
| **Net book value** | | | | | | | |
| **At 31 December 2024** | **14,000** | **237,870** | **3,765,879** | - | **10,633** | **1,397,333** | **5,425,715** |
| At 31 December 2023 | 14,000 | 270,376 | 3,620,043 | - | 15,524 | 201,801 | 4,121,744 |

**4 Property, plant and equipment** (continued)

a) The depreciation charge for the year has been allocated as follows;

| | **2024** | 2023 |
|---|---|---|
| | **RO** | RO |
| Direct costs (note 21) | **234,306** | 245,635 |
| General and administrative expenses (note 23) | **14,571** | 14,726 |
| Selling and marketing expenses(note 24) | **-** | 195 |
| | **248,877** | 260,556 |

b) The buildings and plant facilities are built on plots of land leased from the Public Establishment for Industrial Estates, Sohar under lease agreements expiring on 31 December 2030. Management considers that the plots of land will continue to be made available for the Company's use over the useful economic life of the assets that are situated on such plots of lands. The lease terms can be extended by an additional 25 years at the request of the Company (note 5) and the management intends to apply for such extension at due time.

c) At the reporting date, capital work-in-progress amounting to RO 1,397,333 (2023: RO 201,801) pertains to costs incurred towards hydrated lime plant installation and 100 MT Quick lime Kiln revamping works.

d) Items of property, plant and equipment are mortgaged to local commercial banks against the term loan availed by the Company. (note 13)

e) Based on management's assessment, there is no indication of impairment of property, plant and equipment as at the reporting date

**5 Leases**

*a) Right-of-use assets*

i) The Company has entered into leasing arrangements with the Public Establishment for Industrial Estates as a lessee on which the building and plant is constructed in the Sohar Industrial Estate (note 4 (b)). The lease contract will be expiring on 31 December 2030.

ii) At the end of the reporting period, the movement in right-of-use assets are as follows:

| | **2024** | 2023 |
|---|---|---|
| | **RO** | RO |
| At 1 January | **555,465** | 534,243 |
| Lease modifications | **31,774** | 105,113 |
| Charge for the year | **(83,891)** | (83,891) |
| At 31 December | **503,348** | 555,465 |

**5 Leases** (continued)

*b) Lease liabilities*

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

| | 2024 RO | 2023 RO |
|---|---|---|
| Current portion | **66,646** | 62,780 |
| Non-current portion | **482,386** | 553,274 |
| | **549,032** | 616,054 |

ii) Minium lease payments

| 31 December 2024 | Within 1 year RO | 1-5 years RO | After 5 years RO | Total RO |
|---|---|---|---|---|
| Lease payment | **96,000** | **441,600** | **110,400** | **648,000** |
| Finance cost | **(29,354)** | **(67,259)** | **(2,355)** | **(98,968)** |
| Net present value | **66,646** | **374,341** | **108,045** | **549,032** |
| 31 December 2023 | | | | |
| Lease Payment | 96,000 | 427,200 | 220,800 | 744,000 |
| Finance cost | (33,220) | (88,140) | (6,586) | (127,946) |
| Net present value | 62,780 | 339,060 | 214,214 | 616,054 |

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

| | 2024 RO | 2023 RO |
|---|---|---|
| At 1 January | **616,054** | 584,246 |
| Lease modifications | **(4,243)** | 91,127 |
| Interest on lease liabilities (note 26) | **33,221** | 36,681 |
| Paid during the year | **(96,000)** | (96,000) |
| At 31 December | **549,032** | 616,054 |

**6 Term deposit**

Term deposit represents the amount placed with a commercial bank in the Sultanate of Oman to earn interest income at the rate of 4.5% p.a. (2023: 3.3% p.a.). The term deposit is denominated in Rial Omani, and will mature on 31 December 2029.

## 7 Inventories

| | **2024** | 2023 |
|---|---|---|
| | **RO** | RO |
| Raw materials | **1,658,176** | 1,632,917 |
| Finished goods | **490,906** | 601,647 |
| Stores, spare and packing material | **290,537** | 296,726 |
| | **2,439,619** | 2,531,290 |
| Less: provision for slow-moving inventories | **(691,906)** | (759,329) |
| | **1,747,713** | 1,771,961 |

The movement in provision for slow-moving inventories is as below:

| | **2024** | 2023 |
|---|---|---|
| | **RO** | RO |
| At 1 January | **759,329** | 759,329 |
| Provision reversed during the year | **(67,423)** | - |
| At 31 December | **691,906** | 759,329 |

## 8 Trade and other receivables

| | **2024** | 2023 |
|---|---|---|
| | **RO** | RO |
| Trade receivables | **743,975** | 623,753 |
| Less: allowance for expected credit loss on receivables | **(156,253)** | (93,231) |
| | **587,722** | 530,522 |
| Prepayments | **40,021** | 39,982 |
| Advances to suppliers | **4,464** | 11,896 |
| Other receivables | **230,476** | 127,956 |
| | **862,683** | 710,356 |

a) At the end of the reporting period, the Company's trade receivables amounting to RO 392,452 (2023 : RO 43,921) are neither past due, nor impaired.

b) As on 31 December 2024, trade receivables amounting to RO 351,523 (2023: 579,832) are past due, but not impaired. As per the historical experiences of the management, all the receivables which are past due but not impaired are collectible.

**8 Trade and other receivables** (continued)

c) The age analysis of trade receivables are as follows:

| | **2024** | 2023 |
|---|---|---|
| | **RO** | RO |
| Due between 3 and 6 months | **43,102** | 238,152 |
| Due between 6 and 12 months | **5,836** | 19,514 |
| Due more than 12 months | **302,585** | 322,166 |
| | **351,523** | 579,832 |

d) The movement in allowance for expected credit losses on trade receivables is as follows:

| | **2024** | 2023 |
|---|---|---|
| | **RO** | RO |
| At 1 January | **93,231** | 23,084 |
| Charge during the year | **84,096** | 78,544 |
| Written off during the year | **(21,074)** | (8,397) |
| At 31 December | **156,253** | 93,231 |

**9 Related party transactions**

A party is considered to be related to the Company if the party has the ability, directly or indirectly, to exercise significant influence in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or significant influence. Related parties represent major shareholders, key management personnel, and entities controlled, jointly controlled or significantly influenced by such parties. The Company maintains balances with these related parties which arise in the normal course of business from commercial transactions and are entered into at terms and conditions which are approved by management.

a) Significant related party transactions during the year are:

| | **2024** | 2023 |
|---|---|---|
| | **RO** | RO |
| Purchase of goods and services - Sohar gas company LLC | **1,775** | 126 |

b) There are no related party balances to be disclosed at the end of reporting period.

**9 Related party transactions** (continued)

c) Key management personnel include the Directors, General Manager, Head of department and the Company Secretary. Key management personal remuneration is as follows:

| | **2024** | 2023 |
|---|---|---|
| | **RO** | RO |
| Salaries and allowances | **38,340** | 40,087 |
| Directors' sitting fees (Note 23) | **16,750** | 15,500 |
| Employees' end of service benefits | **3,198** | 5,714 |
| | **58,288** | 61,301 |

**10 Cash and cash equivalents**

| | **2024** | 2023 |
|---|---|---|
| | **RO** | RO |
| Cash at bank | **397,907** | 116,860 |
| Cash in hand | **7,000** | 7,000 |
| Cash at bank and in hand | **404,907** | 123,860 |
| Bank overdraft | **(206,132)** | - |
| Cash and cash equivalent | **198,775** | 123,860 |

The Company is having overdraft and other facilities from commercial banks. These facilities carry interest at 6.75% p.a. The details of securities are detailed in note 13.

**11 Share capital**

The authorised share capital of the Company comprises 200,000,000 ordinary shares of RO 0.100 each (2023: 200,000,000 ordinary shares of RO 0.100 each). The Company's issued and fully paid up share capital is RO 6,250,000 (2023: RO 6,250,000) comprising of 62,500,000 shares of RO 0.100 each (2023: comprising of 62,500,000 shares of RO 0.100 each).

The major shareholders and their shareholdings in the Company are as follows:

| | **2024** | | 2023 | |
|---|---|---|---|---|
| | **Number of shares** | **Shareholding percentage** | Number of shares | Shareholding percentage |
| Khalid Abdulllah Muhammad Al Jabri, Oman | **15,562,500** | **24.9%** | 15,562,500 | 24.9% |
| Fahad Abdur Rehman Saif Al Azani, Oman | **14,590,379** | **23.3%** | 14,590,379 | 23.3% |

**12 Legal reserve**

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

## 13 Term loan

| | **2024** | 2023 |
|---|---|---|
| | **RO** | RO |
| Term loan | **853,853** | - |
| Less: current portion | **(181,671)** | - |
| | **672,182** | - |

Term loan facility is availed from a commercial bank for a period of five years at an interest rate of 7% p.a. The term loan is obtained for new hydrated lime plant installation. The loan is repayable in 60 monthly instalments commencing from 31 January 2025. Against this facility, the bank has disbursed an amount of RO 853,853 (sanctioned limit RO 1.019 Million). These facilities including bank barrowing are secured against the following:

i) Legal mortgage of RO 180,000/- over residential property on plot no. 33 (old plot no.245), block 06, located at Msial Al Seder.
ii) Usufruct mortgage of RO 458,000/- over industrial property on plot no. 238 (old plot no.238-239), phase 3, located at Sohar Industrial Estate.
iii) Usufruct mortgage of RO 119,000/- over industrial property on plot no. 234 (old plot no.235-236-237), phase 3, located at Sohar Industrial Estate.
iv) Commercial mortgage of RO 1,500,000/- over fixed asset/ plant, machinery, inventory receivables, other fixed assets of the Company.

## 14 Employees' end of service benefits

| | **2024** | 2023 |
|---|---|---|
| Movement in expatriate employees' end of service benefits: | **RO** | RO |
| At 1 January | **177,325** | 136,808 |
| Charged for the year | **21,668** | 43,388 |
| Paid during the year | **(9,136)** | (2,871) |
| At 31 December | **189,857** | 177,325 |

## 15 Income tax

a) The Company is liable to income tax at the rate of 15% on the entire taxable income (2023 : tax at the rate of 15%).

| | **2024** | 2023 |
|---|---|---|
| | **RO** | RO |
| The tax charge for the year comprises: | | |
| Deferred tax | **(3,460)** | 23,588 |
| | **(3,460)** | 23,588 |

**15 Income tax** (continued)

b) The Company's income tax assessments has been finalised with the Tax authorites for all years till 2020. At the end of the reporting period, management considers that the amount of additional taxes, if any, that may become payable on finalisation of pending tax assessments would not be material to the Company's financial position.

c) Deferred tax assets/(liabilities) and deferred tax charge in the financial statements consists of:

| | 01 January 2024 RO | **Recognized in 'statement of comprehensive income RO** | **31 December 2024 RO** |
|---|---|---|---|
| Property, plant and equipment | (274,747) | **(13,400)** | **(288,147)** |
| Provisions | 127,884 | **(660)** | **127,224** |
| Carry forward tax losses | 19,468 | **10,600** | **30,068** |
| Net deferred tax liabilities | (127,395) | **(3,460)** | **(130,855)** |

d) **Reconciliation of income tax expense**

The relationship between the expected tax income based on the tax rates of 15% (2023: 15%) and the reported tax expense in the profit or loss can be reconciled as follows:

| | **2024 RO** | 2023 RO |
|---|---|---|
| Profit/(loss) before income tax | **19,263** | (169,305) |
| Add: | | |
| Accounting depreciation | **332,768** | 344,447 |
| Provision on expected credit losses | **84,096** | 78,544 |
| Other disallowed expenses | **34,021** | 37,481 |
| | **470,148** | 291,167 |
| Deduct: | | |
| Tax depreciation | **(326,812)** | (319,719) |
| Lease rentals paid | **(96,000)** | (96,000) |
| Lease modification | **(36,017)** | - |
| Profit on sale of fixed asset | **(11,400)** | - |
| Other deductible expenses | **(67,423)** | (5,233) |
| | **(67,504)** | (129,785) |
| Carried forward tax losses utilised | **-** | - |
| Tax loss | **(67,504)** | (129,785) |
| Tax rate | **15%** | 15% |
| Income tax | **-** | - |

**16 Provision for decommissioning costs**

The movement in provision for decommissioning costs is as follows:

| | **2024** | 2023 |
|---|---|---|
| | **RO** | RO |
| At 1 January | **17,755** | 16,112 |
| Reassessment during the year | **124,487** | - |
| Unwinding of discount on decommissioning costs | **1,811** | 1,643 |
| At 31 December | **144,053** | 17,755 |

In accordance with the usufruct agreement, the Company is required to restore the plant site to its original condition before the expiry of the usufruct terms. The lease term is ending in 31 December 2030 and the Company has made the above provision for restoring the site to its original condition. Management considers that the plots of land will continue to be made available for the Company's use over the useful economic life of the assets that are situated on such plots of lands.

Due to the long term nature of the liability, the uncertainty is an element of estimating the provision for the cost that will be incurred. The Company has assumed that the site will be restored using the technology and materials currently available. The Company has been provided with a range of reasonably possible outcome for the total cost, reflecting different assumptions about the pricing of the individual components of the total costs. The estimate has been made on the basis of an independent report by a professional consultant. The provision has been shown at amortised cost using the discount rate of 3%.

**17 Trade and other payables**

| | **2024** | 2023 |
|---|---|---|
| | **RO** | RO |
| Trade payables | **324,822** | 240,333 |
| Advances from customers | **5,462** | 72,470 |
| Accruals and other payables | **87,469** | 69,784 |
| | **417,753** | 382,587 |

**18 Net assets per share**

Net assets per share is determined by dividing the net assets at the end of the reporting period by the shares outstanding at the end of the reporting period.

| | **2024** | 2023 |
|---|---|---|
| Net assets (RO) | **6,491,865** | 6,476,062 |
| Number of shares outstanding at the reporting date | **62,500,000** | 62,500,000 |
| Net assets per share (RO) | **0.104** | 0.104 |

## 19 Basic and diluted earnings per share

The basic and diluted earnings per fully paid equity share has been determined by dividing the net profit/(loss) for the year by the weighted average number of ordinary shares outstanding during the year. As there are no dilutive potential shares, the diluted earnings per share is identical to the basic earnings per share.

| | 2024 | 2023 |
|---|---|---|
| Net profit/(loss) for the year (RO) | **15,803** | (145,717) |
| Weighted average number of ordinary shares outstanding during the year | **62,500,000** | 62,500,000 |
| Basic earnings per share (RO) | **0.0003** | (0.0023) |

## 20 Revenue from contracts with customers

*Disaggregation of revenue from contracts with customers*

The Company derives revenue from the transfer of goods and services at a point in time in the following geographical regions and product lines.

a) Disaggregation according to primary geographical markets

| | 2024<br>RO | 2023<br>RO |
|---|---|---|
| GCC countries | **948,351** | 1,271,911 |
| Sultanate of Oman | **1,533,200** | 1,139,999 |
| Others | **367,003** | 44,096 |
| | **2,848,554** | 2,456,006 |

b) Disaggregation according to product line

| | 2024<br>RO | 2023<br>RO |
|---|---|---|
| Quick lime | **303,909** | 145,314 |
| Hydrated lime | **1,662,771** | 1,549,023 |
| Ground quick lime | **874,887** | 750,054 |
| Others | **6,987** | 11,615 |
| | **2,848,554** | 2,456,006 |

c) Disaggregation according to timing of revenue recognition

| | 2024<br>RO | 2023<br>RO |
|---|---|---|
| Products transferred at a point in time | **2,848,554** | 2,456,006 |

d) During 2024 RO 300,664 of the Company's revenue was from a single customer (2023: RO 335,525 from a single customer).

## 21 Direct costs

| | 2024 RO | 2023 RO |
|---|---|---|
| Factory costs | **703,754** | 743,962 |
| Raw materials consumed | **554,177** | 573,782 |
| Transportation expenses | **414,611** | 387,287 |
| Salaries and employees related expenses | **337,071** | 343,700 |
| Depreciation (note 4) | **234,306** | 245,635 |
| Depreciation on right-of-use assets (note 5) | **83,891** | 83,891 |
| Net movement in finished goods | **110,741** | (252,632) |
| Reversal of Inventory provision | **(67,423)** | - |
| | **2,371,128** | 2,125,625 |

## 22 Other income

| | 2024 RO | 2023 RO |
|---|---|---|
| Insurance claims | **25,285** | 46,291 |
| Lease modifications during the year | **36,017** | 13,986 |
| Profit on disposal of property, plant and equipment | **11,400** | - |
| Miscellaneous income | **10,073** | 9,633 |
| | **82,775** | 69,910 |

## 23 General and administrative expenses

| | 2024 RO | 2023 RO |
|---|---|---|
| Salaries and employees related expenses | **225,628** | 258,052 |
| Allowance for expected credit losses (note 8) | **84,096** | 78,544 |
| Legal and professional expenses | **26,008** | 36,364 |
| Directors' sitting fees (note 9) | **16,750** | 15,500 |
| Repairs and maintenance expenses | **16,043** | 15,269 |
| Depreciation (note 4) | **14,571** | 14,726 |
| Utilities expenses | **7,710** | 8,098 |
| Registration and renewals expenses | **5,755** | 6,902 |
| Bank charges | **3,293** | 5,174 |
| Meeting expenses | **5,274** | 4,797 |
| Printing and stationary expenses | **2,388** | 2,799 |
| Insurance expenses | **1,809** | 1,373 |
| Donations | - | 500 |
| Travelling expenses | **472** | 362 |
| Miscellaneous expenses | **4,614** | 2,658 |
| | **414,411** | 451,118 |

## 24 Selling and marketing expenses

| | **2024** | 2023 |
|---|---|---|
| | **RO** | RO |
| Custom charges | **32,151** | 39,054 |
| Salaries and employees related expenses | **37,606** | 36,464 |
| Sales promotion expenses | **3,442** | 3,867 |
| Insurance expenses | **5,891** | 5,129 |
| Communication expenses | **3,324** | 3,560 |
| Vehicle expenses | **2,405** | 2,323 |
| Travelling expenses | **1,929** | 1,971 |
| Depreciation expense (note 4) | - | 195 |
| Miscellaneous expenses | **90** | 3,448 |
| | **86,838** | 96,011 |

## 25 Interest income

| | **2024** | 2023 |
|---|---|---|
| | **RO** | RO |
| Interest income on term deposit(note 6) | **3,977** | 15,857 |

## 26 Finance charges

| | **2024** | 2023 |
|---|---|---|
| | **RO** | RO |
| Interest on lease liabilities (note 5) | **33,221** | 36,681 |
| Interest cost | **8,634** | - |
| Unwinding of discount on decommissioning costs (note16) | **1,811** | 1,643 |
| | **43,666** | 38,324 |

## 27 Contingencies and commitments

| | **2024** | 2023 |
|---|---|---|
| | **RO** | RO |
| Capital commitment | **564,733** | 1,012,795 |
| Bank guarantees | **37,725** | 37,725 |
| | **602,458** | 1,050,520 |

## 28 Capital management

The Company’s objectives when managing capital is to enable the entity to continue as a going concern, so that it can continue to provide adequate returns to the shareholders. The Company is not subject to any externally imposed capital requirements. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the shareholders, return capital to shareholders or issue additional capital.

**28 Capital management** (continued)

Consistent with best practices, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt. The gearing ratio at the end of the reporting period was as follows:

| | **2024** | 2023 |
|---|---|---|
| | **RO** | RO |
| Debts | **1,059,985** | - |
| Cash and bank balances | **(404,907)** | (123,860) |
| Net debt | **655,078** | (123,860) |
| Equity | **6,491,865** | 6,476,062 |
| Net debt to equity ratio | **10.09%** | (-1.91%) |

**29 Financial instruments and related risk management**

Financial assets include trade and other receivables, amounts due from related parties, bank balances and cash. Financial liabilities include trade and other payables, bank borrowings, lease liabilities and amounts due to related parties. Management believes that the fair values of the financial assets and liabilities approximate their carrying values.

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

**a) Market risk**

*(i) Currency risk*

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to UAE Dirhams, Qatari Rials and US Dollar. As the GCC currencies (Omani Rial, Qatari Rial and UAE Dirham) are pegged against the US Dollar, the Management does not believe that the Company is exposed to any material currency risk.

*(ii) Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's policy is to minimise interest rate cash flow risk exposures on long term financing.

**29 Financial instruments and related risk management** (continued)

**b) Credit risk**

Credit risk primarily arises from credit exposures to customers, including outstanding receivables and dues from related parties and any bank balances held with commercial banks.

The Company has a credit policy in place for trade receivables and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The carrying value of trade and other receivables approximate their fair values due to the short-term nature of those receivables. 90% of the trade receivables are due from 15 customers (2023: 90% from 15 customers).

*Expected Credit Loss (ECL)*

The Company applies the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for trade receivables.(note 8)

The Company uses a single rate valuation method to calculate ECLs for trade receivables since the historical data is not representative and there have been insignificant credit losses in the past. The default rates are based on those provided by external credit rating agencies for industry and country wise default rates and adjusted for forward-looking factors specific to the economic environment in the Sultanate of Oman.

*Bank deposits and bank balances*

Credit risk from term deposits and bank balances maintained with banks is managed by ensuring balances are maintained with reputed banks only. The ECL on such balances are not expected to be material to the Company’s financial position at the end of the reporting period and have accordingly not been provided.

**c) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses liability commitment. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disaster.

## 29 Financial instruments and related risk management (continued)

### c) Liquidity risk (continued)

The carrying amount of the financial liabilities and its contractual cash flows are given below:

| **2024** | **Carrying amount RO** | **Below 180 days RO** | **180 days to 360 days RO** | **More than 360 days RO** |
|---|---|---|---|---|
| Financial liabilities | | | | |
| Term loan | **853,853** | **89,685** | **91,986** | **672,182** |
| Lease liabilities | **549,032** | **48,000** | **48,000** | **453,032** |
| Bank overdraft | **206,132** | **206,132** | **-** | **-** |
| Trade and other payables | **324,822** | **324,822** | **-** | **-** |
| | **1,933,839** | **668,639** | **139,986** | **1,125,214** |

| 2023 | Carrying amount RO | Below 180 days RO | 180 days to 360 days RO | More than 360 days RO |
|---|---|---|---|---|
| Financial liabilities | | | | |
| Lease liabilities | 744,000 | 48,000 | 48,000 | 648,000 |
| Trade and other payables | 240,333 | - | - | 240,333 |
| | 984,333 | 48,000 | 48,000 | 888,333 |

## 30 Comparatives

Comparatives have been regrouped or reclassified where necessary, in order to conform to the presentation adopted in these financial statements.