1 egal status and principal activities

Al Anwar Ceramic Tiles Company SAOG ("the Company") is an Omani Public Joint Stock Company registered with the Ministry of Commerce, Industry and Investment Promotion in accordance with the provisions of the Commercial Companies Law and Regulations of the Sultanate of Oman. The Company's principal activity is the manufacture and sale of 'glazed ceramic' wall, floor and decorative tiles.

The Company's principal place of business is located at Nizwa, Sultanate of Oman.

These financial statements were approved for issue by the Board of Directors on 18 Feb 2025.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRS Accounting Standards), the applicable requirements of the Commercial Companies Law (CCL) and Regulations (CCR) of the Sultanate of Oman and relevant disclosure requirements issued by the Financial Services Authority (FSA).

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention and going concern assumption, except for investments at fair value through profit or loss and investments at fair value through other comprehensive income which are stated at their fair values. The preparation of financial statements is in conformity with IFRS Accounting Standards that requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies.

(c) Functional currency

The financial statements are presented in Rial Omani (RO) which is the Company's functional and reporting currency.

3 Changes in accounting policies

(i) Standards, amendments and interpretations effective and adopted in the annual period beginning on or after 1 January 2024

The following new standards, amendments to existing standards or interpretations to various IFRS Accounting Standards are mandatorily effective for the reporting period beginning on or after 1 January 2024:

Standard or Interpretation	Title
Amendments to IFRS 16	Leases: Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-Current Liabilities with Covenants
Amendments to IAS 7	Statement of Cash Flows: Supplier Finance Arrangements
Amendments to IFRS 7	Financial Instruments: Disclosures - Supplier Finance Arrangements

3 Changes in accounting policies (continued)

(i) Standards, amendments and interpretations effective and adopted in the annual period beginning on or after 1 January 2024 (continued)

IFRS 16: Lease Liability in a Sale and Leaseback

On 22 September 2022, the IASB issued amendments to IFRS 16 – Lease Liability in a Sale and Leaseback.

Prior to the amendments, IFRS 16 did not contain specific measurement requirements for lease liabilities that may contain variable lease payments arising in a sale and leaseback transaction. In applying the subsequent measurement requirements of lease liabilities to a sale and leaseback transaction, the amendments require a seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

These amendments had no effect on the financial statements of the Company.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants

The IASB issued amendments to IAS 1 in January 2020 Classification of Liabilities as Current or Non-current and subsequently, in October 2022 Non-current Liabilities with Covenants.

The amendments clarify the following:

- An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period.
- If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.
- The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.
- In case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

These amendments have no effect on the financial statements of the Company.

Amendments to IAS 7 & IFRS 7: Supplier Finance Arrangements

On 25 May 2023, the IASB issued Supplier Finance Arrangements, which amended IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures.*

The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on characteristics of supplier finance arrangements.

The Company has carried out an assessment of its contracts and operations and, concluded that, these amendments have had no effect on the financial statements, regardless of the transition relief provided.

3 Changes in accounting policies (continued)

(ii) Standards, amendments and interpretations issued but not yet effective

The following new/amended accounting standards and interpretations have been issued by IASB that are effective in future accounting period and the Company has decided not to adopt early:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
Amendments to IAS	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025
21 Amendments to	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
IFRS 9 Amendments	Contracts Referencing Nature-dependent Electricity	1 January 2026
to IFRS 9 IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

The Company does not expect these amendments and standards issued but not yet effective, to have a material impact on the financial statements of the Company, except for IFRS 18.

IFRS 18 *Presentation and Disclosure in Financial Statements,* which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 *Basis of Preparation of Financial Statements* (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

4 Material accounting policy information

The material accounting policy information related to the preparation of the financial statements is set out below. The accounting policies included in this information, have been consistently applied by the Company to all the years presented, unless otherwise stated.

(a) Property, plant and equipment

Freehold land is not depreciated as it is deemed to have an infinite useful life. Other items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment. Following initial recognition at cost, expenditure incurred to replace a component of an item of property, plant and equipment which increases the future economic benefits embodied in the item of property, plant and equipment is capitalised. All other expenditures are recognised in the statement of profit or loss as an expense as incurred.

4 Material accounting policy information (continued)

(a) Property, plant and equipment (continued)

Items of property, plant and equipment are derecognised upon disposal or when no future economic benefit is expected to arise from the continued use of the asset. Any gains or losses arising on de-recognition of the asset is included in the statement of profit or loss in the year the item is derecognised.

Depreciation is charged to in the statement of profit or loss on a straight-line basis over the estimated useful lives of items of property, plant and equipment. The estimated useful economic lives are as follows:

Description	Years
Buildings on leasehold land	20
Plant and machinery	15
Engineering tools and instruments	4
Material handling equipment	6.67
Furniture and fixtures	4
Office equipment	4
Motor vehicles	5

Repairs and renewals are charged to profit or loss when the expenditure is incurred.

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

c) Inventories

Inventories of raw materials, packing materials, engineering stores and spares are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost is determined by the weighted average method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In respect of finished goods and work-in- progress, costs comprise of material costs and proportionate direct expenses. Provision is made, where necessary, for obsolete and slow-moving inventories.

d) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand, bank balances and fixed deposits with original maturities of three months or less, net of bank overdraft. In the statement of financial position, bank overdraft is included as a part of current liabilities.

4 Material accounting policy information (continued)

e) Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets are amortised either over the period of lease term or useful life of the underlying asset, whichever is shorter. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is amortised over the useful life of the underlying asset. The amortisation starts at the commencement date of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

f) Employee benefit liabilities

In respect of Omani employees, contributions are made in accordance with the Oman Social Insurance Law and recognised as an expense in the statement of profit or loss and other comprehensive income as incurred.

For non-Omani employees, provision is made for amounts payable under the Oman Labour Law, based on the employees' accumulated periods of service at the end of the reporting period. This provision is classified as a

Employee entitlements to annual leave and air passage are recognised when they accrue to the employees and an accrual is made for the estimated liability for annual leave and air passage as a result of services up to the reporting date. The accruals relating to annual leave and air passage is disclosed as a part of current liabilities.

g) Taxation

Income tax is provided for in accordance with the fiscal regulations of the Sultanate of Oman.

Income tax on the results for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax-rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of the previous year.

Deferred taxation is provided on all temporary differences at the end of the reporting period. It is calculated adopting a tax-rate that is the rate that is expected to apply to the periods when it is anticipated the liabilities will be settled, and which is based on tax-rates (and laws) that have been enacted at the end of the reporting period.

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. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

4 Material accounting policy information (continued)

h) Foreign currency transactions and balances

Foreign currency transactions are accounted for at the rates of exchange prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation, at the year-end rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the end of the year. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date when the carrying value was determined.

i) Revenue

The Company manufactures a wide range of glazed ceramic tiles. Revenue is measured based on the consideration specified in a contract with a customer. Revenue is recognised at a point-in-time i.e. when control of the products has been transferred, being when the products are delivered to the customers, the recovery of the consideration is probable and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

If the consideration promised in a contract includes a variable amount, the Company estimates the amount of consideration to which it expects to be entitled and adjusts the revenue on the basis of such consideration. Consideration can vary because of discounts, rebates, refunds, credits, price concessions or other similar items.

j) Other income

Other income earned by the Company is recognised on the accrual basis, or when the Company's right to receive payment is established, unless recovery is doubtful.

k) Dividend

The Board of Directors recommends to the shareholders the dividend to be paid out of the Company's net profits. The Directors take into account appropriate parameters including the requirements of the Commercial Companies Law and Regulations of the Sultanate of Oman while recommending the dividend.

Dividend distribution is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

l) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources allocated to the segment and assess its performance, and for which discreet financial information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4 Material accounting policy information (continued)

m) Directors' remuneration

The Company follows the Commercial Companies Law of the Sultanate of Oman, and other latest relevant directives issued by Financial Services Authority (FSA) in regard to determination of the amount to be paid as Directors' remuneration. Directors' remuneration is charged to the statement of profit or loss in the year to which they relate.

n) Bank borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the EIR method.

o) Borrowings costs

Borrowing costs are expensed in the period in which they are incurred. However, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset till such time when the asset is substantially ready for its intended use. Thereafter, all the borrowings costs are expensed. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

(p) Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

[A] Financial assets

The Company determines the classification of its financial assets at initial recognition. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

(i) Classification

The financial assets are classified in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and

b) those to be measured at amortised cost.

For assets measured at fair value, gains and losses are recorded in the Company's statement of profit and loss. For investments in equity instruments, the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Investments in equity instruments are not held for trading and are considered to be strategic in nature.

4 Material accounting policy information (continued)

(p) Financial instruments (continued)

[A] Financial assets (continued)

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss as incurred.

The Company has classified fair value measurements on a recurring basis using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies debt instruments at amortised cost based on the below:

a) the asset is held within a business model with the objective of collecting the contractual cash flows; and

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate (EIR). Investment in fixed deposits and bonds are carried at amortised cost.

Equity instruments

If the Company elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments shall continue to be recognised in profit or loss as other income when the Company's right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss is recognised in other gains/(losses) in profit or loss.

(iii) De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

4 Material accounting policy information (continued)

(p) Financial instruments (continued)

[A] Financial assets (continued)

(iv) Impairment of financial assets

The Company applies the Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial assets.

ECL are the probability-weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that the Company expects to receive. The ECL considers the amount and timing of payments and, hence, a credit loss arises even if the Company expects to receive the payment in full but later than when contractually due. The ECL method requires assessing credit risk, default and timing of collection since initial recognition. This requires recognising allowance for ECL in profit or loss even for receivables that are newly originated or acquired.

Impairment of financial assets is measured as either 12 months ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. '12 months ECL' represents the ECL resulting from default events that are possible within 12 months after the reporting date. 'Lifetime ECL' represent the ECL that results from all possible default events over the expected life of the financial asset.

Trade receivables are of a short duration, normally less than 12 months and hence the loss allowance measured as lifetime ECL does not differ from that measured as 12 months ECL. The Company uses the practical expedient in IFRS 9 for measuring ECL for trade receivables using a provisioning matrix based on aging of the trade receivables.

The Company uses historical loss experience and derived loss rates and adjusts the historical loss rates to reflect the information about current conditions and reasonable and supportable forecasts of future economic conditions. The loss rates differ based on the aging of the amounts that are past due and are generally higher for those with the higher aging.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(v) Income recognition

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets, interest income is recognised using the EIR, which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial asset is recognised using the original EIR.

Dividends are recognised in the statement of profit or loss and other comprehensive income, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments' carrying amount.

4 Material accounting policy information (continued)

(p) Financial instruments (continued)

[B] Financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. The classification depends on the business model for managing the financial liabilities and the contractual terms of the cash flows.

(i) **Classification**

The financial liabilities are classified in the following measurement categories:

a) those to be measured as financial liabilities at fair value through profit or loss; and
b) those to be measured at amortised cost.

(ii) **Measurement**

All financial liabilities are recognised initially at fair value. Financial liabilities accounted at amortised cost like borrowings are accounted at the fair value determined based on the EIR method after considering the directly attributable transaction costs.

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, and subsequently measured at fair value.

The EIR method calculates the amortised cost of a debt instrument by allocating interest charged over the relevant EIR period. The EIR is the rate that exactly discounts estimated future cash outflows (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. This category applies to trade and other payables.

The Company's financial liabilities include trade and other payables, lease liabilities and term loans. The Company measures financial liabilities at amortised cost.

(iii) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

(iv) Determination of fair values

A number of the Company’s accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm’s length transaction. Fair values have been determined for measurement and/or disclosure purposes based on certain methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4 Material accounting policy information (continued)

(q) Impairment of non-financial assets

The carrying amount of the Company's assets or its cash generating unit, other than financial assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other asset and groups. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset or a cash generating unit is the greater of its value-in-use or fair value less costs to sell. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of comprehensive income. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

(r) Earnings per share

The Company presents basic and diluted earnings per share ("EPS") 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.

(s) Net assets per share

The Company presents net assets per share for its ordinary shareholders. Net assets per share is calculated by dividing the net assets attributable to ordinary shareholders by the total number of shares outstanding as at the statement of financial position date.

5 Critical accounting estimates and key source of estimation uncertainty

The preparation of financial statements in accordance with IFRS Accounting Standards requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The determination of estimates requires judgments which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates.

The most significant areas requiring the use of management estimates and assumptions in these financial statements relate to:

(i) Impairment reviews

IFRS Accounting Standards requires management to undertake an annual test for impairment of indefinite life assets and, for finite life assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area involving management judgment, requiring inter-alia an assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

5 Critical accounting estimates and key source of estimation uncertainty (continued)

(i) Impairment reviews (continued)

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

a) growth in earnings before interest, tax, depreciation and amortisation (EBITDA), calculated as adjusted operating profit before depreciation and amortisation;

b) timing and quantum of future capital expenditure;

c) long-term growth rates; and

d) selection of discount rates to reflect the risks involved.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Company's impairment evaluation and hence results.

(ii) Economic useful lives of property, plant and equipment

The Company's property, plant and equipment are depreciated on a straight-line basis over their economic useful lives. The economic useful lives of property, plant and equipment are reviewed periodically by management. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Company.

(iii) Impairment of inventories

The management reviews the inventory levels, especially finished goods and spares, on a periodic basis and estimates impairment for slow and non-moving inventories based on various factors including obsolescence, damages and write-downs. For finished goods, the estimate of net realisable value is also based on review of current market conditions and future sales trend.

(iv) Impairment losses on trade receivables

Loss allowances for trade receivables are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past experience and historical data, existing market conditions as well as forward looking estimates at the end of each reporting period.

(v) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

(v) Going concern

The management of the Company reviews the financial position of the Company on a periodical basis and assesses the requirement of any additional funding to meet the working capital requirements and estimated funds required to meet the liabilities as and when they become due.

(vi) Taxation

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

5 Critical accounting estimates and key source of estimation uncertainty (continued)

(vii) Significant judgments in determining the lease term of the contracts

The Company determines the lease term as non-cancellable term of the lease, together with any periods covered by an option to extend the lease, if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has an option, under some of its leases to lease the assets for additional terms. The Company applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease-term if there is a significant event or change in the circumstances that is within its control and effects its ability to exercise (or not exercise) the option to renew or to terminate (e.g., a change in business strategy, construction of significant leasehold improvements or significant customisation to the leased assets).

(viii) Fair value of investments

A number of assets and liabilities included in the Company's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. The classification of an item into the level 1, level 2 and level 3 hierarchy is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

(ix) Classification of investments

In the process of applying the Company's accounting policies, management decides on acquisition of an investment whether it should be classified as investments designated at fair value through profit or loss, at amortised cost or investments designed at fair value through other comprehensive income. The classification of each investment reflects the management's intention in relation to each investment and is subject to different accounting treatments based on such classification.

6 Property, plant and equipment

The movement in property, plant and equipment is as set out below:

	Freehold land	Buildings on leasehold land	Plant and machinery	Engineering tools and instruments	Material handling equipment	Furniture and fixtures	Office equipment	Motor vehicles	Total
Cost									
At 1 January 2024	185,412	10,327,505	37,117,873	361,180	720,417	779,256	472,216	511,669	50,475,528
Additions during the year	-	6,150	125,464	6,892	-	4,450	8,190	28,818	179,964
Disposals during the year	-	-	-	-	-	-	-	(20,660)	(20,660)
At 31 December 2024	185,412	10,333,655	37,243,337	368,072	720,417	783,706	480,406	519,827	50,634,832
Accumulated depreciation									
At 1 January 2024	-	5,574,790	23,436,782	299,120	675,359	761,765	451,031	437,188	31,636,035
Charge for the year	-	380,157	1,714,075	16,805	16,527	7,570	11,781	43,515	2,190,430
Relating to disposals	-	-	-	-	-	-	-	(12,432)	(12,432)
At 31 December 2024	-	5,954,947	25,150,857	315,925	691,886	769,335	462,812	468,271	33,814,033
Net book amount									
At 31 December 2024	185,412	4,378,708	12,092,480	52,147	28,531	14,371	17,594	51,556	16,820,799

6 Property, plant & equipment (continued)

	Freehold land	Buildings on leasehold land	Plant and machinery	Engineering tools and instruments	Material handling equipment	Furniture and fixtures	Office equipment	Motor vehicles	Total
Cost									
At 1 January 2023	185,412	10,269,249	36,952,448	357,755	700,237	778,327	462,412	511,669	50,217,509
Additions during the year	-	58,256	165,425	3,425	20,180	929	9,804	-	258,019
At 31 December 2023	185,412	10,327,505	37,117,873	361,180	720,417	779,256	472,216	511,669	50,475,528
Accumulated depreciation									
At 1 January 2023	-	5,147,476	21,528,049	290,441	650,549	753,794	438,153	393,531	29,201,993
Charge for the year	-	427,314	1,908,733	8,679	24,810	7,971	12,878	43,657	2,434,042
At 31 December 2023	-	5,574,790	23,436,782	299,120	675,359	761,765	451,031	437,188	31,636,035
Net book value									
At 31 December 2023	185,412	4,752,715	13,681,091	62,060	45,058	17,491	21,185	74,481	18,839,493

a) Buildings are constructed on leasehold land obtained from the Public Establishment for Industrial Estates, Madayn, Nizwa, Sultanate of Oman for a period of 29 years through an operating lease agreement. As required by IFRS 16 - "Leases", the Company has recognised right-of-use asset and corresponding lease liabilities for this leasehold land (Refer Note 7).

b) Depreciation charge for the year has been allocated between the cost of sales and general and administrative expenses as follows:

	31 December 2024	31 December 2023
Charged to cost of sales (Note 19)	2,145,170	2,387,017
Charged to general and administrative expenses (Note 23)	45,260	47,025
	2,190,430	2,434,042

c) The Company has performed an internal impairment testing on the property, plant and equipment and concluded that no impairment is considered necessary.

7 Leases

a) Right-of-use-asset - land

	31 December 2024	31 December 2023
Opening balance	3,483,006	3,573,815
Add: additions during the year (e)	-	43,153
Add: Lease modification (f)	192,872	-
Less: amortisation for the year (Note 19)	(140,628)	(133,962)
	3,535,250	3,483,006

b) Lease liabilities

	31 December 2024	31 December 2023
Opening balance	3,922,054	3,876,694
Additions during the year (e)	-	43,153
Add: lease modification (f)	118,907	-
Add: interest for the year (Note 25)	219,743	211,829
Less: payments during the year	(188,034)	(209,622)
Closing balance	4,072,670	3,922,054

c) The maturity profile of the lease liabilities, based on the remaining period to maturity from the end of the reporting period is as follows:

	31 December 2024	31 December 2023
Due upto 1 year	16,816	-
Due above 1 year	4,055,854	3,922,054
	4,072,670	3,922,054

d) The maturity profile of the undiscounted lease liabilities, based on the remaining period to maturity from the end of the reporting period is as follows:

	31 December 2024	31 December 2023
Due upto 1 year	236,566	209,622
Due above 1 year	7,801,013	7,795,432
	8,037,579	8,005,054

e) During the year 2023, the Company entered into a new lease for its new project and recognised the right-of- use asset and corresponding lease liability amounting to RO 43,153 as of 1 January 2023.

f) Lease modification pertains to change in the terms of payment from annual basis to quarterly basis, resulting in a gain on lease modification of RO 73,965 which includes a discount of RO 21,588 on the lease rental. However, lease liabilities have not been modified for the discount received as the management believes that the impact of modification would be immaterial to the financial statements as at 31 December 2024.

8 Investments at fair value through other comprehensive income

	31 December 2024		31 December 2023	
	Fair value	**Cost**	**Fair value**	**Cost**
Quoted foreign investments (in Iraqi Dinar)	1,122,866	1,925,265	793,431	1,925,265
Quoted foreign investments (in Singapore Dollars)	1,158,306	801,910	1,239,041	771,051
	2,281,172	2,727,175	2,032,472	2,696,316

a) The fair value of investments has been determined based on level 1 hierarchy.

b) The movement in investments during the year is as follows:

	Year ended 31 December 2024	**Year ended 31 December 2023**
Opening balance	2,032,472	1,674,773
Additions during the year	30,859	-
Fair value changes during the year, net of exchange difference	217,841	357,699
Closing balance	2,281,172	2,032,472

c) During the year, the Company received dividends amounting to RO 163,111 (2023: RO 140,378).

d) At the end of the reporting period, the investments that exceeded 10% of the market value of the Company's investment portfolio are as follows:

	31 December 2024		31 December 2023	
	% of portfolio	**Fair value**	**% of portfolio**	**Fair value**
Asiacell Communications PJSC, Iraq	39	1,122,866	39	793,431
Mapletree Industrial Trust, Singapore	29	523,411	29	581,127
Keppel DC REIT, Singapore	15	346,880	15	297,420

e) The movement in equity investment reserve is as follows :

	Year ended 31 December 2024	**Year ended 31 December 2023**
Opening balance	(739,709)	(1,043,754)
Unrealised fair value gains for the year	217,841	357,699
Deferred tax charge (Note 26)	(32,676)	(53,654)
Closing balance	(554,544)	(739,709)

9 Investments at fair value through profit or loss

	31 December 2024		31 December 2023	
	Fair value	**Cost**	**Fair value**	**Cost**
Foreign investments in auto-callable notes (in USD) (Note a)	-	-	3,466,350	3,466,350

9 Investments at fair value through profit or loss (continued)

a) Auto-callable multi express certificates, issued by Morgan Stanley, HSBC and Bank J. Safra Sarasin Ltd and distributed by Bank J. Safra Sarasin Ltd. denominated in US Dollars, had a nominal redemption value of the investments equivalent to RO Nil (2023: RO 3,466,350). The notes carried fixed income coupon rates ranging between 3.88% and 6% per quarter (2023: 3.88% and 6% per quarter), subject to certain conditions being met. These certificates matured in January 2024 and February 2024.

b) The movement in financial assets at fair value through profit or loss is as follows:

	Year ended 31 December 2024	**Year ended 31 December 2023**
Opening balance	3,466,350	7,648,696
Matured/disposals during the year	(3,466,350)	(4,422,025)
Fair value changes during the year	-	239,679
Interest income	168,172	1,744,751
Less: receipts during the year	(168,172)	(1,744,751)
Closing balance	-	3,466,350

10 Inventories

	31 December 2024	**31 December 2023**
Raw materials	1,380,535	1,207,721
Packing materials	128,011	169,656
Finished goods	3,740,351	3,678,803
Engineering stores and spares	1,289,993	1,221,872
Goods in-transit	49,040	-
Work-in-progress	19,145	25,828
	6,607,076	6,303,880
Less: provision for slow-moving and obsolete inventories	(71,183)	(71,183)
	6,535,893	6,232,697

11 Trade and other receivables

	31 December 2024	**31 December 2023**
Trade receivables (gross)	10,049,060	11,002,867
Less: ECL allowance	(955,994)	(735,994)
Trade receivables (net)	9,093,066	10,266,873
Receivable from portfolio managers	98,856	29,219
Advances for capital expenditure	57,239	56,139
Prepayments	84,077	85,001
Staff advances	67,902	48,162
Other advances and receivables	57,739	84,281
	9,458,879	10,569,675

11 Trade and other receivables (continued)

(a) 41% of the Company's trade receivables are due from 10 customers (2023: 47% are due from the 10 customers)

(b) The carrying amounts of the Company's trade receivables are primarily denominated in Rial Omani.

(c) Trade receivables are generally on 90 to 120 days credit terms.

(d) The Company applies the IFRS 9 simplified approach to measure loss allowance using a lifetime ECL allowance for trade receivables. To measure ECL on a collective basis, trade receivables are grouped based on similar credit risk and aging. The ECL rates are based on the Company's historical credit losses experienced over the five years prior to the year-end. The historical losses are then adjusted for the current and forward-looking information on macro-economic factors affecting the Company's customers. The Company has identified the country risk and unemployment rate as the key macro-economic factors.

(e) At 31 December 2024, the aging analysis and lifetime ECL allowance on trade receivables is as follows:

	Upto 180 days	**180 days to 365 days**	**More than 365 days**	**Total**
Weighted loss rate	0.70%	6.23%	26.66%	9.51%
Gross carrying amount	5,931,627	895,010	3,222,423	10,049,060
ECL allowance	(41,303)	(55,735)	(858,956)	(955,994)
	5,890,324	839,275	2,363,467	9,093,066

At 31 December 2023, the aging analysis and lifetime ECL allowance on trade receivables is as follows:

	Upto 180 days	**180 days to 365 days**	**More than 365 days**	**Total**
Weighted loss rate	1.37%	6.97%	30.30%	6.69%
Gross carrying amount	6,809,434	2,690,667	1,502,766	11,002,867
Loss provision	(93,126)	(187,599)	(455,269)	(735,994)
	6,716,308	2,503,068	1,047,497	10,266,873

e) The movement in ECL allowance is as follows:

	Year ended 31 December 2024	**Year ended 31 December 2023**
Opening balance	735,994	516,538
Charge for the year	220,000	219,456
Closing balance	955,994	735,994

Trade receivables as at 31 December 2024, covered by Credit Oman SAOC under Export and Domestic Credit Insurance, amounted to RO 342,682 (2023: RO 406,186).

12 Cash and cash equivalents

	31 December 2024	31 December 2023
For the purposes of the statement of cash flows, cash and bank balances comprise the following:		
Cash on hand	2,000	2,000
Current account balances with banks	488,066	391,099
Call accounts	222,895	410,930
	712,961	804,029

(a) The current account balances with banks are non-interest bearing and the call accounts balances with banks carry an effective interest rate of 3.5% per annum (2023: 3.5% per annum) and are denominated in RO, USD and SAR.

13 Share capital

(a) The authorised share capital of the Company consists of 350,000,000 ordinary shares (2023: 350,000,000 ordinary shares) of RO 0.100 each (2023: RO 0.100 each). The issued and fully paid up share capital of the Company consists of 220,000,000 ordinary shares (2023: 220,000,000 ordinary shares) of RO 0.100 each (2023: RO 0.100 each).

(b) At the end of the reporting period, shareholders who own 5% or more of the Company's share capital whether in their names or through a nominee account are as follows:

	31 December 2024		31 December 2023	
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage
Al Jazeira Services Company SAOG, Oman	81,379,465	36.99	81,379,465	36.99
Oman Investment Authority	37,829,123	17.19	34,903,446	15.87
Social Protection Fund (formerly Public Authority for Social Insurance)	18,754,197	8.52	17,068,692	7.76

14 Legal reserve

In accordance with Article 132 of the CCL of the Sultanate of Oman, 10% of the Company's net profit for the year is to be transferred to a non distributable legal reserve until such time as the amount of the legal reserve becomes equal to one-third of the Company's issued and fully paid-up share capital. The Company has discontinued such annual appropriation, as the amount in the Company's legal reserve account already reached one-third of the issued and fully paid-up share capital (2023: RO Nil).

15 Term loan

	31 December 2024	31 December 2023
Term loans	-	2,650,079
Less: current portion	-	(1,031,123)
Non-current portion	-	1,618,956

Term loan was obtained by the Company from a local commercial bank which carried interest rate of 4.5% - 6% per annum (2023: 4.5% - 6% per annum). The loan was repayable in 16 equal quarterly principal installments of RO 257,780 which commenced from June 2023, and was secured against negative lien on existing assets of the Company. During the year, the Company repaid the entire outstanding term loan amount.

16 Employee benefit liabilities

	Year ended 31 December 2024	Year ended 31 December 2023
Opening balance	1,306,445	1,114,436
Charge for the year	88,274	97,045
(Reversal)/additional provision (a)	(108,478)	128,582
Paid during the year	(93,201)	(33,618)
Closing balance	1,193,040	1,306,445

(a) During the previous year, there was a change in the Oman Labor Law based on Royal Decree 53/2023 which came into force on 31 July 2023, leading to additional provision of RO 128,582. However, on 23 October 2024, a clarification was issued by Ministry of Labor on the calculation of gratuity which lead to reversal of provision of RO 108,478.

17 Trade and other payables

	31 December 2024	31 December 2023
Trade payables	2,024,397	1,665,322
Capital creditors	377,187	446,315
Employee leave and other accruals	346,268	388,116
Advances from customers	35,898	41,972
Retentions payable	43,182	95,558
Other provisions and accruals	1,054,559	673,578
	3,881,491	3,310,861

a) Trade payables are generally settled within 60 to 90 days of the suppliers' invoice date and are denominated in RO.

b) The contractual maturity date for trade and retentions payable is due within 12 months from the end of the reporting period.

18 Revenue

Recognised at a point-in-time	Year ended 31 December 2024	Year ended 31 December 2023
Local sales in the Sultanate of Oman	9,060,233	11,035,222
Export sales	9,224,871	9,815,225
	18,285,104	20,850,447

19 Cost of sales

	Year ended 31 December 2024	Year ended 31 December 2023
Raw materials and consumables consumed	4,477,762	4,975,999
Fuel and electricity	3,147,440	3,592,900
Salaries and other related staff costs (Note 21)	1,987,427	2,450,992
Repairs and maintenance	854,759	1,030,358
Other direct costs	1,977,907	775,159
Depreciation on property, plant and equipment [Note 6 (b)]	2,145,170	2,387,017
Amortisation of right-of-use assets (Note 7)	140,628	133,962
	14,731,093	15,346,387

20 Other income

	Year ended 31 December 2024	Year ended 31 December 2023
Gains on disposal of property, plant and equipment	6,180	-
Gains on sale of scrap	9,328	8,198
Gains on foreign currency exchange (net)	17,496	17,951
Gains on modification of lease liability (Note 7)	73,965	-
	106,969	26,149

21 Salaries and other related staff costs

	Year ended 31 December 2024	Year ended 31 December 2023
Salaries, wages and allowances	3,086,814	3,611,148
Contribution to employee benefit liabilities, net (Note 16)	(20,204)	225,627
Contribution for social insurance	129,223	125,411
Consultancy fees for advisory services [Note 27 (b)]	129,200	228,000
Other benefits and expenses	480,963	445,728
	3,805,996	4,635,914
Less: included under cost of sales (Note 19)	(1,987,427)	(2,450,992)
	1,818,569	2,184,922

22 Selling and distribution expenses

	Year ended 31 December 2024	Year ended 31 December 2023
Freight charges	911,408	1,223,637
Advertisement and sales promotion	191,456	249,894
Travelling expenses	66,194	91,691
	1,169,058	1,565,222

23 General and administrative expenses

	Year ended 31 December 2024	Year ended 31 December 2023
Insurance	70,470	81,804
Vehicle maintenance	57,202	58,520
Depreciation on property, plant and equipment [Note 6 (b)]	45,260	47,025
Registration and renewals	38,613	35,383
Repairs and maintenance	28,780	34,954
Short-term lease rentals	23,130	23,130
Communication expenses	21,586	21,446
Legal and professional fees	12,350	14,850
Bank charges	11,539	15,832
Directors' remuneration [Note 27 (a)]	-	10,000
Travelling and conveyance	4,823	7,514
Directors' meeting attendance fees [Note 27 (a)]	5,000	7,100
Miscellaneous expenses	24,096	38,456
	342,849	396,014

24 Finance and dividend income

	Year ended 31 December 2024	Year ended 31 December 2023
Dividend income from investments at fair value through other comprehensive income		
- Related to investments derecognised during the period	-	-
- Related to investments held at the end of the reporting period	146,378	140,378
Interest income from debt instruments at amortised cost and call accounts	16,733	12,048
	163,111	152,426

25 Finance costs

	Year ended 31 December 2024	Year ended 31 December 2023
Interest on lease liabilities (Note 7)	219,743	211,829
Interest on term loan	35,549	276,633
Interest on bank borrowings	399	42,267
	255,691	530,729

26 Income tax

The Company is subject to income tax at the rate of 15% (2023: 15%) in accordance with the Income Tax Law of the Sultanate of Oman.

Tax assessments of the Company have been completed and agreed with the Oman Tax Authority upto the year 2020. The management considers that the amount of additional taxes, if any, that may become payable in relation to the tax years for which assessments are pending would not be material to the financial position of the Company at the reporting date.

	Year ended 31 December 2024	Year ended 31 December 2023
(a) Income tax expense:		
Current tax		
- Current year	-	60,464
- Prior years	-	6,173
Deferred tax (c)	28,064	615,886
Refund for prior years (e)	(14,355)	-
	13,709	682,523

(b) The movement in current tax liability for the year is as follows:

	Year ended 31 December 2024	Year ended 31 December 2023
Opening balance	60,464	1,056,215
Charge for the year	-	60,464
Prior year reversals	-	6,173
Refund for prior years (e)	(14,355)	-
Payments during the year	(44,467)	(1,062,388)
Closing balance	1,642	60,464

26 Income tax (continued)

(c) The reconciliation of taxation on the accounting profit with the current taxation charge for the year is as follows:

	Year ended 31 December 2024	**Year ended 31 December 2023**
Tax expense on accounting profit	27,914	672,317
Add / (less) tax effect of:		
Depreciation on property, plant and equipment	(92,006)	(196,663)
Provisions	33,000	32,918
Amortisation of right-of-use asset	14,756	20,425
Fair value changes	-	(470,326)
Others	150	1,793
	-	60,464

d) Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 15% (2023: 15%). The net deferred tax asset in the statement of financial position and the deferred tax credit in profit or loss are attributable to the following items:

31 December 2024	**1 January 2024**	**Recognised in the statement of profit or loss**	**Recognised in the statement of other comprehensive income**	**31 December 2024**
Accelerated capital allowances	556,669	75,009	-	631,678
Provisions	(121,077)	(33,000)	-	(154,077)
Unrealised fair value gain on foreign investments at fair value through other comprehensive income	(101,817)	2,241	32,676	(66,900)
Brought forward losses	-	(16,186)	-	(16,186)
Net deferred tax liability/ (asset)	333,775	28,064	32,676	394,515

26 Income tax (continued)

31 December 2023	**1 January 2023**	**Recognised in the statement of profit or loss**	**Recognised in the statement of other comprehensive income**	**31 December 2023**
Accelerated capital allowances	378,190	178,479	-	556,669
Provisions	(88,158)	(32,919)	-	(121,077)
Unrealised fair value losses on foreign investments at fair value through other comprehensive income	(155,471)	-	53,654	(101,817)
Unrealised fair value losses on foreign investments at fair value through profit or loss	(470,326)	470,326	-	-
Net deferred tax liability/ (asset)	(335,765)	615,886	53,654	333,775

e) Refund for prior year pertains to refund on the income tax return filed for the year 2020. The amount of refund was adjusted against the payment of income tax for the year 2023.

27 Related party transactions and balances

The Company, in the ordinary course of business, deals with parties which fall within the definition of 'related parties' as contained in IAS 24. The terms of these transactions are at the arm's length and are approved by the management.

Significant transactions during the year with related parties are as follows:

	Year ended 31 December 2024	**Year ended 31 December 2023**
a) Transaction with directors		
Directors' remuneration (Note 23)	-	10,000
Directors' meeting attendance fees (Note 23)	5,000	7,100

b) Key management personnel compensation for the year comprises:	**Year ended 31 December 2024**	**Year ended 31 December 2023**
Short-term employment benefits	311,950	349,594
Consultancy fees for advisory services (Note 21)	129,200	228,000
Employee benefit liabilities	15,675	15,965

The Directors' sitting fees, Directors' remuneration and other related party transactions are subject to Shareholders' approval at the forthcoming Annual General Meeting.

28 Net assets per share

Net assets per share are calculated by dividing the shareholders' equity at the end of the reporting period by the number of shares outstanding at the end of the reporting period, as follows:

	31 December 2024	31 December 2023
Equity attributable to the shareholders of the Company	29,801,596	33,844,044
Ordinary shares outstanding at the reporting date	220,000,000	220,000,000
Net assets per share (RO)	0.135	0.154

29 Basic and diluted earnings per share

Basic and diluted earnings per share is calculated by dividing the net profit after tax for the year with the weighted average number of shares issued and outstanding during the year.

	Year ended 31 December 2024	Year ended 31 December 2023
Net profit after tax attributable to shareholders of the Company	172,387	3,799,587
Weighted average number of ordinary shares outstanding during the year	220,000,000	220,000,000
Basic and diluted earnings per share (RO)	0.001	0.017

There is no dilution effect on the earnings per share of the Company, as the Company does not have any convertible instruments in issue which would have any effect on the earnings per share.

30 Operating segments

The Company has a single reportable business segment, which is manufacturing and sale of 'glazed ceramic' wall, floor and decorative tiles. The geographical information for the revenue and trade receivables for the business segment is as follows:

	31 December 2024		31 December 2023	
	Sales	Trade receivables	Sales	Trade receivables
Local (Sultanate of Oman)	9,060,233	4,188,603	11,035,222	4,729,017
Export	9,224,871	5,860,457	9,815,225	6,273,850
	18,285,104	10,049,060	20,850,447	11,002,867

All property, plant and equipment and right-of-use assets of the Company are located in the Sultanate of Oman.

31 Fair valuation of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

All financial assets and liabilities have been accounted at amortised cost, except for investments in equity instruments designated at FVOCI and foreign investments in auto-callable notes measured at FVTPL.

The management has assessed that other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair valuation techniques

For financial reporting purposes, the Company has used the fair value hierarchy categorised in level 1, 2 and 3 based on the degree to which the inputs to the fair value measurement are observable and significance of the inputs to the fair value measurement in its entirety, and described as follows:

- Level 1-quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can assess at the measurement date.
- Level 2-inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices).
- Level 3-inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The valuation of each publicly traded investment is based upon the closing market price of that investment as at the valuation date, less a discount if the security is restricted. Valuation of each auto-callable multi- express certificates are based on the market value of underlying securities.

Details of financial instruments carried at fair value are as below:

Nature of financial instrument	**Carrying value**	**Level 1**	**Level 2**	**Level 3**
As at 31 December 2024				
Quoted foreign investments (in Iraqi Dinar)	1,122,866	1,122,866	-	-
Quoted foreign investments (in Singapore Dollars)	1,158,306	1,158,306	-	-

Nature of financial instrument	**Carrying value**	**Level 1**	**Level 2**	**Level 3**
As at 31 December 2023				
Quoted foreign investments (in Iraqi Dinar)	793,431	579,500	-	-
Quoted foreign investments (in Singapore Dollars)	1,239,041	1,095,273	-	-
Investment in auto-callable notes (in USD)	3,466,350	-	7,648,696	-

31 Fair valuation of financial instruments (continued)

Apart from the above financial instruments, other financial instruments have been carried at amortised cost. At the respective reporting dates, the fair value for these instruments approximate the amortised cost considered for financial reporting and disclosed in the respective notes to the financial statements.

32 Commitments and contingencies

a) Contingencies

	31 December 2024	31 December 2023
Outstanding bank guarantees	38,457	58,137
Outstanding letters of credit and acceptances	-	205,322

b) Capital commitments

As at 31 December 2024, outstanding purchase commitments for property, plant and equipment amounted to RO Nil (2023: RO Nil).

33 Financial assets and liabilities and risk management

(a) Financial assets and liabilities

Financial assets and liabilities carried on the statement of financial position include cash and bank balances, trade and other receivables, investments at fair value through other comprehensive income, investments at fair value through profit or loss, term loans, lease liabilities and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

(b) Risk management

Risk management is carried out by the Finance Department of the Company under the guidance of the senior management and Board of Directors. The senior management and Board of Directors provide significant guidance for overall risk management covering specific areas such as credit risk, interest rate risk, foreign exchange risk and investment of excess liquidity.

(c) Capital management

The primary objective of the management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value.

The Company manages its capital structure and make adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies and processes during the years ended 31 December 2024 and 31 December 2023.

The Company monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. The Company includes within net debt, term loans, lease liabilities less cash and bank balances. Capital includes share capital, reserves and retained earnings.

33 Financial assets and liabilities and risk management (continued)

(c) Capital management (continued)

	31 December 2024	31 December 2023
Lease liabilities	4,072,670	3,922,054
Term loan	-	2,650,079
Less: cash and bank balances	(712,961)	(804,029)
Net debt	3,359,709	5,768,104
Share capital	22,000,000	22,000,000
Legal reserve	7,333,333	7,333,333
Retained earnings	1,022,807	5,250,420
Equity investment reserve	(554,544)	(739,709)
Total capital	29,801,596	33,844,044
Total capital and net debt	33,161,305	39,612,148
Gearing ratio	10%	15%

In addition, the Company's activities expose it to a variety of financial risks: market risk (including currency rate risk, interest rate risk and price risk), credit risk and liquidity risk.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign exchange risk arising from various currency exposures. Significant portion of revenues and major operating costs are denominated in RO and indexed to the USD / RO exchange rates. The balance operating costs denominated in USD are covered by the fact that RO is pegged to the USD. As these currencies are pegged against the RO, the management does not believe that the Company is exposed to any material foreign exchange risk. The management closely monitors the movement and fluctuations in the currencies other than the USD.

Assuming that the exchange rate between RO and Singapore Dollars (SGD) and RO and Iraqi Dinar (IQD) would have changed by 5% and the Company’s investments in SGD and IQD move according to the historical correlation with the respective indices, the net profit and shareholders' equity would have changed by RO 114,059 (2023: RO 101,624).

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

33 Financial assets and liabilities and risk management (continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

The Company is exposed to interest rate risk on its interest-bearing assets and liabilities which include term loans and lease liabilities. The Company is also exposed to interest rate risk on its investment as well as the fair value of the investments will fluctuate as interest rates rise or fall. The management of the Company manages the interest rate risk by constantly monitoring the changes in interest rates and investing in financial instruments with comparatively shorter maturities.

If the interest rates would have been 50 basis points higher or lower with all other variables held constant, the Company's net profits and shareholders' equity would have increased or decreased by RO 20,363 (2023: RO 32,861).

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than that arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by the factors affecting all similar financial instruments traded in the market.

The investments are subject to market price risk arising from uncertainties about future prices of equities. At the end of the reporting period, the investments in equity instruments as designated at fair value through other comprehensive income are publicly traded in foreign stock exchanges.

Assuming that the relevant stock index would have changed by 5% and the Company's investments move accordingly with the historical correlation with the respective indices, the shareholders' equity would have changed by RO 114,059 (2023: RO 101,624).

(e) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company. The maximum exposure to credit risk at the reporting date mainly relates to trade receivables and balances with banks.

For trade receivables, the significant concentration of credit risk is provided in Note 10 to the financial statements. The Company has a credit policy in place and exposure to credit risk is monitored on an on-going basis. Credit evaluations are generally performed on all customers requiring credit over a certain amount. The carrying value of trade receivables approximates their fair value due to the short-term nature of those receivables.

Credit risk also arises from debt securities held and balances maintained with financial institutions and brokerage entities. The management moderates the credit risk through a careful selection of securities and other counterparties. In addition, all the bank accounts are held with high-credit, quality financial institutions.

The Company is potentially exposed to credit risk principally on its trade receivables and bank balances. The bank balances are held with national banks with good credit ratings. The credit risk on trade receivables is subject to credit evaluations and provision is made for estimated irrecoverable amounts. The Company is not exposed to any significant concentration of credit risk due to its large number of customers.

33 Financial assets and liabilities and risk management (continued)

(f) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset.

The Company manages liquidity risk by monitoring cash flows and ensuring that adequate funds are available to meet its obligations as they fall due. Most of the financial liabilities are generally payable within 6 months from the end of the reporting period.

The maturity profile of financial liabilities as at 31 December 2024 and 31 December 2023 is as follows:

Liabilities as at 31 December 2024	Carrying amount	Contractual cash flows	Less than a year	More than 1 year
Lease liabilities	4,072,670	8,037,579	236,566	7,801,013
Trade and other payables	5,993,128	5,993,128	3,881,491	2,111,637
	10,065,798	14,030,707	4,118,057	9,912,650

Liabilities as at 31 December 2023	Carrying amount	Contractual cash flows	Less than a year	More than 1 year
Term loan	2,650,079	2,650,079	1,031,123	1,618,956
Lease liabilities	3,922,054	8,005,054	209,622	7,795,432
Trade and other payables	3,310,861	3,310,861	3,310,861	-
	9,882,994	13,965,994	4,551,606	9,414,388

34 Subsequent events

There were no events occurring subsequent to 31 December 2024 and before the date of the approval that are expected to have a significant impact on these financial statements.

35 Dividend proposed and paid

The Board of Directors in its meeting held on 18 February 2025 proposed a cash dividend of 4% (RO 0.004 per share) amounting to RO 880,000, which is subject to the shareholders' approval at the forthcoming Annual General Meeting.

For the year 2023, cash dividend of 20% (RO 0.020 per share) amounting to RO 4,400,000 was approved by the shareholders at the Annual General Meeting held on 26 March 2024 and paid to the shareholders.

36 Comparative figures

Certain comparative figures of the previous year have been either regrouped or reclassified, wherever necessary, in order to conform with the presentation adopted in the current years' financial statements. Such regroupings or reclassifications did not affect previously reported net profit or shareholders' equity.

37 Notes supporting the statement of cash flows

Transactions from financing activities shown in the reconciliation of liabilities from financing transactions is as follows:

Year ended 31 December 2024	1 January 2024	Net cash outflows	Non-cash changes	31 December 2024
Particulars				
Term loan	2,650,079	(2,650,079)	-	-
Lease liabilities	3,922,054	(188,034)	338,650	4,072,670

Year ended 31 December 2023	1 January 2023	Net cash outflows	Non-cash changes	31 December 2023
Particulars				
Term loan	4,123,421	(1,473,342)	-	2,650,079
Lease liabilities	3,876,694	(209,622)	254,982	3,922,054