

1 Legal Status and principal activities

Galfar Engineering and Contracting SAOG (the “Parent Company”) is a Public joint stock company registered under the Commercial Companies Law of the Sultanate of Oman, 2019 and listed on Muscat Securities Market.

The principal activities of Galfar Engineering and Contracting SAOG and its subsidiaries (the “Group”) are road, bridge and airport construction, oil and gas including EPC works, civil and mechanical construction, public health engineering, electrical, HVAC, ready-mix concrete production and sale, plumbing and maintenance contracts.

2 Summary of material accounting policies

2.1 Basis of preparation and presentation

These consolidated financial statements comprise the Parent Company and its subsidiaries (together referred to as “the Group”). The separate financial statements represent the financial statements of the Parent Company on a standalone basis. The consolidated and separate financial statements are collectively referred to as “the financial statements”.

Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and applicable requirements of the Commercial Companies Law of 2019 and the Financial Services Authority (FSA).

These financial statements have been presented in Rial Omani which is the functional and presentation currency for the Parent Company and the presentation currency of the group. Values are rounded to nearest thousand (﷮’000s) except when otherwise indicated.

Historical cost convention

These financial statements have been prepared on a historical cost basis except where otherwise described in the accounting policies.

2.2 New and amended standards and interpretations

The Parent Company and the Group have applied the following amendments for the first time for their annual reporting period commencing 1 January 2026:

- Amendments to IAS 21 – Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025)

The amendment listed above did not have any material impact on the amounts recognised in the current and prior periods. The Parent Company and the Group are currently assessing the impact on the future periods.

2.3 New standards and interpretations not yet adopted

The following standards, amendments and interpretations to existing standards have been published and are not mandatory for the 31 March 2026 reporting periods and have not been early adopted. The Parent Company and the Group is currently assessing the impact of these standards, amendments or interpretations on the future periods.

- IFRS 19, ‘Subsidiaries without Public Accountability’ – Disclosures (effective for annual periods beginning on or after 1 January 2027);
- IFRS 18, ‘Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027);

2 Summary of material accounting policies (continued)

2.4 Going concern

As at 31 March 2026, the Parent Company and the Group had a positive net equity of ~~₹~~ 30.9 million and ~~₹~~ 26.2 million respectively (2025: ~~₹~~ 29.6 million and ~~₹~~ 24.7 million respectively). The Parent Company and the Group had a net current liability position of ~~₹~~ 12 million and ~~₹~~ 19.7 million respectively (2025: net current liability position of ~~₹~~ 12.3 million at the Parent Company level and net current liability position of ~~₹~~ 20.3 million at the Group level). Furthermore, the Parent Company had accumulated profit of ~~₹~~ 0.5 million and Group had accumulated losses of ~~₹~~ 5.3 million respectively (2025: ~~₹~~ 0.8 million and ~~₹~~ 6.7million respectively).

The Board of Directors have carried out their assessment of the going concern assumption and believe that the Parent Company and the Group has access to sufficient financial resources to continue to meet its financial commitments for the foreseeable future as they become due. The Board of Directors believe that the Parent Company and the Group will achieve its objectives in the short, medium, and long term and continue as a going concern for at least 12 months from the signing of the financial statements. Accordingly, these financial statements have been prepared on a going concern basis.

The Board of Directors have taken into account various factors to form a conclusion that the use of going concern assumption is appropriate for the financial statements. These include:

- During the year 2026, the Parent Company expects realisation of old receivables and estimates that there is sufficient cash flow to continue the business without any disruption;
- The Parent Company has never defaulted in servicing its lenders and the Group is committed to meeting all the loan repayment obligations as they fall due. The Parent Company has also obtained waiver letters from banks whenever they have not been able to comply with a covenant and are currently in discussions with the banks to align the covenants to their future forecasts. for further details. The Parent Company continues to have multiple avenues for raising both short term and long-term financing. Further, the Parent Company regularly pays its employees and creditors;
- The Parent Company and the Group continue to build on its market position as one of the Oman's largest construction entities and have a strong order book of ~~₹~~ 702 million (Dec 2025: ~~₹~~ 745 million);
- The Group Management have taken necessary measures to strengthen the financial position of the Group and also to improve the Group's profitability in coming years. In addition to the initiatives set out above, the Directors/management continue to look at various sources of funding support and other long-term investment options to provide the working capital required for the business. Non-essential capital expenditure has been frozen and initiatives to reduce corporate overheads and improve cost control have been launched; and

2 Summary of material accounting policies (continued)**2.5 Consolidation***(a) Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

Inter-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The financial statements of the subsidiaries are incorporated into the consolidated financial statements of the Parent Company. Investments in subsidiaries are stated at cost less any impairment in the Parent Company's financial statements.

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2 Summary of material accounting policies (continued)

2.5 Consolidation (continued)

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group and Parent Company's investments in its associates are accounted for under the equity method of accounting. However, in the Parent Company's standalone financial statements, the investment in an associate is carried at cost less impairment.

Under equity method of accounting, the Group's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

(d) Joint Operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

2.6 Property, plant and equipment

All items of property, plant and equipment held for the use of Group's activities are recorded at cost less accumulated depreciation and any identified impairment. The cost of property, plant and equipment is the purchase price together with any incidental expenses. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation. Likewise, when a major inspection is performed; its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred.

Depreciation is charged so as to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method, on the following bases:

Buildings and camps	4 - 30 years
Plant and machinery	7 - 10 years
Motor vehicles and equipment	7 - 10 years
Furniture and equipment	6 years
Project equipment and tools	6 years

The lands are not depreciated as they have an indefinite useful life.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end. Where the carrying value of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in the statement of comprehensive income when the asset is derecognised.

2 Summary of material accounting policies (continued)

2.7 Capital work-in-progress

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

2.8 Intangible assets

Computer software costs (including under development) that are directly associated with identifiable and unique software products and have probable economic benefits exceeding the costs beyond one year are recognised as an intangible asset. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads. Computer software costs recognised as an intangible asset are amortised using the straight-line method over the estimated useful life of five years.

The amortisation period and amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of comprehensive income when the asset is derecognized

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase price and all direct costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution. Provision is made where necessary for obsolete, slow moving and defective items.

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation annually or are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the asset's value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that in the past been impaired are reviewed for possible reversal of the impairment at each reporting date.

At the time of assessing the impairment on its investments in associates, the Group determines, after application of the equity method, whether it is necessary to recognise an additional impairment loss of the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in associates is impaired. If this is the case the Group calculates the amount of impairment as being the difference between the fair value of the associate and the acquisition cost and recognises the amount in the statement of comprehensive income.

Investments in subsidiaries are stated at cost less any impairment in the Parent Company's standalone financial statements.

2 Summary of material accounting policies (continued)

2.11 Financial instruments

(a) Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

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

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

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

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

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

(iii) Measurement

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

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

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

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

2 Summary of material accounting policies (continued)

2.11 Financial instruments (continued)

(a) Financial assets (continued)

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets

IFRS 9 requires the Group to record an allowance for ECLs for all debt financial assets not designated at FVTPL and FVOCI (equity instruments). To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics. The contract assets related to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical default rates, adjusted for current and forward- looking factors specific to the debtors and the economic environment.

The credit risk on a financial instrument is considered low, if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

An external rating of 'investment grade' is an example of a financial instrument that may be considered as having low credit risk. They should, however, be considered to have low credit risk from a market participant perspective taking into account all of the terms and conditions of the financial instrument.

Exposure due to deposits at banks (whether rated or not) are also considered very low on default probability. However, the appropriate default probability adjustments are made to reflect industry standard practices along with pragmatism. The rating of the respective banks and the corresponding probability of default is considered for computation of expected credit losses.

2 Summary of material accounting policies (continued)

2.11 Financial instruments (continued)

(a) Financial assets (continued)

(iii) Measurement (continued)

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit- impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit- impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 365 days or more;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, due to related parties, loans and borrowings including bank overdrafts and short- term borrowings.

The measurement of financial liabilities depends on their classification, as described below:

Term Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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.

The EIR amortisation is included as finance costs in profit or loss. This category generally applies to interest-bearing loans and borrowings.

Trade and other payables and due to related parties

Trade and other payables and due to related parties are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables and due to related parties are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Derecognition

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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in statement of comprehensive income.

2 Summary of material accounting policies (continued)

2.12 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.13 Cash and cash equivalents

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the Statement of cash flows, the Group considers cash in hand, bank balances, bank overdraft and short-term deposits with a maturity of less than three months from the financial reporting date as cash and cash equivalents. The Group included its bank overdrafts as part of cash and cash equivalents. This is because these bank overdrafts are repayable on demand and form an integral part of the Group's cash management. Bank overdrafts are presented under liabilities in the statement of financial position.

2.14 Leases

The Group 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.

(a) *Group as a lessee*

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

(i) Right-of-use assets

The Group recognises the 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 are measured at cost, less accumulated depreciation and impairment losses, if any, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes 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.

(ii) Lease liabilities

At the commencement date of the lease, the Group 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 Group and payments of penalties for terminating a lease, if the lease term reflects the Group 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 in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group 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 liabilities are 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.

(iii) Short-term leases and leases of low-value assets

The Group 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.

2 Summary of material accounting policies (continued)

2.14 Leases (continued)

(b) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

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. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation and the risks specific to the obligation.

2.16 Foreign currency translation

The financial statements are presented in Rial Omani, which is also the functional currency of the Parent Company.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date, the assets and liabilities of Group entities are translated into the functional currency of the Group financial statements (the Rial Omani) at the rate of exchange ruling at the reporting date and its statements of comprehensive income is translated at the average exchange rates for the year. Exchange differences arising on equity accounting of foreign subsidiary are taken directly to the foreign currency translation reserve. Foreign currency translation reserve is recognised in equity under cumulative changes in fair value.

On disposal of the foreign operations, such exchange differences are recognised in the statement of comprehensive income as part of the profit or loss on sale. A write down of the carrying amount of a foreign operation does not constitute a disposal.

2 Summary of material accounting policies (continued)**2.17 Provision for employees' end of service benefits**

Payment is made to Omani Government Social Security scheme under having regard to the requirements of the Royal Decree No. 53/2023 and the Royal Decree No. 52/2023

The group contributes to the Fund for all Omani employees. The Fund, which is a defined contributions retirement plan, is administered by the Government of Oman. The Group and Omani employees are required to make monthly contributions to the Fund at the prescribed rates of gross salaries.

End of service benefits are accrued in accordance with the terms of employment of the Group's employees at the reporting date, having regard to the requirements of the Oman Labour Law 2023 and in accordance with IAS 19 "Employee Benefits". Employee entitlements to annual leave are recognised when they accrue to employees and an accrual is made for the estimated liability for annual leave as a result of services up to the reporting date. The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefits is disclosed as a non-current liability.

2.18 Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Parent Company's shareholders.

2.19 Taxation

Taxation is provided based on relevant tax laws of the respective countries in which the Group operates. 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 previous years.

Deferred tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

2.20 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, customer returns and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

2 Summary of material accounting policies (continued)

2.20 Revenue from contracts with customers (continued)

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

- (1) Identify the contracts with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- (2) Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- (3) Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- (4) Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- (5) Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

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

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

For performance obligations where none of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied. The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has concluded that for majority of its arrangements, it is either creating or enhancing an asset controlled by the customer or it is creating an asset with no alternative use and has an enforceable right to payment for work completed. Therefore, it meets the criteria to recognise revenue overtime and measure progress of its projects through the cost to complete method (input method) as it best depicts the transfer of control of products and services under each performance obligation.

For contracts where the predefined service rendered to the clients results in a steady flow of consistent fixed revenue periodically, the revenue is recognized based on the measured Value of Work Done (Output Method) and for the contracts where the predefined service with fixed agreed rates exists and where variable service rendered to the clients are based on individual orders with agreed rates, revenue is also measured based on the measured Value of Work Done (Output Method).

In addition, the Group uses the input method in accounting for its construction contracts. For computing input method revenue at each reporting date, the Group is required to estimate the stage of completion and costs to complete on its construction contracts. This requires the Group to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. These estimates also include the cost of potential claims by subcontractors and the cost of meeting other contractual obligations to the customers.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

2 Summary of material accounting policies (continued)**2.20 Revenue from contracts with customers (continued)**

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

Claims are accounted for as variable consideration. They are included in contract revenue using the expected value or most likely amount approach (whichever is more predictive of the amount the entity expects to be entitled to receive) and it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the claim is subsequently resolved. A loss is recognised in the statement of comprehensive income when the expected contract costs exceed the total anticipated contract revenue.

The Group combines two or more contracts entered into at or near the same time with the same customer and accounts for the contracts as a single contract if one or more of the following criteria are:

- The two or more contracts entered into at or near the same time with the same customer are negotiated as a package, with a single commercial objective;
- The amount of consideration to be paid in one contract depends on the price or performance of the other contract; or
- The goods or services promised in the contracts (or some goods or services promised in each of the contracts) are a single performance obligation.

If the above criteria are met, the arrangements are combined and accounted for as a single arrangement for revenue recognition.

Pre-contract cost of obtaining a contract with a customer is recognised as an asset if those costs are expected to be recovered.

Revenue is recognised in the statement of comprehensive income to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and the revenue and costs, if applicable, can be measured reliably.

Financing component

In determining the transaction price, the Company adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract provides the customer with a significant benefit of financing the transfer of goods or services to the customer.

The Company evaluates the contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. The Contracts where the payment is received more than one year from the between the transfer of the promised goods or services to the customer is adjusted for financing component. Finance income/ finance expense from deferred payments/advance payments are presented separately from contract revenue in the statement of comprehensive income.

2.21 Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate (EIR) applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2.22 Dividend income

Dividend income from investments is recognised when the rights to receive payment has been established.

2 Summary of material accounting policies (continued)

2.23 Contract costs

Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise: site labour costs (including site supervision); costs of materials used in construction; depreciation of equipment used on the contract; costs of design, and technical assistance that is directly related to the contract.

The Group's contracts are typically negotiated for the construction of a single asset or a group of assets which are closely interrelated or interdependent in terms of their design, technology and function. In certain circumstances, the percentage of completion method is applied to the separately identifiable components of a single contract or to a group of contracts together in order to reflect the substance of a contract or a group of contracts.

Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract cost exceeds total contract revenue the expected loss is recognised as expense immediately.

2.24 Contract work in progress

Work in progress on long term contracts is calculated at cost plus attributable profit, to the extent that this is reasonably certain after making provision for contingencies, less any losses foreseen in bringing contracts to completion and less amounts received and receivable as progress payments. In addition, work in progress represent the Group's right to consideration for services provided to the customers for which the Group's right remains conditional on something other than the passage of time. These are disclosed as 'Due from customers on contracts'. Cost for this purpose includes direct labour, direct expenses and an appropriate allocation of overheads.

For any contracts where receipts plus receivables exceed the book value of work done, the excess is included as 'Due to customers on contracts' in accounts payable and accruals. For impairment on contract work in progress, refer note 3(b).

2.25 Directors' remuneration

The Parent Company follows the Commercial Companies Law, 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 comprehensive income in the succeeding year to which they relate.

2.26 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

2.27 Operating segments

Group Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors ('Board') that makes strategic decisions.

2.28 Earnings and net assets per share

Basic EPS amounts are calculated by dividing the profit / (loss) for the year attributable to the equity shareholders of the Parent Company by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Net assets per share is calculated by dividing the net assets attributable to ordinary shareholders of the Group by the number of ordinary shares outstanding at reporting date. Net assets for the purpose are defined as total equity.

2 Summary of material accounting policies (continued)**2.29 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re- assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques include discounted cash flow analysis or other valuation models.

The fair value of unquoted derivatives is determined by reference to the counter party's valuation at the year end.

3 Financial risk management

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

3 Financial risk management (continued)

(a) 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 prices comprise three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments at fair value through comprehensive income.

(i) Foreign currency risk

Foreign 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 management has set up a policy to require the Group to manage its foreign exchange risk against their functional currency. The Group operates in international markets and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and all GCC currencies. As the exchange rate of the Rial Omani is pegged against the USD dollar and other GCC currencies, the Group is not subject to any significant currency risk.

(ii) Interest rate risk

Interest rate risk arises from the possibility of changes in interest rates and mismatches or gaps in the amount of assets and liabilities that mature or are re-priced in a given period.

The Parent Company and the Group have bank facilities which are interest bearing and exposed to changes in market interest rates. The Parent Company and the Group borrows from commercial banks at commercial rates of interest. The interest rates are reset annually based on the rates prevailing at the time of renewal; however, the rates once set are usually fixed for the entire year for that specific tranche renewed. These interest rates are however exposed to changes in market rates.

Loans advanced at variable rates expose the Parent Company and the Group to cash flow interest rate risk; whereas, the loans advanced at a fixed rate expose the Parent Company and the Group to fair value interest rate risk. The Group analyses its interest rate exposure on a regular basis and reassesses the source of borrowings and renegotiates interest rates at terms favourable to the Group.

The Group has long term loan from a commercial bank at fixed rate of interest and hence does not have interest risk exposure; however, the interest rate approximates market rate and hence there is no material exposure to changes in fair value.

The short-term borrowing interest rates with banks are subject to change upon re-negotiation of the facilities which takes place on an annual basis in the case of overdrafts and at more frequent intervals in the case of short-term loans. The Group does not account for any fixed rate financial instruments at fair value through profit or loss and therefore a change in interest rate at the reporting date would not affect profit or loss.

(iii) Equity price risk

The Group does not hold any quoted investment.

(b) Credit risk

Credit risk primarily arises from credit exposures to customers, including outstanding receivables and committed transactions. The Group has a credit policy in place 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 Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

3 Financial risk management (continued)

(b) Credit risk (continued)

Impairment of financial assets

The Group has the following types of financial assets that are subject to the expected credit loss model:

- cash and cash equivalents
- deposits with banks
- contract work in progress
- contract and trade receivables
- other current assets (excluding advances and prepayments)
- retention receivables

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Parent Company		Consolidated	
	Mar, 2026 ₹'000	Dec, 2025 ₹'000	Mar, 2026 ₹'000	Dec, 2025 ₹'000
Contract work in progress, contract and trade receivables	182,757	166,826	190,076	174,085
Retentions receivables	29,705	31,390	31,459	33,088
Other current assets (excluding advances and prepayments)	11,375	15,480	5,808	9,418
Deposits with banks	6,422	6,422	6,422	6,422
Cash and cash equivalents	11,179	7,888	11,752	8,548
	241,438	228,006	245,517	231,561

The rest of the items of 'cash and cash equivalents' in the statement of financial position represent cash in hand.

Cash and cash equivalents and deposits with banks are subject to the impairment requirements of IFRS 9.

Contract work in progress, contract, trade receivables and retention receivables:

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all contract receivables except for other receivables and retention receivable from construction business for which Group applies general 3-stage impairment model.

Simplified approach

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period ranging from 2 to 5 years before 31 March 2026 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP, inflation rates and average consumer prices of the Sultanate of Oman in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

3 Financial risk management (continued)

(b) Credit risk (continued)

(i) Exposure to credit risk (continued)

The exposure to credit risk for contract billed receivables, trade receivables and work in progress at the reporting date by type of customer was:

	Parent Company		Consolidated	
	Mar, 2026 ₹'000	Dec, 2025 ₹'000	Mar, 2026 ₹'000	Dec, 2025 ₹'000
Government customers	85,672	77,448	85,672	77,448
Petroleum Development Oman	24,929	27,915	24,929	27,915
Other private customers	72,156	61,463	79,475	68,722
	182,757	166,826	190,076	174,085

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group'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 Group's reputation.

In accordance with prudent liquidity risk management, the Group aims to maintain sufficient cash and an adequate amount of committed credit facilities. Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash outflows.

Capital risk management

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors the 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 including non-controlling interest is calculated as "Total equity" as shown in the statement of financial position plus net debt.

The gearing ratios at 31 March 2026 and 31 December 2025 were as follows:
:

	Parent Company		Consolidated	
	Mar, 2026 ₹'000	Dec, 2025 ₹'000	Mar, 2026 ₹'000	Dec, 2025 ₹'000
Total borrowings (Including lease liabilities)	103,671	93,781	110,118	99,561
Less: cash and cash equivalents	(11,171)	(7,879)	(11,744)	(8,539)
Net debt	92,500	85,902	98,374	91,022
Total equity	30,922	29,580	26,250	24,697
Total capital employed	123,422	115,482	124,624	115,719
Gearing ratio	75%	74%	79%	79%

4 Critical accounting estimates and judgments

The preparation of these financial statements requires the Directors to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Parent Company and the Group's accounting policies, the Directors have made various judgements. Those which the Directors have assessed to have the most significant effect on the amounts recognised in the financial statements have been discussed in the individual notes of the related financial statement line items.

The key assumptions concerning the future and other key sources of estimation of uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Revenue recognition

The revenue recognition of the Group in line with IFRS 15 requirements. It uses the input method in accounting for its construction contracts. At each reporting date, the Group is required to estimate the stage of completion and costs to complete on its construction contracts. This requires the Group to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. These estimates also include the cost of potential claims by subcontractors and the cost of meeting other contractual obligations to the customers.

Effects of any revision to these estimates are reflected in the period in which the estimates are revised. When the expected contract costs exceeds the total anticipated contract revenue, the total expected loss is recognised immediately, as soon as foreseen, whether or not work has commenced on these contracts. The Group uses its commercial and planning team to estimate the costs to complete of construction contracts. Factors such as delays in expected completion date, changes in the scope of work, changes in material prices, labour costs and other costs are included in the construction cost estimates based on best estimates updated on a regular basis.

The Group includes variable consideration (including claims, re-measurable contract values and) in the transaction price to which it expects to be entitled from the inception of the contract. The amount of variable consideration will have to be restricted to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(b) Impairment of financial assets

For calculation of loss allowance on financial assets the management uses estimates such as flow rates, forward looking factors, probability of default rates, loss given default, etc. Refer to note 3 (b) for Group's impairment policies.

Other estimates that involve uncertainties and judgments which have significant effect on the financial statements include whether any liquidated damages will apply when there has been a delay in completion of contracts.

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis.

(c) Claims & Variation

The claims raised by the Group against the customers are mainly in relation to variations from the originally agreed contract scope, changes in costs incurred due to the effects of royal decrees issued after the commencement of contracts and additional costs incurred due to extension of the project completion time. Claims are determined mostly based on evaluation by third party consultants appointed by the Group and the Group's internal experts. The determination of claims to be recovered requires the use of estimates based on the evaluation performed by third party consultants and stage of negotiations of these claims with customers. The amount of claims which will be accepted by the customers after negotiations may be different from the amount claims recognized in the financial statements. As per management's estimate amount of claims to be recovered from customers will not be less than the amount recognized in these financial statements.

4 Critical accounting estimates and judgments (continued)

(d) Impairment of inventories

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value through physical verification of inventories carried out annually. As majority of the inventories are at ongoing project sites these are considered as usable in nature by management as these are closely monitored by the respective project teams. Dedicated project teams also monitor surplus inventories on closed/completed jobs for assessing their usability to consider necessary provisions. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence. Management believes that provision of ~~₹~~ 407 (2025: ~~₹~~ 407) thousand for the Parent and ~~₹~~ 596 (2025: ~~₹~~ 596) thousand for the Group is adequate.

(e) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. The calculation of useful lives is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates (refer Note 2.6).

(f) Impairment of investments in subsidiaries and associates

The Parent Company and the Group reviews its investments in an associate and subsidiaries periodically and evaluates for objective evidence of impairment. Objective evidence includes the performance of an associate and subsidiaries, significant decline in carrying value below its costs, the future business model, local economic conditions and other relevant factors. Based on objective evidences, the Parent Company determines the need for impairment loss on investment in an associate and subsidiaries (refer Notes 14 and 15).

(g) Taxes

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 existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments of respective Group companies. 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 (refer Note 34).

(h) Leases – Group as a lessee

Significant judgement in determining the lease term of contracts with renewal and termination options. The Group determines the lease term as the 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 Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement 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 Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or to terminate (e.g., a change in business strategy, construction of significant leasehold improvements or significant customization to the leased asset).

4 Critical accounting estimates and judgments (continued)

(h) Leases – Group as a lessee (continued)

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the fund necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit ratings).

The Parent Company and its subsidiaries, in common with the significant majority of contractors, are subject to litigation in the normal course of business. The Parent Company and its subsidiaries, based on independent legal advice, do not believe that the outcome of these court cases will have a material impact on the Group’s income or financial position.

Judgements:

(i) Classification of joint arrangements

The joint venture agreements in relation to the NNGT agreement requires unanimous consent from all parties for all relevant activities. The JV partners have direct rights to the assets, and they are jointly and severally liable for the liabilities incurred by the partnership. This entity is therefore classified as a joint operation, and the group recognises its direct right to the jointly held assets, liabilities, revenues and expenses as described in note 16.

5 Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers:

The group derives revenue from the transfer of goods and services over time and at a point in time. Geographically, almost all the revenue is derived from the same local market in the Sultanate of Oman and Abu Dhabi.

Parent Company

	Mar, 2026 ₹'000	Mar, 2025 ₹'000
Timing of revenue recognition:		
Contract revenue - Over time	66,556	58,416
Sales and services - At a point in time	142	1,579
	<u>66,668</u>	<u>59,995</u>

Consolidated

	Mar, 2026 ₹'000	Mar, 2025 ₹'000
Timing of revenue recognition:		
Contract revenue - Over time	66,745	58,495
Sales and services - At a point in time	3,967	4,616
	<u>70,712</u>	<u>63,111</u>

(b) Assets and liabilities related to contracts with customers

The Parent Company and the Group have recognized the following assets and liabilities related to contracts with customers:

	Parent Company		Consolidated	
	Mar, 2026 ₹'000	Dec, 2025 ₹'000	Mar, 2026 ₹'000	Dec, 2025 ₹'000
Contract billed receivables (Note 19)	91,007	89,445	91,685	90,272
Contract work-in-progress (Note 18)	91,082	77,000	91,436	77,354
Allowance for expected credit losses (Note 18 & 19)	(9,971)	(9,524)	(11,830)	(11,383)
Total	<u>172,118</u>	<u>156,921</u>	<u>171,291</u>	<u>156,243</u>

	Parent Company		Consolidated	
	Mar, 2026 ₹'000	Dec, 2025 ₹'000	Mar, 2026 ₹'000	Dec, 2025 ₹'000
Contract liabilities relating to project revenue (unearned advance) (Note 31)	57,421	61,635	57,421	61,635

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on construction projects.

The contract liabilities primarily relate to the advance consideration received from customers for the construction projects.

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION, 31-MAR-2026

6 Other income

	Parent Company		Consolidated	
	Mar, 2026 ₹'000	Mar, 2025 ₹'000	Mar, 2026 ₹'000	Mar, 2025 ₹'000
Gain on disposal of property, plant and equipment	228	333	231	380
Miscellaneous income	149	184	393	298
Profit/(Loss) on foreign exchange		10	(9)	10
	<u>377</u>	<u>527</u>	<u>615</u>	<u>688</u>

7 Cost of contracts and services

	Parent Company		Consolidated	
	Mar, 2026 ₹'000	Mar, 2025 ₹'000	Mar, 2026 ₹'000	Mar, 2025 ₹'000
Manpower costs (Note 9)	23,632	21,898	23,295	21,773
Sub-contracting costs	13,719	15,330	13,185	14,993
Materials	11,874	10,736	14,551	12,565
Fuel expenses	3,677	3,296	3,995	3,493
Depreciation on property, plant and equipment (Note 11)	2,529	2,020	2,922	2,356
Plant and equipment repair and maintenance expenses	1,294	1,233	1,601	1,618
Plant and equipment hiring costs	1,701	561	1,720	704
Depreciation on right-of-use assets (Note 13)	1,002	199	1,002	199
Training expenses	230	282	230	282
General and administrative expenses (Note 8)	2,499	3,311	2,968	3,552
	<u>62,157</u>	<u>58,866</u>	<u>65,469</u>	<u>61,536</u>

8 General and administrative expenses

	Parent Company		Consolidated	
	Mar, 2026 ₹'000	Mar, 2025 ₹'000	Mar, 2026 ₹'000	Mar, 2025 ₹'000
Manpower costs (Note 9)	1,153	1,164	1,830	1,684
Electricity and water charges	675	706	737	745
Professional, legal and other fees	631	454	663	468
Bank guarantee and other charges	509	497	524	504
Insurance charges	515	453	533	465
Sub-contract expenses	195	179	195	179
Rent	70	128	80	129
Communication expenses	86	93	91	98
Depreciation and amortization expenses (Notes 11,12&13)	88	284	141	333
Repairs and maintenance - others	25	77	40	79
Traveling expenses	65	24	68	24
Printing and stationery expenses	20	29	23	31
Tender fees	13	18	13	18
Directors' sitting fee (Note 37)	11	13	11	13
Business promotion expenses	15	22	15	22
Corporate social responsibility expenses	23	3	23	3
Other general expenditure	176	98	243	128
	<u>4,270</u>	<u>4,242</u>	<u>5,230</u>	<u>4,923</u>
Less: Pertaining to cost of contracts and services (Note 7)	(2,499)	(3,311)	(2,968)	(3,552)
	<u>1,771</u>	<u>931</u>	<u>2,262</u>	<u>1,371</u>

9 Manpower costs

	Parent Company		Consolidated	
	Mar, 2026 ₹'000	Mar, 2025 ₹'000	Mar, 2026 ₹'000	Mar, 2025 ₹'000
Salary and wages	21,427	19,706	21,723	20,013
Camp and catering expenses	2,277	2,853	2,277	2,853
Employees' end of service benefits (Note 32)	399	350	443	377
Hired salary and wages	399	128	399	128
Other expenses	231	21	231	82
Staff incentives	52	4	52	4
	24,785	23,062	25,125	23,457
Less: Pertaining to cost of contracts and services (Note 7)	23,632	21,898	23,295	21,773
Pertaining to general and administration expenses (Note 8)	1,153	1,164	1,830	1,684

10 Finance costs

	Parent Company		Consolidated	
	Mar, 2026 ₹'000	Mar, 2025 ₹'000	Mar, 2026 ₹'000	Mar, 2025 ₹'000
Interest expense on borrowings	1,257	1,316	1,379	1,426
Interest on lease liabilities	165	16	179	28
	1,422	1,332	1,558	1,454

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11 Property, plant and equipment - Parent Company

Particulars	Lands ₹'000	Buildings & camps ₹'000	Plant & machinery ₹'000	Motor vehicles & equipment ₹'000	Furniture & equipment ₹'000	Project equipment & tools ₹'000	Capital work in - progress ₹'000	Total ₹'000
Cost								
1 January 2026	1,278	41,619	103,209	53,961	12,244	18,220	5,986	236,517
Additions during the year	-	47	881	48	97	102	638	1,813
Disposal during the year	-	(5)	(957)	(418)	(14)	-	-	(1,394)
Transfers	-	2,995	16	119	44	3	(3,177)	-
As at 31 March 2026	1,278	44,656	103,149	53,710	12,371	18,325	3,447	236,936
Depreciation								
1 January 2026	-	31,561	75,869	36,592	10,070	16,523	-	170,615
Charge for the year	-	609	1,012	664	172	147	-	2,604
Related to disposal	-	(6)	(957)	(417)	(13)	0	-	(1,393)
As at 31 March 2026	-	32,164	75,924	36,839	10,229	16,670	-	171,826
Net book value								
As at 31 Mar 2026	1,278	12,492	27,225	16,871	2,142	1,655	3,447	65,110
Particulars	Lands ₹'000	Buildings & camps ₹'000	Plant & machinery ₹'000	Motor vehicles & equipment ₹'000	Furniture & equipment ₹'000	Project equipment & tools ₹'000	Capital work in - progress ₹'000	Total ₹'000
Cost								
1 January 2025	1278	42,907	96,667	51,276	11,439	17,953	4,200	225,720
Additions during the year	-	912	12,579	6,538	814	274	2,183	23,300
Disposal during the year	-	(2,370)	(6,069)	(3,853)	(187)	(24)	-	(12,503)
Transfers	-	170	32	-	178	17	(397)	-
As at 31 December 2025	1,278	41,619	103,209	53,961	12,244	18,220	5,986	236,517
Depreciation								
1 January 2025	-	31,872	78,072	37,435	9,757	15,980	-	173,116
Charge for the year	-	2,060	3,857	2,997	494	566	-	9,974
Related to disposal	-	(2,371)	(6,060)	(3,840)	(181)	(23)	-	(12,475)
As at 31 December 2025	-	31,561	75,869	36,592	10,070	16,523	-	170,615
Net book value								
at 31 December 2025	1,278	10,058	27,340	17,369	2,174	1,697	5,986	65,902

11 Property, plant and equipment - Consolidated

Description	Lands ₹'000	Buildings & camps ₹'000	Plant & machinery ₹'000	Motor vehicles & equipment ₹'000	Furniture & equipment ₹'000	Project equipment & tools ₹'000	Capital work in – progress* ₹'000	Total ₹'000
Cost								
1 January 2026	1,557	41,839	115,956	63,895	12,708	18,259	5,986	260,200
Additions during the year	-	58	1,000	307	107	102	643	2,217
Disposal during the year	-	(5)	(963)	(417)	(15)	-	-	(14,00)
Transfers	-	2,995	16	119	44	3	(3,177)	-
As at 31 March 2026	1,557	44,887	116,009	63,904	12,844	18,364	3,452	261,017
Depreciation								
1 January 2026	-	31,703	85,316	40,061	10,481	16,561	-	184,122
Charge for the year	-	614	1,187	882	179	147	-	3,009
Related to disposal	-	(6)	(961)	(417)	(13)	-	-	(1,397)
As at 31 Mar 2026	-	32,311	85,542	40,526	10,647	16,708	-	185,734
Net book value								
As at 31 Mar 2026	1,557	12,576	30,467	23,378	2,197	1,656	3,452	75,283

Description	Lands ₹'000	Buildings & camps ₹'000	Plant & machinery ₹'000	Motor vehicles & equipment ₹'000	Furniture & equipment ₹'000	Project equipment & tools ₹'000	Capital work in - progress ₹'000	Total ₹'000
Cost								
1 January 2025 (restated)	1,557	43,098	109,760	58,268	11,868	17,992	4,200	246,743
Additions during the year	-	940	14,052	9,266	846	274	2,183	27,561
Disposal during the year	-	(2,369)	(7,888)	(3,639)	(184)	(24)	-	(14,104)
Transfers	-	170	32	-	178	17	(397)	-
As at 31 December 2025	1,557	41,839	115,956	63,895	12,708	18,259	5,986	260,200
Depreciation								
1 January 2025 (restated)	-	32,005	88,187	40,441	10,127	16,017	-	186,777
Charge for the year	-	2,070	4,539	3,703	520	567	-	11,399
Related to disposal	-	(2,372)	(7,410)	(4,083)	(166)	(23)	-	(14,054)
As at 31 December 2025	-	31,703	85,316	40,061	10,481	16,561	-	184,122
Net book value								
As at 31 December 2025	1,557	10,136	30,640	23,834	2,227	1,698	5,986	76,078

11 Property, plant and equipment (continued)

Depreciation of property, plant and equipment is allocated as follows:

	Parent Company		Consolidated	
	Mar, 2026 ₹'000	Mar, 2025 ₹'000	Mar, 2026 ₹'000	Mar, 2025 ₹'000
Cost of contract and services (Note 7)	2,529	2,020	2,922	2,356
General and administrative expenses (Note 8)	75	271	87	281
	2,604	2,291	3,009	2,637

12 Intangible assets

	Parent Company		Consolidated	
	Mar, 2026 ₹'000	Dec, 2025 ₹'000	Mar, 2026 ₹'000	Dec, 2025 ₹'000
Costs				
Balance at beginning of the year	3,378	3,377	3,510	3,496
Additions during the year	3	1	3	14
Balance at end of the year	3,381	3,378	3,513	3,510
Amortisation				
Balance at beginning of the year	3,293	3,243	3,413	3,357
Charge for the year (Note 8)	13	51	14	57
Written off during the year	-	(1)	-	(1)
Balance at end of the year	3,306	3,293	3,427	3,413
Net book value	75	85	86	97

Intangible assets comprise of computer software of ₹ 75 (2025: ₹ 85) thousand in Parent Company and computer software of ₹ 86 (2025: ₹ 97) thousand at the Group level.

13 Right of use assets

The Group has lease contracts for various items of land, building, vehicles and other equipment used in its operations. Leases of land and building generally have lease terms between 2 to 25 years, while vehicles and other equipment generally have lease terms between 1 to 5 years.

The Group also has certain leases of vehicles and machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'low value lease' recognition exemptions for these leases.

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13 Right-of-use assets (continued)

	Parent Company		Consolidated	
	Mar, 2026 S'000	Dec, 2025 S'000	Mar, 2026 S'000	Dec, 2025 S'000
Costs				
Balance at beginning of the year	17,301	6,898	18,966	8,296
Additions during the year*	35	10,403	35	10,670
Balance at end of the year	17,336	17,301	19,001	18,966
Depreciation				
Balance at beginning of the year	5,453	3,996	6,306	4,735
Charge for the year (Note 7&8)	1,002	1,457	1,042	1,614
De-recognition of right of use Assets	-	-	(1)	(43)
Balance at end of the year	6,455	5,453	7,347	6,306
	10,881	11,848	11,654	12,660

With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected in the statement of financial position as a right-of-use asset and a lease liability.

14 Investment in subsidiaries

The Parent company is carrying the investment in subsidiaries at cost, less impairment.

	Parent Company		Consolidated	
	Mar, 2026 S'000	Dec, 2025 S'000	Mar, 2026 S'000	Dec, 2025 S'000
Galfar Aspire Readymix SPC	3,000	3,000	-	-
Al Khalij Heavy Equipment & Engineering LLC	600	600	-	-
Aspire Projects & Services SPC	250	250	-	-
Galfar Mott MacDonald LLC	163	163	-	-
Galfar Training Institute LLC	149	149	-	-
Galfar Oman General Contracting for Building, Kuwait	-	-	-	-
	4,162	4,162	-	-
Provision for impairment	(399)	(399)	-	-
	3,763	3,763	-	-

During the period 2026, the Parent Company has created an amount S' Nil (2025: Nil) impairment provisions related to Galfar Oman General Contracting for Buildings, Kuwait.

Galfar Oman General Contracting for Building, Kuwait was liquidated on 28 May 2025 in accordance with the applicable laws and regulations of the State of Kuwait

As at 31 March 2026, Galfar Mott MacDonald LLC and Galfar Training Institute LLC are under liquidation process.

Information about activities and incorporation of subsidiaries are summarised below:

Name of the subsidiaries	Principal activity	Place	Year of incorporation
Galfar Aspire Readymix SPC	Manufacturing	Oman	2012
Aspire Projects and Services SPC	Construction	Oman	2011
Galfar Training Institute LLC	Training	Oman	2009
Al Khalij Heavy Equipment and Engineering LLC	Hiring Equipment	Oman	2006
Galfar Mott MacDonald LLC	EPC consultancy	Oman	2013

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14 Investment in subsidiaries (continued)

Information on shareholding in subsidiaries are summarised below:

Name of the subsidiaries	Shares acquired by Parent		Shares acquired by the Group	
	Company			
	Mar, 2026 ₹'000	Dec, 2025 ₹'000	Mar, 2026 ₹'000	Dec, 2025 ₹'000
Galfar Aspire Readymix SPC	100%	100%	100%	100%
Aspire Projects and Services SPC	100%	100%	100%	100%
Galfar Training Institute LLC	99%	99%	100%	100%
Al Khalij Heavy Equipment and Engineering LLC	52%	52%	52%	52%
Galfar Mott MacDonald LLC	65%	65%	65%	65%

15 Investment in associates

	Parent Company		Consolidated	
	Mar, 2026 ₹'000	Dec, 2025 ₹'000	Mar, 2026 ₹'000	Dec, 2025 ₹'000
Galfar Engineering & Contracting Kuwait KSC (GEC)	7,030	7,030	3,870	3,972
	7,030	7,030	3,870	3,972
Provision for impairment in associate	(1,500)	(1,500)	-	-
	5,530	5,530	3,870	3,972

	Consolidated	
	Mar, 2026 ₹'000	Dec, 2025 ₹'000
Opening Carrying amount of Investment in associates	3,972	4,062
(Loss) Profit from operation	(67)	(136)
Other comprehensive Income/ (Loss)	(35)	46
Closing Carrying amount of Investment in associates	3,870	3,972

Information on shareholding in associates is summarised below:

Name of the associate	Principal activity	Place	Year of incorporation
Galfar Engineering & Contracting Kuwait KSC	Construction	Kuwait	2010

Name of the associate	Shares acquired by Parent		Shares acquired by the Group	
	Company			
	Mar, 2026 ₹'000	Dec, 2025 ₹'000	Mar, 2026 ₹'000	Dec, 2025 ₹'000
Galfar Engineering & Contracting Kuwait KSC*	25.49%	25.49%	25.49%	25.49%

* The Parent Company holds 25.49 % shareholding in this company (earlier known as 'Shaheen Al Ghanim Contracting Co. KSC'). The company is engaged in construction activities.

15 Investment in associates (continued)

Share of profit /(loss) of the Group for the period comprises of loss from GEC Kuwait of ₹ (67) (2025: ₹ (51)) thousand. The summarised financial information of the associate company is as stated below:

	GEC, Kuwait	
	Mar, 2026 <u>₹</u> '000	Dec, 2025 <u>₹</u> '000
Statement of financial position:		
Current assets	1,617	3,196
Non-current assets	4,520	2,982
Current liabilities	(1,879)	(1,129)
Non-current liabilities	(388)	(1,077)
Net assets	3,870	3,972
Reconciliation of carrying amount:		
Net assets at the beginning of the year	15,583	15,936
Loss for the year	(262)	(533)
Currency translation impact	(139)	180
Net assets at the end of the year	15,182	15,583
Group's share in %	25.49%	25.49%
Carrying amount	3,870	3,972
	Mar, 2026	Mar, 2025
Statement of comprehensive income:		
Revenue	309	150
Costs of revenue	(376)	(201)
(Loss)/Profit before tax	(67)	(51)
(Loss)/Profit after tax	(67)	(51)

16 Joint Operation

The Parent Company holds a 26.5% economic interest in the NPC/NICC/GALFAR/TRISTAR Joint Venture (NNGT JV), established together with National Projects & Construction LLC ('NPC') holding 44.5%, NICC Infrastructure Construction LLC ('NICC') holding 9.5%, and Tristar Engineering & Construction LLC ('TRISTAR') holding 19.5%. The joint venture was formed to execute the UAE–Oman Railway Link Project (Abu Dhabi–Sohar): Railway Design and Build Infrastructure. NNGT JV is an unincorporated JV registered in Abu Dhabi, UAE. NNGT is unincorporated and unregistered in Abu Dhabi, UAE.

The details of the Parent Company's share of joint operations' assets and liabilities are as follows:

NNGT JV

	Mar, 2026 <u>₹</u> '000	Dec, 2025 <u>₹</u> '000
Statement of financial position:		
Current assets	53,991	45,137
Non-current assets	1,119	900
Current liabilities	52,555	44,072
Non-current liabilities	659	501
Statement of comprehensive income:		
Revenue	11,926	40,599
Cost of Revenue	(11,428)	(38,917)
Profit before Tax	498	1,682
Profit after Tax	432	1,464

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17 Inventories

	Parent Company		Consolidated	
	Mar, 2026	Dec, 2025	Mar, 2026	Dec, 2025
	<u>₹'000</u>	<u>₹'000</u>	<u>₹'000</u>	<u>₹'000</u>
Materials and consumables	16,570	15,568	18,771	17,570
Allowance for slow-moving inventories	(407)	(407)	(596)	(596)
	<u>16,163</u>	<u>15,161</u>	<u>18,175</u>	<u>16,974</u>

18 Contract work in progress

	Parent Company		Consolidated	
	Mar, 2026	Dec, 2025	Mar, 2026	Dec, 2025
	<u>₹'000</u>	<u>₹'000</u>	<u>₹'000</u>	<u>₹'000</u>
Work-in-progress on long term contracts at cost plus attributable profit considered as receivables	91,082	77,000	91,436	77,354
Allowance for expected credit losses	(3,132)	(2,618)	(3,438)	(2,924)
	<u>87,950</u>	<u>74,382</u>	<u>87,998</u>	<u>74,430</u>

Due from customers for construction contracts:

	Parent Company		Consolidated	
	Mar, 2026	Dec, 2025	Mar, 2026	Dec, 2025
	<u>₹'000</u>	<u>₹'000</u>	<u>₹'000</u>	<u>₹'000</u>
Revenue recognized at cost plus attributable profit	914,813	851,032	914,813	851,032
Less: Progress billings	(823,731)	(774,032)	(823,377)	(773,678)
	<u>91,082</u>	<u>77,000</u>	<u>91,436</u>	<u>77,354</u>

Due to customers for construction contracts:

	Parent Company		Consolidated	
	Mar, 2026	Dec, 2025	Mar, 2026	Dec, 2025
	<u>₹'000</u>	<u>₹'000</u>	<u>₹'000</u>	<u>₹'000</u>
Amounts due to customers under construction contracts recorded as billings in excess of work done (Note 31)	7,358	6,781	7,358	6,781

18 Contract work in progress (continued)

	Parent Company		Consolidated	
	Mar, 2026 S'000	Dec, 2025 S'000	Mar, 2026 S'000	Dec, 2025 S'000
Progress claims received and receivable	218,990	245,987	218,990	245,987
Less: Revenue recognised at cost plus attributable profit	(211,632)	(239,206)	(211,632)	(239,206)
	<u>7,358</u>	<u>6,781</u>	<u>7,358</u>	<u>6,781</u>

19 Contract and trade receivables

	Parent Company		Consolidated	
	Mar, 2026 S'000	Dec, 2025 S'000	Mar, 2026 S'000	Dec, 2025 S'000
Contract billed receivables	91,007	89,445	91,685	90,272
Trade receivables	668	381	6,955	6,459
Retentions receivables – current	16,927	18,566	17,073	18,712
	<u>108,602</u>	<u>108,392</u>	<u>115,713</u>	<u>115,443</u>
Allowance for expected credit losses	(6,839)	(6,906)	(8,392)	(8,459)
	<u>101,763</u>	<u>101,486</u>	<u>107,321</u>	<u>106,984</u>
Retentions receivables	12,810	12,986	14,418	14,538
Non-current retention receivables (gross amount)				
Allowance for expected credit losses	(32)	(162)	(32)	(162)
Non-current retention receivable (net of provisions)	<u>12,778</u>	<u>12,824</u>	<u>14,386</u>	<u>14,376</u>

The net carrying value of contract and trade receivables is considered a reasonable approximation of fair value. All of the Group's Contract, trade receivables and retention receivable have reviewed for indicators of impairment.

(i) Classification as contract and trade receivables

Contract receivables are amounts due from customers for contracts work done in the ordinary course of business. They are generally due for settlement within 90 days of date of invoice and therefore are all classified as current. These receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised fair value.

The Parent Company and the Group hold these receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 3 (b).

(ii) Carrying and fair values of contract receivables

The carrying amounts of the Group's contract receivables including receivable from related parties are denominated in Rial Omani (S). Due to the short-term nature of the current receivables, their carrying amount is approximate to their fair value

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20 Other current assets

	Parent Company		Consolidated	
	Mar, 2026 ₹'000	Dec, 2025 ₹'000	Mar, 2026 ₹'000	Dec, 2025 ₹'000
Advance on sub-contracts and supplies	4,614	1,881	6,759	4,274
Advances to employees	62	97	62	97
Prepaid expenses	4,281	4,076	4,332	4,098
Due from related parties - others (Note 37)	10,046	12,972	4,479	6,910
Insurance claims receivable	200	200	200	200
Deposits	863	860	863	860
Other receivables	266	1,448	266	1,448
	20,332	21,534	16,961	17,887
Allowance for expected credit losses against due from related parties	(3,287)	(3,287)	(3,494)	(3,494)
Provision for others	(1)	(1)	(156)	(156)
	17,044	18,246	13,311	14,237

21 Deposits with banks

	Parent Company		Consolidated	
	Mar, 2026 ₹'000	Dec, 2025 ₹'000	Mar, 2026 ₹'000	Dec, 2025 ₹'000
Term deposits (net of allowance for expected credit losses)	6,414	6,414	6,414	6,414
	6,414	6,414	6,414	6,414

The term deposits are placed for a period of more than three months from the date of placement.

22 Cash and cash equivalents

	Parent Company		Consolidated	
	Mar, 2026 ₹'000	Dec, 2025 ₹'000	Mar, 2026 ₹'000	Dec, 2025 ₹'000
Cash in hand	155	188	141	220
Bank balances with current accounts*	11,056	7,691	11,603	8,319
	11,171	7,879	11,744	8,539
Allowance for expected credit losses				
	11,171	7,879	11,744	8,539

* ₹ 4.8 million included in bank balances pertains to the Joint operation (Note 16)

For the purpose of statement of cash flows, cash and cash equivalents are presented as follows:

	Parent Company		Consolidated	
	Mar, 2026 ₹'000	Dec, 2025 ₹'000	Mar, 2026 ₹'000	Dec, 2025 ₹'000
Cash and bank balances	11,779	7,888	11,752	8,548
Deposits with banks (within 3 months maturity) (Note 21)	264	602	264	602
Bank overdrafts (Note 30)	(11,795)	(8,146)	(12,684)	(8,146)
	(352)	344	(668)	1,004

23 Share capital

	Parent Company		Consolidated	
	Mar, 2026 AED '000	Dec, 2025 AED '000	Mar, 2026 AED '000	Dec, 2025 AED '000
Authorised:				
500,000,000 (2025: 500,000,000) ordinary shares of par value AED 0.100 each (2025: AED 0.100 each)	50,000	50,000	50,000	50,000
Issued and fully paid:				
Balance at beginning of the year	29,065	29,065	29,065	29,065
Balance at end of the year	29,065	29,065	29,065	29,065

The issued and fully paid share capital comprises of 290,650,946 (2025: 290,650,946) shares having a par value of AED 0.100 (2025: AED 0.100) each. Pursuant to the terms of its IPO, the share capital of the Parent Company has been divided into two classes comprising of 202,986,446 (2025: 202,986,446) ordinary shares and 87,664,500 (2025: 87,664,500) preferential voting rights shares. The preferential voting rights shares are held by the promoting shareholders and carry two votes at all general meetings while otherwise ranking pari-passu with ordinary shares in all rights including the receipt of dividend. That detail of major Shareholders is published on the Muscat Stock Exchange. Distribution of Ownership of shares including shares preferential voting rights are disclosed in CGR report.

24 Statutory reserves

In accordance with the Commercial Companies Law of the Sultanate of Oman, 2019, annual appropriations of 10% of the profit for the year are made to this reserve until the accumulated balance of the reserve is equal to one-third of the value of paid-up share capital of the Company's and Subsidiaries incorporated in Oman. This reserve is not available for distribution to the Shareholders. During the period, AED 121 K thousand for group has been transferred to statutory reserve (2025: AED 7 K).

25 Foreign currency translation reserve

Foreign currency translation reserve represents impact of translation of associate company's (Galfar Engineering and Contracting Kuwait KSC) financial statements figures in foreign currency to functional currency of the Parent Company as required under IAS 21 The Effects of Changes in Foreign Exchange Rates.

26 Dividend

No dividend was proposed or paid in 2026 (2025: Nil).

27 Term loans

	Parent Company		Consolidated	
	Mar, 2026 AED '000	Dec, 2025 AED '000	Mar, 2026 AED '000	Dec, 2025 AED '000
Term loans:				
- from banks	23,041	23,807	23,041	23,807
- finance companies	10,253	7,047	14,997	11,759
	33,294	30,854	38,038	35,566
Current portion:				
- from banks	5,790	5,780	5,790	5,780
- finance companies	5,868	4,816	8,339	7,341
	11,658	10,596	14,129	13,121
Non-current portion:				
- from banks	17,251	18,027	17,251	18,027
- finance companies	4,385	2,231	6,658	4,418
	21,636	20,258	23,909	22,445
The term loans are repayable as follows:				
Within one year	11,658	10,596	14,129	13,121
In the second year	8,865	6,352	8,865	6,352
From third year onwards	12,771	13,906	15,044	16,093
	33,294	30,854	38,038	35,566

The term loans are stated at amortised cost and amounts repayable within the next twelve months have been shown as a current liability. The term loans from banks are secured against the assignment of contract receivables and/or joint registration of motor vehicles and equipment/lands mortgage. The term loans from finance companies are secured against the jointly registered motor vehicles and equipment.

27 Term loans (continued)

Compliance with loan covenants

During the year the Parent Company was in breach of loan covenants on borrowings with five banks. The Parent Company obtained waiver letters for the identified breaches from all banks except one bank, however, the outstanding loan amount is classified as current, hence, this does not affect the overall classification and presentation of loans.

28 Lease liabilities

	Parent Company		Consolidated	
	Mar, 2026	Dec, 2025	Mar, 2026	Dec, 2025
	₹'000	₹'000	₹'000	₹'000
At the beginning of the year	10,798	1,068	11,686	1,789
Additions during the year	35	10,403	35	10,707
Interest on lease liabilities	165	151	179	207
Payments during the year	(783)	(824)	(870)	(1,017)
Balance at the end of the year	10,215	10,798	11,029	11,686

	Parent Company		Consolidated	
	Mar, 2026	Dec, 2025	Mar, 2026	Dec, 2025
	₹'000	₹'000	₹'000	₹'000
Current portion	3,600	3,255	3,623	3,337
Non-current portion	6,615	7,543	7,406	8,349
	10,215	10,798	11,029	11,686

Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

29 Short term loans

	Parent Company		Consolidated	
	Mar, 2026	Dec, 2025	Mar, 2026	Dec, 2025
	₹'000	₹'000	₹'000	₹'000
From banks	18,600	12,499	18,600	12,679

Short term loans from banks are repayable in one year and are secured against the contract assignments and/or joint registration of vehicle/equipment.

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION, 31-MAR-2026

30 Bank borrowings

	Parent Company		Consolidated	
	Mar, 2026 ₹'000	Dec, 2025 ₹'000	Mar, 2026 ₹'000	Dec, 2025 ₹'000
Bank overdrafts (note 22)	11,795	8,146	12,684	8,146
Loan against trust receipts	10,717	13,897	10,717	13,897
Bills discounted	19,050	17,587	19,050	17,587
	<u>41,562</u>	<u>39,630</u>	<u>42,451</u>	<u>39,630</u>

Bank borrowings are repayable on demand or within one year. Bank borrowings are secured against the assignment of contract receivables.

31 Trade and other payables

	Parent Company		Consolidated	
	Mar, 2026 ₹'000	Dec, 2025 ₹'000	Mar, 2026 ₹'000	Dec, 2025 ₹'000
Trade payables	58,730	53,478	67,589	61,516
Advance from customers - current	41,868	42,881	41,868	42,881
Accrued expenses	8,486	8,586	10,382	10,082
Due to customers for construction contracts (Note 18)	7,358	6,781	7,389	6,781
Retentions on sub-contracts	7,758	7,624	7,807	7,660
Due to related parties (Note 37)	5,324	2,755	1,758	848
Statutory dues payable	636	981	720	1,071
Other payables	1,395	1,111	1,825	1,721
	<u>131,555</u>	<u>124,197</u>	<u>139,338</u>	<u>132,560</u>

All amounts are short-term. The carrying values of trade and other payables are considered to be a reasonable approximation of fair values.

	Parent Company		Consolidated	
	Mar, 2026 ₹'000	Dec, 2025 ₹'000	Mar, 2026 ₹'000	Dec, 2025 ₹'000
Advance from customers:				
Non-current portion	15,553	18,754	15,553	18,754
Current portion	41,868	42,881	41,868	42,881
	<u>57,421</u>	<u>61,635</u>	<u>57,421</u>	<u>61,635</u>

Advances from customers are secured by bank guarantees.

Advances from customers which can be adjusted against the estimated amounts to be billed in next 12 months are considered as current advances.

32 Provision for employees' end of service benefits

	Parent Company		Consolidated	
	Mar, 2026 ₹'000	Dec, 2025 ₹'000	Mar, 2026 ₹'000	Dec, 2025 ₹'000
Balance at beginning of the year	11,686	12,347	12,397	12,829
Charge for the year (Note 9)	399	1,742	443	1,856
Paid during the year	(603)	(2,403)	(620)	(2,288)
Balance at end of the year	<u>11,482</u>	<u>11,686</u>	<u>12,220</u>	<u>12,397</u>

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION, 31-MAR-2026

33 Provisions

	Parent Company		Consolidated	
	Mar, 2026 S'000	Dec, 2025 S'000	Mar, 2026 S'000	Dec, 2025 S'000
Provision for employees' leave pay and passage	5,358	4,957	5,358	4,957
Provision for purchases and sub-contract costs	38,781	39,656	39,663	40,504
Provision for future loss on contracts	862	763	862	763
	<u>45,001</u>	<u>45,376</u>	<u>45,883</u>	<u>46,224</u>

34 Taxation

Income tax is provided for Parent Company and Omani subsidiaries as per the provisions of the law of income tax on companies in Oman at the rate of 15% of result after adjusting disallowable items.

Income tax expense

	Parent Company		Consolidated	
	Mar, 2026 S'000	Mar, 2025 S'000	Mar, 2026 S'000	Mar, 2025 S'000
Tax (credit)/charge	66	-	66	12
Deferred tax charge/(credit) for the year	-	-	-	-
	<u>66</u>	<u>-</u>	<u>66</u>	<u>12</u>

* S'000 0.066 million of tax charges pertains to the Joint operation (Note 16)

Provision for taxation

The Parent Company's income tax assessment up to the year 2021 has been completed by the tax authority. The income tax assessments of the subsidiaries are at various stages of completion. The management believes that the amount of additional taxes, if any, that may become payable on finalisation of the unassessed tax years would not be material to the Group's financial position. The movement of tax provision is as follows:

The movement of tax provision is as follows:

	Parent Company		Consolidated	
	Mar, 2026 S'000	Mar, 2025 S'000	Mar, 2026 S'000	Mar, 2025 S'000
Balance at beginning of the year	271	100	296	125
Tax (adjustment)/charge*	66	218	66	218
Tax adjustment/paid	246	(47)	246	(47)
Balance at end of the year	<u>583</u>	<u>271</u>	<u>608</u>	<u>296</u>

* S'000 0.066 million of tax charges pertains to the Joint operation (Note 16)

Deferred tax liability

Deferred income taxes are calculated on all temporary differences under the asset/liability method using a principal tax rate as per tax law of the respective country.

	Parent Company		Consolidated	
	Mar, 2026 S'000	Mar, 2025 S'000	Mar, 2026 S'000	Mar, 2025 S'000
Balance at beginning of the year	-	-	417	365
Tax charge/(adjustment)	-	-	-	52
Balance at end of the year	<u>-</u>	<u>-</u>	<u>417</u>	<u>417</u>

35 Earning per share

The earning per share is calculated by dividing the earnings for the year attributable to the owners of the Parent Company by the weighted average number of shares outstanding during the year. The Parent Company does not have any dilutive potential ordinary shares in issue at the year end, thus, the diluted earning per share is identical to the basic earning per share.

	Parent Company		Consolidated	
	Mar, 2026	Mar, 2025	Mar, 2026	Mar, 2025
	₹'000	₹'000	₹'000	₹'000
Profit attributable to equity shareholders of the Parent Company:	1,342	(662)	1,587	(680)
Number of shares in '000 (Note 23)	290,650	290,650	290,650	290,650
Basic and diluted earning per share (₹)	0.005	(0.002)	0.005	(0.002)

36 Net assets per share

Net assets per share is calculated by dividing the equity attributable to Shareholders of the Parent Company at the reporting date by the number of shares outstanding as follows:

	Parent Company		Consolidated	
	Mar, 2026	Mar, 2025	Mar, 2026	Mar, 2025
	₹'000	₹'000	₹'000	₹'000
Net assets	30,922	29,580	25,478	23,926
Number of shares in '000 (Note 23)	290,650	290,650	290,650	290,650
Net assets per share (₹)	0.106	0.102	0.088	0.082

37 Related parties' transactions and balances

Related parties comprise of subsidiaries, associated companies, Shareholders, Directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties.

The Group 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 the Management and the Board of Directors.

The following is a summary of significant transactions with related parties which are included in the financial statements:

	Parent Company		Consolidated	
	Mar, 2026	Mar, 2025	Mar, 2026	Mar, 2025
	₹'000	₹'000	₹'000	₹'000
Sales and services				
- with subsidiaries	95	387	-	-
- with other related parties	-	-	-	-
Purchase of goods and services				
- with subsidiaries	3,195	3,542	-	-
- with other related parties	10	11	10	11
Directors' sitting fees	11	13	11	13

37 Related parties' transactions and balances (continued)

Balances of related parties recognised and disclosed in notes 20 and 31 respectively are as follows:

	Parent Company		Consolidated	
	Mar, 2026 ₹'000	Dec, 2025 ₹'000	Mar, 2026 ₹'000	Dec, 2025 ₹'000
Due from subsidiaries and associated companies	9,343	9,343	3,776	3,281
Due from other related parties	450	1,418	450	1,418
Due from Joint operation (Note 16)	253	2,211	253	2,211
Allowance for expected credit losses against due from related parties	(3,287)	(3,287)	(3,494)	(3,494)
	<u>6,759</u>	<u>9,685</u>	<u>985</u>	<u>3,416</u>
Due to related parties				
Due to subsidiaries and associated companies	2,488	2,488	465	641
Due to other related parties	1,634	118	91	58
Due to Joint operation (Note 16)	1,202	149	1,202	149
	<u>5,324</u>	<u>2,755</u>	<u>1,758</u>	<u>848</u>