

UNAUDITED NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2025

1 Legal status and principal activities

The National Detergent Company SAOG, an Omani Joint Stock Company ('the Company'), was constituted in accordance with the Commercial Companies Law of Oman 1974, and Ministerial Decree number 78/1980 dated 3 November 1980. The principal activity of the company is manufacture and sale of detergents, liquid soaps and home care products.

2 Segment information

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board considers the business from a divisional perspective. Divisionally, management considers the performance of Consumer division and other division.

The reportable operating segments derive their revenue primarily from the manufacture and sale of detergents, liquid soap and homecare products. The directors review monthly analysis of production and sales by volume, sales, collections, cost of sales and factory cost by value, variance with budgets, financial position, and working capital facilities with utilisation status; raw materials and debtors on an overall Company basis.

The following divisional analysis has been compiled based on the major division of the Company:

June 2025	Consumer division RO	Other division RO	Total RO
Revenue	12,983,148	226,324	13,209,472
Cost of sales	(8,276,875)	(340,560)	(8,617,435)
Total overheads	(3,806,450)	(58,896)	(3,865,346)
Other Income	<u>20,354</u>	<u>-</u>	<u>20,354</u>
Profit from operations	920,177	(173,132)	747,045
Finance costs- net	<u>(177,075)</u>	<u>(12,435)</u>	<u>(189,510)</u>
(Loss)/Profit before tax	<u>743,102</u>	<u>(185,567)</u>	<u>557,535</u>
Taxation	-	-	<u>(83,630)</u>
Profit for the year	-	-	<u>473,905</u>
Other financial information			
Trade receivables	<u>7,436,698</u>	<u>227,310</u>	<u>7,664,008</u>
Plant, property and equipment addition	<u>393,671</u>	<u>18,803</u>	<u>412,474</u>

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2 Segment information (continued)

June 2024	Consumer division RO	Other division RO	Total RO
Revenue	12,003,472	465,479	12,468,951
Cost of sales	(7,525,721)	(538,067)	(8,063,788)
Total overheads	(3,369,637)	(28,935)	(3,398,572)
Other Income	<u>14,763</u>	-	<u>14,763</u>
Profit from operations	1,122,877	(101,523)	1,021,354
Finance costs- net	<u>(121,892)</u>	<u>(8,068)</u>	<u>(129,960)</u>
(Loss)/Profit before tax	<u>1,000,985</u>	<u>(109,591)</u>	<u>891,394</u>
Taxation	-	-	<u>(133,709)</u>
Profit for the year	-	-	<u>757,685</u>
Other financial information			
Trade receivables	<u>7,792,464</u>	<u>242,156</u>	<u>8,034,620</u>
Plant, property and equipment addition	<u>165,560</u>	<u>4,343</u>	<u>169,903</u>

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3 Cost of sales

	Six months period ended 30 June 2025	Six months period ended 30 June 2024
	RO	RO
Materials consumed	5,823,990	5,528,951
Direct labour (note 6)	1,282,201	1,136,195
Freight and handling charges	644,355	586,675
Utilities	189,444	231,626
Other direct costs	193,307	125,352
Repairs and maintenance	128,218	148,497
Depreciation (note 10)	314,705	263,756
Depreciation on right of use asset	<u>41,215</u>	<u>42,736</u>
	<u>8,617,435</u>	<u>8,063,788</u>

4 Selling and distribution expenses

	Six months period ended 30 June 2025	Six months period ended 30 June 2024
	RO	RO
Sales promotion and advertisement	2,260,584	1,929,395
Employee related expenses (note 6)	585,373	517,217
Distribution Expenses	118,682	115,229
Depreciation on right of use asset	63,738	46,382
Selling expenses	<u>22,319</u>	<u>10,881</u>
	<u>3,050,696</u>	<u>2,619,104</u>

5 Administrative and general expenses

	Six months period ended 30 June 2025	Six months period ended 30 June 2024
	RO	RO
Employee related costs (note 6)	573,369	471,765
Allowance for expected credit losses	0	60,000
Depreciation (note 10)	39,381	42,674
Repairs expenses	52,779	53,300
Printing stationery and telephone expenses	26,469	25,076
Other expenses	33,668	33,849
Professional charges	38,050	45,049
Travelling conveyance	15,954	18,455
Directors' sitting fees (note 25)	<u>34,980</u>	<u>29,300</u>
	<u>814,650</u>	<u>779,468</u>

6 Employee related costs

Employee related costs included under cost of sales, selling and distribution expenses and administrative expenses:

	Six months period ended 30 June 2025	Six months period ended 30 June 2024
	RO	RO
Wages and salaries	1,813,030	1,588,693
Other benefits	452,197	411,987
End of service benefits (note 20)	118,760	76,444
Training and recruitment expenses	<u>56,956</u>	<u>48,053</u>
	<u>2,440,943</u>	<u>2,125,177</u>

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7 Financial cost

	Six months period ended 30 June 2025	Six months period ended 30 June 2024
Finance cost	RO	RO
Interest on short term borrowings	123,673	97,662
Interest on right of use asset	68,362	33,622
Foreign exchange difference (gain)/loss	<u>(2,525)</u>	<u>(1,324)</u>
	<u>189,510</u>	<u>129,960</u>

8 Taxation

(a) Statement of income:

	Six months period ended 30 June 2025	Six months period ended 30 June 2024
	RO	RO
Current tax	103,734	171,830
Deferred Tax Current year	<u>(20,104)</u>	<u>(38,121)</u>
	<u>83,630</u>	<u>133,709</u>

(b) Current liabilities

	Six months period ended 30 June 2025	Six months period ended 30 June 2024
Current year	<u>103,734</u>	<u>171,830</u>
	<u>103,734</u>	<u>171,830</u>

(c) Tax is provided at 15% (2024 – 15%) on the profit for the year adjusted for taxation purposes.

(d) Taxation has been agreed with the Oman Taxation Authorities for all years up to 2020.

9 Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Six months period ended 30 June 2025	Six months period ended 30 June 2024
	RO	RO
Net profit/(loss) attributable to shareholders (RO)	<u>473,905</u>	<u>757,685</u>
Number of shares outstanding (note 14)	<u>20,000,000</u>	<u>20,000,000</u>
Earnings per share (Bz)	<u>24</u>	<u>38</u>

The diluted earnings per share is identical to the basic earnings per share.

The National Detergent Co. SAOG

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10 Property, plant and equipment

	Land RO	Buildings RO	Plant & machinery RO	Furniture, fixtures & office equipment RO	Motor vehicles RO	Capital work in progress RO	Total RO
Cost/valuation							
At 1 January 2025	13,500,000	4,465,431	8,825,923	835,862	88,759	425,117	28,141,092
Transfer CWIP/Assets	-	425,117	-	-	-	(425,117)	-
Additions	-	181,194	207,658	23,622	-	-	412,474
Disposal	-	-	(40,787)	(205)	(6,150)	-	(47,142)
At 30 June 2025	13,500,000	5,071,742	8,992,794	859,279	82,609	-	28,506,424
Depreciation							
At 1 January 2025	-	3,326,816	6,498,750	749,944	73,300	-	10,648,810
Charge for the year :	-	100,883	228,299	21,809	3,095	-	354,086
Disposal	-	-	(40,787)	(205)	(6,150)	-	(47,142)
At 30 June 2025	-	3,375,131	6,611,358	760,517	74,848	-	10,821,854
Net Book Value							
At 30 June 2025	13,500,000	1,644,043	2,306,532	87,731	12,364	-	17,550,670

	Land RO	Buildings RO	Plant & machinery RO	Furniture, fixtures & office equipment RO	Motor vehicles RO	Capital work in progress RO	Total RO
Cost/valuation							
At 1 January 2024	13,500,000	4,415,533	8,307,374	799,425	135,033	13,157	27,170,522
Transfer CWIP/Assets	-	-	13,157	-	-	(13,157)	-
Additions	-	4,400	133,499	22,526	-	9,478	169,903
Disposal	-	-	(14,337)	-	(10,975)	-	(25,312)
At 30 Jun 2024	13,500,000	4,419,933	8,439,693	821,951	124,058	9,478	27,315,113
Depreciation							
At 1 January 2024	-	3,150,467	6,133,068	704,928	113,385	-	10,101,848
Charge for the year :	-	88,090	189,902	25,343	3,095	-	306,430
Disposal	-	-	(14,337)	-	(10,975)	-	(25,312)
At 30 Jun 2024	-	3,238,557	6,308,633	730,271	105,505	-	10,382,966
Net Book Value							
At 30 Jun 2024	13,500,000	1,181,376	2,131,060	91,680	18,553	9,478	16,932,147

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10 Property, plant and equipment (continued)

	Land	Buildings	Plant & machinery	Furniture, fixtures & office equipment	Motor vehicles	Capital work in progress	Total
	RO	RO	RO	RO	RO	RO	RO
Cost/valuation							
At 1 January 2024	13,500,000	4,415,533	8,307,374	799,425	135,033	13,157	27,170,522
Transfer	-	-	13,157	-	-	(13,157)	-
Additions	-	49,898	528,824	36,437	--	425,117	1,040,276
Disposal	-	-	(23,432)	(46,274)	-	-	(69,706)
At 31 December 2024	<u>13,500,000</u>	<u>4,465,431</u>	<u>8,825,923</u>	<u>835,862</u>	<u>88,759</u>	<u>425,117</u>	<u>28,141,092</u>
Depreciation							
At 1 January 2024	-	3,150,467	6,133,068	704,928	113,385	--	10,101,848
Charge for the year :							
Charge for the year	-	176,349	389,114	45,016	6,189	--	616,668
Disposal	-	-	(23,432)	(46,274)	-	-	(69,706)
At 31 December 2024	-	<u>3,326,816</u>	<u>6,498,750</u>	<u>749,944</u>	<u>73,300</u>	--	<u>10,648,810</u>
Net Book Value							
At 31 December 2024	<u>13,500,000</u>	<u>1,138,615</u>	<u>2,327,173</u>	<u>85,918</u>	<u>15,459</u>	<u>425,117</u>	<u>17,492,282</u>

10.1 Leases

The balance sheet shows the following amounts relating to leases.

	30 June 2025 RO	30 June 2024 RO	Audited 31 December 2024 RO
Right of use of assets			
Land	1,947,131	853,099	1,988,345
Vehicles	157,867	152,400	221,606
	<u>2,104,998</u>	<u>1,005,499</u>	<u>2,209,951</u>
Lease liabilities			
Current	112,074	160,808	112,074
Non-current	2,203,201	926,516	2,254,746
	<u>2,315,275</u>	<u>1,087,324</u>	<u>2,366,820</u>

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11 Inventories

	30 June 2025 RO	30 June 2024 RO	Audited 31 December 2024 RO
Raw and packaging materials	4,131,208	3,386,852	3,760,821
Finished goods	1,236,056	1,212,006	1,624,949
Consumables and spares	229,892	172,413	203,364
Work in progress	33,176	40,381	14,570
Goods in transit	<u>531,713</u>	<u>759,553</u>	<u>206,961</u>
	6,162,045	5,571,205	5,810,665
Less: Provision for slow moving inventories	<u>(171,771)</u>	<u>(191,878)</u>	<u>(191,878)</u>
	<u>5,990,274</u>	<u>5,379,327</u>	<u>5,618,787</u>

(a) The movement in provision for slow moving and obsolete stock is given below:

	30 June 2025 RO	30 June 2024 RO	Audited 31 December 2024 RO
Opening balance	191,878	141,878	141,878
Provision for the period	-	50,000	50,000
Write off/write-back during the period	<u>(20,107)</u>	<u>-</u>	<u>-</u>
Closing balance	<u>171,771</u>	<u>191,878</u>	<u>191,878</u>

12 Trade and other receivables

	30 June 2025 RO	30 June 2024 RO	Audited 31 December 2024 RO
Trade receivable	7,664,008	8,034,621	6,982,468
Less: provision for impairment losses on receivables	<u>(968,116)</u>	<u>(968,116)</u>	<u>(968,116)</u>
	6,695,892	7,066,505	6,014,352
Other receivables	647,297	281,804	478,810
Prepayments	181,405	150,767	34,908
Due from related parties (note 25)	<u>322</u>	<u>545</u>	<u>493</u>
	<u>7,524,916</u>	<u>7,499,621</u>	<u>6,528,563</u>

(a) Movement in the provision for impairment is as follows:

	30 June 2025 RO	30 June 2024 RO	Audited 31 December 2024 RO
Opening balance	968,116	908,116	908,116
Provision for the year	<u>-</u>	<u>60,000</u>	<u>60,000</u>
Closing balance	<u>968,116</u>	<u>968,116</u>	<u>968,116</u>

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13 Cash and bank balances

	30 June 2025 RO	30 June 2024 RO	Audited 31 December 2024 RO
Cash at bank	872,859	835,234	901,458
Cash in hand	<u>10,257</u>	<u>10,499</u>	<u>8,613</u>
	<u>883,116</u>	<u>845,733</u>	<u>910,071</u>

14 Share capital

(a) The Company's authorised, issued, and subscribed share capital comprises 20,000,000 (31 June 2024: 20,000,000) ordinary shares of baiza 100 each. At 30 June, the following shareholders held 10% or more of the shares of the Company:

	30 June 2025		30 June 2024	
	(%)	RO	(%)	RO
Al Anwar Investments SAOG	24.88	497,570	24.88	497,570
Bhacker Suleiman Jaffer Company	13.74	274,882	13.74	274,882
Waleed Omar Abdul Munim Al Zawawi	10.06	201,273	10.06	201,273
Mohammed Abdul Hussain Bhacker Al Lawati	10.04	200,890	10.04	200,890

(b) Share premium of RO 364,263 (2024 - RO 364,263) represents amounts that arose through a business combination model when former Bausher Chemicals SAOG was merged with the company in 2005.

15 Dividend

The proposed dividend for 2024 of Baiza 50 per share amounting to RO 1,000,000 was approved by the shareholders in the annual general meeting held on 23 March 2025 and was paid during March 2025.

16 Legal reserve

In accordance with Article 132 of the Commercial Companies Law of Oman, annual appropriation of 10% of the net profit for the year has been made to the legal reserve until the reserve equals one third of the Company's share capital. The reserve is not available for distribution but can be utilized to set off against any accumulated losses and increasing the Company's share capital by issuing shares.

17 Revaluation reserve

The revaluation reserve represents the surplus on revaluation of freehold land. This reserve is not available for distribution.

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18 Borrowings

	30 June 2025 RO	30 June 2024 RO	Audited 31 December 2024 RO
Current			
Bank overdrafts	290,158	-	-
Short term borrowings	<u>4,633,863</u>	<u>2,690,484</u>	<u>3,500,000</u>
Total current borrowings	<u>4,924,021</u>	<u>2,690,484</u>	<u>3,500,000</u>

(a) The Company had obtained credit facilities comprising overdrafts, loans against trust receipts, letters of credit, short term loan and bill discounting facilities from commercial banks during the period. Interest is charged at rates ranging between 5.5 % and 7.0% (2024 – 5.5 % and 6.9 %) per annum.

19 Deferred tax

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 15% (2024 - 15%). The deferred tax liability and the deferred tax (charge)/credit in the statement of comprehensive income and statement of equity, are attributable to the following items:

	1 January 2025 RO	(Charged)/credited to statement of comprehensive income	30 June 2024 RO
Deferred tax liabilities			
Deferred tax liability on depreciation and revaluation of property, plant and equipment	(2,148,570)	23,117	(2,125,453)
Deferred tax asset			
Right-of-use assets and lease liabilities	23,531	-	23,531
Provisions	173,999	(3,013)	170,986
Net deferred tax liabilities	<u>(1,951,040)</u>	<u>20,104</u>	<u>(1,930,936)</u>

	1 January 2024 RO	(Charged)/ credited to statement of comprehensive income	30 June 2024 RO
Deferred tax liabilities			
Deferred tax liability on depreciation and revaluation of property, plant and equipment	(2,182,029)	21,621	(2,160,408)
Deferred tax asset			
Right-of-use assets and lease liabilities	11,201	-	11,201
Provisions	157,499	16,500	173,999
Net deferred tax liabilities	<u>(2,013,329)</u>	<u>38,121</u>	<u>(1,975,208)</u>

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20 End of service benefits

	30 June 2025 RO	30 June 2024 RO	Audited 31 December 2024 RO
Opening balance	770,518	783,391	783,391
Charge for the year (note 6)	118,760	76,444	69,728
Payments during the year	<u>(63,609)</u>	<u>(37,675)</u>	<u>(82,601)</u>
Closing balance	<u>825,669</u>	<u>822,160</u>	<u>770,518</u>

21 Trade and other payables

	30 June 2025 RO	30 June 2024 RO	Audited 31 December 2024 RO
Trade payables	3,839,580	4,264,317	2,673,334
Accrued expenses	2,412,000	3,051,142	2,682,591
Other payables	667,138	582,679	778,407
Due to related parties (see note 25)	<u>56,265</u>	<u>45,697</u>	<u>118,874</u>
	<u>6,974,983</u>	<u>7,943,835</u>	<u>6,253,206</u>

22 Net assets per share

Net assets per share is calculated by dividing the net assets at the year end by the number of shares outstanding at 30 June as follows:

	30 June 2025 RO	30 June 2024 RO	Audited 31 December 2024 RO
Net assets (RO)	<u>17,081,322</u>	<u>16,971,486</u>	<u>17,607,417</u>
Number of shares in issue at the end of the year	<u>20,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>
Net assets per share (Bzs)	<u>854</u>	<u>849</u>	<u>880</u>

23 Contingencies

At 30 June 2025, the Company had guarantees in the normal course of business amounting to RO 214,000 (30 June 2025 RO 150,000 and 31 December 2024 - RO 164,437) from which it is anticipated that no material liabilities will arise.

24 Commitments

Purchase commitments

At 30 June 2025, the Company had purchase commitments amounting to RO 2,172,784 (30 June 2024 RO 1,876,867 and 31 December 2024 - RO 1,833,115).

Capital commitments

At 30 June 2025, the company had capital commitments amounting to RO 155,713 (30 June 2024 RO 165,267 and 31 December 2024 - RO 364,034).

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25 Related party transactions

The Company has entered into transactions with entities related to the significant shareholders or directors ("related parties"). In the ordinary course of business, such related parties provide goods and render services to the Company. The Company also sells goods to such related parties. During the year, the following transactions were carried out with related parties:

(i) Sales of goods

	30 June 2025 RO	30 June 2024 RO
Sales of goods:		
- related parties	<u>322</u>	<u>305</u>

(ii) Purchase of goods

	30 June 2025 RO	30 June 2024 RO
Purchase of goods:		
- related parties	<u>83,624</u>	<u>77,321</u>

(iii) Key management compensation

	30 June 2025 RO	30 June 2024 RO
Basic salaries and allowances	216,178	151,413
Other benefits and expenses	<u>9,780</u>	<u>38,319</u>
	<u>225,958</u>	<u>189,732</u>

(iv) Remuneration to directors

	30 June 2025 RO	30 June 2024 RO
Directors' sitting fees (note 5)	<u>34,980</u>	<u>29,300</u>

(v) Year end balances arising from sales/purchases of goods/services

	30 June 2025 RO	30 June 2024 RO
Receivable from related parties		
- other related parties (note 12)	<u>322</u>	<u>545</u>
Payable to related parties (note 21)		
- shareholders and directors	<u>56,265</u>	<u>45,697</u>

No provision has been required in 2024 and 2025 in respect of amounts due from related entities.

26 Certain Comparative figures of the Company have been reclassified in order to conform the presentation for the current period. The reclassification has no impact on the profit for the period.