

Notes to the financial statements

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Oman Cement Company SAOG ("the Company") is an Omani public joint stock company registered under the Commercial Companies Law of the Sultanate of Oman and was incorporated on 29 January 1978. The Company's registered office is situated at P.O. Box 560, PC 112 Ruwi, Sultanate of Oman. The Company's shares are listed on Muscat Stock Exchange, Sultanate of Oman.

The intermediate parent company is Abra Holdings Limited registered in Mauritius, which is ultimately owned by Huaxin Cement Co. Limited (parent company) through Huaxin (Hong Kong) International Holdings Limited registered in Hong Kong. Huaxin Cement Co. Limited's registered office and principal place of business is situated at 600 Daqi Avenue East, Huangshi City, Hubei Province, China.

The Company is engaged in the manufacture and sale of cement and related products.

The Company also holds 30% investment in an associate, Mondi Oman LLC, a limited liability company incorporated in the Sultanate of Oman.

In the year 2019, the Company incorporated a 99.9% owned subsidiary under the name of Al Sahawa Cement Company LLC (SCC). Till the reporting date, SCC has no transactions. Therefore, the Company has not considered consolidating SCC into these financial statements.

2 ADOPTIONS OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.1 New and amended standards and interpretations that are effective for the current period

One amendment applies for the first time in 2025 but does not have an impact on the interim financial statements of the Company.

Lack of exchangeability - Amendments to IAS 21

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information. The amendments did not have a material impact on the Company's financial statements.

2.2 New and amended standards and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- IFRS 18 Presentation and Disclosure in Financial Statements

Notes to the financial statements (continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") accounting standards and comply with the disclosure requirements of the Commercial Companies Law of 2019, and the Financial Services Authority (formerly known as Capital Market Authority) of the Sultanate of Oman.

Basis of measurement

These financial statements have been prepared on a historical cost basis except for Investment at fair value through profit and loss which is measured using the fair value on each reporting date.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 inputs for the asset or liability that are not based on observable market data (unobservable input).

The principal accounting policies applied in the preparation of these financial statements are set out below, and these policies have been consistently applied to all the years present:

Presentation and functional currency

These financial statements are presented in Rials Omani (RO) which is the Company's functional currency.

Financial Instruments

Recognition and Initial measurement of financial instruments

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss account, transaction costs that are directly attributable to its acquisition or issue.

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

1. Trade and other receivables
2. Cash and cash equivalents
3. Investment in securities
4. Borrowings
5. Trade and other payables
6. Bank deposits

Notes to the financial statements (continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Classification and initial measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost; fair value through other comprehensive income [FVOCI] – debt instruments; fair value through other comprehensive income - equity instruments; or fair value through profit or loss account [FVTPL].

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operations of these policies in practice.
- How the performance of portfolio is evaluated and reported to the management.
- The risks that affect the performance of the business model and how these risks are managed.
- How managers of the business are compensated.
- The frequency, volume and timing of sale of financial assets in prior periods.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss account:

Business model test: The objective of the entity's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).

Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss account. This includes derivative financial assets

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Notes to the financial statements (continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial Instruments (continued)

Classification and initial measurement (continued)

Financial liabilities

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss. A financial liability is classified as at fair value through profit or loss (FVTPL) if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit and loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gain and losses are recognised in profit and loss. Any gain or loss on derecognition is also recognised in profit or loss.

Subsequent measurement and gain or losses of financial assets

Financial assets at amortised cost:

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the profit or loss account. Any gain or loss on derecognition is recognised in the profit or loss.

Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the profit or loss.

Subsequent measurement and gain or losses of financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method, if applicable. The effective interest method is the method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Interest expense and foreign exchange gains and losses are recognised in the statement of comprehensive income. Any gain or loss on derecognition is also recognised in the statement of comprehensive income.

Reclassification of financial assets

The Company will only reclassify financial assets if, and only if, the objective of the business model for managing those financial assets is changed. Such changes are expected to be very infrequent as these changes must be significant to the Company's operations and demonstrable to external parties.

Notes to the financial statements (continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial Instruments (continued)

Reclassification of financial assets (continued)

If the Company determines that its business model has changed in a way that is significant to its operations, then it reclassifies all affected assets prospectively from the first day of the next reporting period (the reclassification date). Prior periods are not restated.

Reclassification of financial liabilities

The Company determines the classification of financial liabilities on initial recognition. Subsequent reclassification is not allowed.

Derecognition

The Company derecognises financial asset when:

- a) The contractual rights to receive cash flows from the financial asset have expired; or
- b) The Company transfers the right to receive the contractual cash flows in a transaction in which either:
 - Substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - The Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

A financial liability is derecognised when the contractual obligation under the liability is discharged or cancelled or expired. The Company also recognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if:

- there is a currently enforceable legal right to offset the recognised amounts; and
- there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Impairment of financial assets

The Company recognizes expected credit loss (ECL) on financial assets measured at amortized cost. The financial assets at amortized cost consist of trade receivables and cash and cash equivalents.

Notes to the financial statements (continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial Instruments (continued)

Impairment of financial assets (continued)

The Company measures loss allowance at an amount equal to lifetime ECLs, except for the following, which are measured as 12- month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Finance assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECLs.

Default

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held) or based on the certain delinquency period (days past due).

Simplified approach

The Company applies simplified approach to measuring credit losses, which mandates recognition of lifetime expected loss allowance for trade receivables without significant financing component. Under simplified approach, there is no need to monitor for significant increases in credit risk and the Company will be required to measure lifetime expected credit losses at all times.

Credit-impaired financial assets

At each reporting date, the Company 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.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Intangible assets

Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over the estimated useful life. The estimated useful life and the amortization method are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. The intangible asset pertains to software and is amortised over a period of five years.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Notes to the financial statements (continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Property, plant and equipment

Recognition and measurement

Property, plant and equipment are measured at cost which includes capitalised borrowing costs, less accumulated depreciation and any impairment losses. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefit is expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the item is derecognized.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

Depreciation

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful economic lives of property, plant, and equipment, which are reviewed at the end of each reporting date. The estimated useful lives are as follows:

	Years
Development of leasehold land and quarry	5
Plant, machinery and equipment	5 – 25
Factory civil works	5 – 40
Non factory civil works (housing complex)	25
Earth moving and transport equipment	4 – 5
Furniture, fixtures and equipment	2 – 10

Capital work in progress

Capital work-in-progress is stated at cost and not depreciated until it is transferred into one of the above categories, at the time when it is available for use. All expenditures incurred on engineering, design work, borrowing costs and costs directly attributable to the project engineering, procurement and construction / installation are treated as capital work-in-progress until such time the assets are available for use, when these will be allocated to property, plant and equipment.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped into smaller group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost of disposals.

Notes to the financial statements (continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Impairment of non-financial assets (continued)

An impairment loss is recognised if the carrying amount of an asset or cash generating unit exceeds its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Investment in an associate

An associate is an entity over which the Company has significant influence, but not control over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of profit or loss and OCI of equity accounted investees, until the date on which significant influence ceases. The financial statements of the associate are prepared for the same reporting period as of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit or loss of associates' in the statement comprehensive income.

Inventories

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

Employee end of service benefits

End of service benefits are accrued in accordance with the terms of employment of the Company's employees at the reporting date, having regard to the requirements of the Oman Labour Law applicable to non-Omani employees accumulated period of service at the end of reporting period. Employee entitlements to annual leave are recognized 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 that relating to end of service benefits is disclosed as a non-current liability.

Contributions to a defined contribution retirement plan for Omani employees in accordance with the Omani Social Insurance Scheme are recognised as an expense in the statement of comprehensive income as incurred.

Notes to the financial statements (continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Leases

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

Company as a lessee

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

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract on the basis of its relative stand-alone prices.

a) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before commencement date, plus any initial direct costs incurred less any lease incentive received.

The right of use assets is subsequently depreciated using straight-line method from the date of commencement till the end of lease term. Right-of-use assets are subject to impairment.

Land	18 years
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b) Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate as the discount rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease payments include fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees and exercise price under a purchase option that the Company is reasonably certain to exercise an extension option.

Notes to the financial statements (continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index of rate, if there is a change in the Company's estimate of the amounts expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

c) Short-term leases and leases of low-value assets

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

Current versus non-current classification

The Company presents its assets and liabilities in the statement of financial position based on current/non-current classification.

An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Revenue from contracts with customers

Revenue is recognized when the Company transfers the control over goods and services to a customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The Company is the principal in its all revenue arrangements.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Notes to the financial statements (continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue from contracts with customers (continued)

Type of products and performance obligation	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policy
Sale of cement and clinker	Customers obtain control of goods when the goods are delivered at the Company premises. Revenue is generated at that point in time. Invoices are paid as per the agreed payment terms.	Revenue is recognised at a point of time when the goods are delivered at the Company premises.

Finance income and finance cost

The Company's finance income and finance cost includes interest income, interest expense, foreign currency gain or loss on financial assets, dividend income, fair value changes in investment at fair value through profit or loss.

Interest income or expense is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments. Dividend income is recognised in the statement of comprehensive income on the date on which the Company's right to receive the payment is established.

Earnings and net assets per share

The Company presents earnings per share (EPS), diluted earnings per share (DEPS) and net assets per share for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

The DEPS is calculated by dividing profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

Net assets per share is calculated by dividing the net assets attributable to ordinary shareholders of the Company by the number of ordinary shares outstanding during the year. Net assets for the purpose are defined as total equity.

Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income tax, if any. It is measured using tax rates enacted or substantially enacted at the reporting date.

Notes to the financial statements (continued)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is not recognised for:

- Temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries and associates to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on initial recognition of goodwill.

Taxable temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognizing deferred tax.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria is met.

Foreign currencies

Transactions in foreign currencies are translated into Rial Omani at the exchange rate at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in the statement of comprehensive income and presented within finance costs.

Notes to the financial statements (continued)

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale.

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

Dividends

The Board of Directors recommends to the Shareholders the dividend to be paid out of the Company's retained profits. The Board considers appropriate parameters including the requirements of the Commercial Companies Law of the 2019, Executive Regulation and other relevant directives issued by Financial Services Authority while recommending the dividend. Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the period in which the dividends are approved by the shareholders. Dividends are paid out in the year in which they are declared.

Operating segment

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

Directors' remuneration

The Company follows the Commercial Companies Law of 2019 and other latest relevant directives issued by Financial Services Authority (formerly known as CMA), regarding determination of the amount to be paid as Directors' remuneration. Directors' remuneration is charged to the statement of comprehensive income in the period to which it relates.

Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances and cash, including deposits with an original maturity period of 3 months or less.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Company's material accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the financial statements (continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Judgement

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Determining the lease term of contracts – Company as lessee

The Company 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 Company applies judgement in determining the lease term of contracts after considering all relevant factors. After the commencement date, the Company 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., construction of significant leasehold improvements or significant customisation to the leased asset). Accordingly, the Company considers that leasehold land from the Government of the Sultanate of Oman will continue to be made available for the Company's use over the useful economic life of the assets that are situated on such leasehold land.

Estimates and assumptions

The following are the key assumptions concerning the future, and other key sources of estimation 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.

Useful lives of property, plant and equipment

The Company's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Leases - Estimating the incremental borrowing rate

The Company 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 Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

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 Company establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments of the Company. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Notes to the financial statements (continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Estimates and assumptions (continued)

Inventories

Inventories are held at the lower of cost and net realisable value. An estimate of provision is made for slow and non-moving stores, spares and consumables inventories. Inventories which are old or obsolete, a provision is applied according to the inventory type and the degree of ageing or obsolescence.

Allowance for slow moving inventories is based on management's assessment of various factors such as the usability, maintenance programs, and normal wear and tear using best estimates.

Stock in trade and store includes:

- Raw materials (limestone, Iron ore, kaolin, red shale, gypsum, QPH, tyre chips and steel slag)
- Work-in-progress comprising partly processed clinker
- Finished clinker
- Finished cement

The above items are stored in purpose built sheds, stockpiles and silos. As the weighing of these items is not practicable, the management assesses the reasonableness of the quantities on hand by obtaining measurements of stockpiles and converting these measurements into unit of volumes by using angle of repose and bulk density values.

The measurement of the rate per unit of these items also involves complex calculations due to the number of processes involved in making the cement and different stages of production at the time of inventory observation.

The Company has relied upon the management experience, physical verification, operational condition and understanding of the nature for measurement of quantity. At the end of the reporting date, the Company believes that the estimated figure of closing quantity of these inventories derived from the use of scientific formulae and as reflected in the accounting records, closely approximates the actual quantities.

Notes to the financial statements (continued)

5 PROPERTY, PLANT AND EQUIPMENT

	Development of leasehold land and quarry RO	Plant, machinery and equipment RO	Factory civil works RO	Non factory civil works (housing complex) RO	Earth moving and transport equipment RO	Furniture, fixtures and equipment RO	Capital work- in progress RO (note 5 c & d)	Total RO
Cost								
At 1 January 2025	996,751	151,726,514	58,885,179	8,388,346	12,565,941	4,829,014	1,718,985	239,110,730
Additions	-	228,246	-	-	15,500	43,500	1,699,128	1,986,374
Transfers	-	85,818	14,650	-	-	11,964	(208,445)	(96,013)
Disposals	-	-	-	-	(29,605)	-	-	(29,605)
At 30 June 2025	996,751	152,040,576	58,899,830	8,388,346	12,551,836	4,884,478	3,209,668	240,971,486
Accumulated depreciation and impairment loss								
At 1 January 2025	974,174	97,663,298	30,654,748	7,972,805	10,291,414	4,400,664	1,178,187	153,135,290
Charge for the period	1,234	2,315,935	567,532	14,593	323,153	93,380	-	3,315,827
Depreciation on disposals	-	-	-	-	(29,605)	-	-	(29,605)
At 30 June 2025	975,408	99,979,233	31,222,280	7,987,398	10,584,962	4,494,044	1,178,187	156,421,512
Carrying amounts								
At 30 June 2025	21,344	52,061,343	27,677,550	400,948	1,966,874	390,434	2,031,481	84,549,974

Notes to the financial statements (continued)

5 PROPERTY, PLANT AND EQUIPMENT

	Development of leasehold land and quarry RO	Plant, machinery and equipment RO	Factory civil works RO	Non factory civil works (housing complex) RO	Earth moving and transport equipment RO	Furniture, fixtures and equipment RO	Capital work- in progress RO (note 5 c & d)	Total RO
Cost								
At 1 January 2024	996,751	150,190,028	58,720,659	8,320,349	11,605,517	4,623,328	1,549,660	236,006,292
Additions	-	376,193	-	-	15,199	94,375	355,577	841,344
Transfers	-	134,032	-	67,997	-	78,184	(280,213)	-
At 30 June 2024	996,751	150,700,253	58,720,659	8,388,346	11,620,716	4,795,887	1,625,024	236,847,636
Accumulated depreciation and impairment loss								
At 1 January 2024	971,683	93,135,413	29,516,190	7,943,377	9,796,618	4,201,219	1,178,187	146,742,687
Depreciation	1,239	2,234,197	565,733	14,634	225,253	97,420	-	3,138,476
At 30 June 2024	972,922	95,369,610	30,081,923	7,958,011	10,021,871	4,298,639	1,178,187	149,881,163
Carrying amounts								
At 30 June 2024	23,829	55,330,643	28,638,736	430,335	1,598,845	497,248	446,837	86,966,473

Notes to the financial statements (continued)

5 PROPERTY, PLANT AND EQUIPMENT

	Development of leasehold land and quarry RO	Plant, machinery and equipment RO	Factory civil works RO	Non factory civil works (housing complex) RO	Earth moving and transport equipment RO	Furniture, fixtures and equipment RO	Capital work- in progress RO (note 5 c & d)	Total RO
Cost								
At 1 January 2024	996,751	150,190,028	58,720,659	8,320,349	11,605,517	4,623,328	1,549,660	236,006,292
Additions	-	1,158,638	-	-	960,424	127,502	907,746	3,154,310
Transfers	-	427,720	164,520	67,997	-	78,184	(738,421)	-
Disposals	-	(49,872)	-	-	-	-	-	(49,872)
At 31 December 2024	996,751	151,726,514	58,885,179	8,388,346	12,565,941	4,829,014	1,718,985	239,110,730
Accumulated depreciation and impairment loss								
At 1 January 2024	971,683	93,135,413	29,516,190	7,943,377	9,796,618	4,201,219	1,178,187	146,742,687
Charge for the period	2,491	4,554,712	1,138,558	29,428	494,796	199,445	-	6,419,430
Depreciation on disposals	-	(26,827)	-	-	-	-	-	(26,827)
At 31 December 2024	974,174	97,663,298	30,654,748	7,972,805	10,291,414	4,400,664	1,178,187	153,135,290
Carrying amounts								
At 31 December 2024	22,577	54,063,216	28,230,431	415,541	2,274,527	428,350	540,798	85,975,440

Notes to the financial statements (continued)

5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- a) The buildings and plant facilities are built on land leased by the Ministry of Housing under a lease agreement that will expire on 31 December 2029. The Company considers that leasehold land from the Government will continue to be made available for the Company's use over the useful economic life of the assets that are situated on such leasehold land.

- b) Depreciation for the period is allocated as follows:

	30 Jun 2025	30 Jun 2024	31 Dec 2024
	RO	RO	RO
Cost of sales (note 25)	3,226,985	3,074,103	6,273,797
General and administration (note 26)	88,842	64,373	145,633
	3,315,827	3,138,476	6,419,430

- c) Capital work-in-progress at the end of the period mainly relates to the construction of CWC cement silo, cost of Kiln Shell replacement, installation and commissioning of Shredding Machine – MSW project, supply & installation of cross belt analyzer for Raw Mills 4 & 5 and VFD and VFD Motors for Power savings.

- d) On a prudent basis, the Company has recognized impairment of Al Sahawa Project in the year 2022 which is disclosed under property, plant and equipment - capital work-in-progress. Al Sahawa Project has encountered issues in supply of gas. The matter is under discussion with the Public Authority for Special Economic Zones and Free Zones (OPAZ) formerly known as Al Duqm Special Economic Zone Authority (SEZAD), for exploring alternatives such as re-location of the plant site to reduce distance of gas pipeline and other matters. Considering the supply of gas is critical to the operations of the plant, accordingly, the management believes that the Company can derive an economic benefit from the Al Sahawa Project, once the relocation of plant site near the gas pipeline and other matters with OPAZ are resolved.

6 RIGHT-OF-USE ASSETS

The Company has lease contracts for land used in its operations. The Company has assessed lease term of 18 years for right-of-use assets considering that the lease hold land will continue to be made available for the Company's use over the useful economic life of the assets that are situated on such leasehold land.

	30 Jun 2025	30 Jun 2024	31 Dec 2024
	RO	RO	RO
Leasehold land			
At 1 January	572,286	619,974	619,974
Reversal of carrying value	(572,286)	-	-
Addition of right-of-asset	10,758,378	-	-
Depreciation for the period (note 25)	(448,266)	(23,844)	(47,688)
At period end	10,310,112	596,130	572,286

7 INTANGIBLE ASSETS

Software	30 Jun 2025	30 Jun 2024	31 Dec 2024
	RO	RO	RO
Cost			
At 1 January	1,223,041	1,223,041	1,223,041
Addition during the period	96,013	-	-
At period end	1,319,054	1,223,041	1,223,041
Amortisation			
At 1 January	(1,053,456)	(987,920)	(987,920)
Amortisation for the period (note 26)	(39,301)	(32,589)	(65,536)
At period end	(1,092,758)	(1,020,509)	(1,053,456)
Carrying value			
At period end	226,296	202,531	169,585

Notes to the financial statements (continued)

8 INVESTMENTS IN AN ASSOCIATE

Investment in an associate represents 30% (30 Jun 2024: 30%) equity investment in Mondi Oman LLC, a limited liability company incorporated in the Sultanate of Oman. The associate is primarily engaged in the manufacture of industrial paper bags. The financial year end of the associate is 31 December.

The following further notes apply:

a) The movement in the carrying value of the investment in associate during the period is as follows:

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
At 1 January	1,496,722	1,534,771	1,534,771
Add: share of profit for the period	33,278	104,209	236,179
Less: dividend received	(256,343)	(274,229)	(274,228)
At period end	1,273,656	1,364,751	1,496,722

b) The summarized financial position of the associate is not adjusted for proportion of ownership, and is as follows:

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
Assets			
Non-current assets	2,623,309	2,325,448	2,599,627
Current assets	5,521,693	6,273,073	4,833,646
Total assets	8,145,002	8,598,521	7,433,273
Liabilities			
Non-current liabilities	445,057	383,519	431,632
Current liabilities			
Trade payables	159,093	653,418	240,758
Other payables	3,222,659	2,936,106	1,659,725
Total current liabilities	3,381,752	3,589,524	1,900,483
Total liabilities	3,826,809	3,973,043	2,332,115
Net assets (100%)	4,318,193	4,625,478	5,101,158
Company's share of net assets (30%)	1,273,656	1,364,751	1,496,722
Revenue	4,428,934	4,943,390	9,330,272
Net profit and total comprehensive income for the period (100%)	71,513	402,099	877,779
Net profit and total comprehensive income for the period (30%)	33,278	104,209	236,179

Notes to the financial statements (continued)

9 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
At 1 January	89,823	81,948	81,948
Disposals during the period	-	-	-
	89,823	81,948	81,948
Fair value changes during period (note 29)	80	9,005	7,875
At period end	89,903	90,954	89,823

- a) Investments at fair value through profit or loss at reporting date comprise of local marketable securities and are measured at fair value at the close of business on 30 June 2025 (30 June 2024: 30 June 2024).
- b) At the end of the reporting date, the sector-wise analysis of the Company's carrying value of investments at fair value through profit or loss is as follows:

Local:	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
<i>MSX quoted investments:</i>			
Banks and investment	22	20	22
Industrial	89,881	90,934	89,801
	89,903	90,954	89,823

- c) The fair value of the investments at fair value through profit or loss has been determined under the level 1 hierarchy.

10 BANK DEPOSITS

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
Bank deposits	-	15,000,000	-
Less: allowance for expected credit losses (d)	-	(38,373)	-
	-	14,961,627	-
Less: current portion	-	(14,961,627)	-
Non-current portion	-	-	-

- a) Deposits having a maturity of more than one year at the end of the reporting date are classified as non-current assets as the Company intends to hold deposits till their maturity.
- b) Deposits having maturity of more than three months and up to one year at the end of the reporting date are classified as current assets and are placed with local commercial banks and earn nil interest per annum (30 Jun 2024: 6.25%).
- c) Deposits having a maturity of less than three months are classified as cash and cash equivalent.

Notes to the financial statements (continued)

10 BANK DEPOSITS (CONTINUED)

d) Movement in allowance for expected credit losses:

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
At 1 January	-	89,868	89,868
Allowance for expected credit losses (note 30)	-	(51,495)	(89,868)
At period end	-	38,373	-

11 INVENTORIES

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
Stores, spares and consumables	13,906,320	14,181,462	13,715,715
Finished clinker	6,126,909	6,941,412	6,101,229
Partly processed clinker	784,665	715,325	864,811
Finished cement	477,569	607,167	732,700
Raw materials	262,021	191,993	310,699
Packing materials	214,164	179,191	276,850
	21,771,648	22,816,550	22,002,004
Provision for slow and non-moving inventories (c)	(8,036,524)	(7,840,155)	(7,890,909)
Inventories written off (note 25)	(324,917)	(492,637)	(1,404,193)
	13,410,207	14,483,758	12,706,902
Materials pending inspection	80,811	188,222	43,903
	13,491,018	14,671,980	12,750,805

- a) At the end of the reporting date, finished cement represents approximately 3 days (30 Jun 2024: 3 days) of sales.
- b) Inventories of RO 5,166,045 (30 Jun 2024: RO 5,523,013) were recognised as an expense during the period and included in cost of sales.
- c) Movement in the provision for slow and non-moving inventories is as follows:

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
At 1 January	7,890,909	7,821,368	7,821,368
Provided during the period (note 25)	145,615	18,788	69,541
At period end	8,036,524	7,840,155	7,890,909

12 TRADE AND OTHER RECEIVABLES

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
Trade receivables	8,054,863	8,610,151	8,433,534
Less: Allowance for expected credit losses (e)	(11,232)	(28,574)	(23,817)
	8,043,631	8,581,577	8,409,717
Advances to suppliers	465,069	458,148	704,900
Receivable from related party [note 22 (b)]	-	5,008	-
Interest receivable	-	801,541	-
Prepayments	131,640	147,193	2,668
Other receivables	320,270	237,701	544,712
	8,960,610	10,231,169	9,661,997

Notes to the financial statements (continued)

12 TRADE AND OTHER RECEIVABLES (CONTINUED)

- a) At the end of the reporting date, 80.51% (30 Jun 2024: 77.99%) of the Company's trade receivables are due from six customers.
- b) Trade receivable amounting to RO 6,632,343 (30 Jun 2024: RO 6,278,782) are neither past due nor impaired.
- c) At the end of the reporting date, trade receivables with a carrying amount of RO 1,422,520 (30 Jun 2024: RO 2,331,369) are past due but not impaired. These relate to several independent customers for whom there is no recent history of default, and the receivables are covered through bank guarantees. The ageing analysis of the trade receivable which are past due but not impaired is as follows:

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
Past due up to 90 days	1,345,467	1,896,433	1,018,480
Past due above 90 days to 180 days	30,079	130,352	77,919
Past due above 180 days	46,974	304,583	230,353
	1,422,520	2,331,369	1,326,752

- d) At the end of the reporting date, 100% (30 Jun 2024: 99.85%) of the trade receivables are covered by bank guarantees.

- e) Movement in allowance for expected credit losses:

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
At 1 January	23,817	35,978	35,978
(Reversal) / allowance for expected credit losses for the period (note 30)	(12,585)	(7,404)	(12,161)
At period end	11,232	28,574	23,817

- f) The aging analysis of trade receivables are as follows:

	Current (not past due)	1 - 60 days	61 – 120 days	121-180 days	More than 180 days	Total
30 June 2025						
Weighted avg. loss rate %	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%
Gross carrying amount(RO)	6,632,343	1,311,206	52,764	11,576	46,974	8,054,863
Loss allowance (RO)	(9,248)	(1,828)	(74)	(16)	(66)	(11,232)
Net carrying amount (RO)	6,623,095	1,309,378	52,690	11,560	46,908	8,043,631
	Current (not past due)	1 - 60 days	61 – 120 days	121 – 180 days	More than 180 days	Total
30 June 2024						
Weighted avg. loss rate %	0.18%	0.18%	0.18%	0.18%	4.52%	0.33%
Gross carrying amount(RO)	6,278,782	1,588,012	357,934	80,839	304,583	8,610,151
Loss allowance (RO)	(11,183)	(2,828)	(638)	(144)	(13,781)	(28,574)
Net carrying amount (RO)	6,267,599	1,585,184	357,296	80,695	290,802	8,581,577

Notes to the financial statements (continued)

12 TRADE AND OTHER RECEIVABLES (CONTINUED)

	Current (not past due)	1 - 60 days	61 – 120 days	121 – 180 days	More than 180 days	Total
31 December 2024						
Weighted avg. loss rate %	0.1%	0.1%	0.1%	0.1%	5.4%	0.3%
Gross carrying amount(RO)	7,106,782	991,711	73,573	31,115	230,353	8,433,534
Loss allowance (RO)	(9,907)	(1,383)	(103)	(43)	(12,381)	(23,817)
Net carrying amount (RO)	<u>7,096,875</u>	<u>990,328</u>	<u>73,470</u>	<u>31,072</u>	<u>217,972</u>	<u>8,409,717</u>

13 CASH AND CASH EQUIVALENTS

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
Cash at bank:			
Call deposits (a)	6,611,335	7,831,453	32,087,058
Current accounts	27,437	37,058	209,248
	6,638,772	7,868,511	32,296,306
Less: allowance for expected credit losses	(12,955)	(17,318)	(73,531)
	6,625,817	7,851,193	32,222,775
Cash in hand	166	166	166
	6,625,983	7,851,359	32,222,941

Movement in allowance for expected credit losses:

	30 Jun 2024 RO	30 Jun 2024 RO	31 Dec 2024 RO
At 1 January	73,531	32,115	32,115
Allowance / (reversal) for expected credit losses during the period (note 30)	(60,576)	(14,797)	41,416
At period end	12,955	17,318	73,531

Bank balances include balances with reputed commercial banks in Oman and are denominated in Omani Rial.

a) Call deposits are placed with local commercial banks and earn interest ranging up to 4.5% (30 Jun 2024: up to 6%) per annum.

14 SHARE CAPITAL

- a) The Company's authorized capital at the end of the reporting date comprises 360,000,000 shares with a nominal value of 100 baiza per share. The issued and paid-up share capital at the end of the reporting date is RO 33,087,271 comprising 330,872,710 fully paid-up shares of 100 baiza per share.
- b) Shareholders who own 10% or more of the Company's share capital and the number of shares they hold at the end of the reporting date are as follows:

	30 Jun 2025		30 Jun 2024		31 Dec 2024	
Name of the Shareholder	Number of Shares held	%	Number of Shares held	%	Number of Shares held	%
Abra Holdings Limited	213,940,073	64.66	213,940,073	64.66	213,940,073	64.66

Notes to the financial statements (continued)

15 SHARE PREMIUM

In the year 1994, the Company made an offering of shares to the public at a premium. As a result of the offering, a share premium account was established.

16 RESERVES

a) Legal reserve

As required by the Commercial Companies Law 2019 of the Sultanate of Oman, 10% of the annual profit is to be transferred to a legal reserve, until the amount of the legal reserve reaches one third of the capital. No transfer has been made in the current and prior year as the reserve has reached the statutory minimum of one third of the capital. The reserve is not available for distribution.

b) Voluntary reserve

In accordance with the Articles of Association of the Company, annual appropriations not exceeding 20% of the profit for the year after deduction of legal reserve may be made to this reserve. The accumulated balance of the reserve shall not exceed half the value of the Company's paid-up share capital. This being achieved in year 2008, the Company has discontinued the transfer. The reserve is available for distribution which is subject to shareholders approvals.

17 FAIR VALUE RESERVE

a) During the prior years, the Company had fair valued its entire unquoted equity investments at fair value through other comprehensive income, at nil value. Fair value reserves include fair value changes on those unquoted investments at fair value through other comprehensive income.

b) The movements in the fair value reserve during the period are as follows:

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
At 1 January	(692,847)	(692,847)	(692,847)
Fair value changes during the period	-	-	-
At period end	(692,847)	(692,847)	(692,847)

18 SHORT TERM BORROWINGS

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
Short term borrowings	-	-	-

a) The Company obtained unsecured short-term borrowings of RO 35 million from a local Islamic bank under Islamic Financing Facility entered through Murabaha and Wakala agreements, denominated in Rial Omani, carrying fixed profit rate of 4% per annum. The tenor of the facility is for one year rollable over each 90 days. This unsecured short-term borrowing has been re-paid and settled during the year 2023.

b) The Company has also obtained an unsecured short-term borrowing of RO 5.4 million from a local commercial bank during the 2022, denominated in Rial Omani, carrying interest rate of 3% per annum. The tenor of the facility is for one year rollable over each 120 days. This unsecured short-term borrowing has been re-paid and settled during the year 2023.

Notes to the financial statements (continued)

19 LEASE LIABILITIES

The movements in the carrying amounts of lease liabilities during the period are as follows:

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
At 1 January	670,008	706,477	706,477
Reversal of carrying value	(670,008)	-	-
Addition of lease liabilities	10,758,378	-	-
Finance cost (note 29)	304,854	20,148	40,297
Payments during the period	(1,231,628)	(76,765)	(76,766)
At period end	9,831,604	649,860	670,008

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
Current	1,231,628	28,451	76,766
Non-current	8,599,976	621,409	593,242
	9,831,604	649,860	670,008

The following are the amounts recognised in statement of comprehensive income:

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
Depreciation exp. of right-of-use assets (note 25)	448,266	23,844	47,688
Reversal dep. exp. of right-of-use assets (note 25)	(97,722)	-	-
Interest exp. on lease liabilities (note 29)	304,854	20,148	40,297
Expense related to short-term leases included in			
Cost of sales and general & administrative exp.	20,031	15,507	28,917
	675,429	59,499	116,902

During the period, the Company had total cash outflows for leases of RO 1,231,628 (30 Jun 2024: RO 76,765).

20 TRADE AND OTHER PAYABLES

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
Accrued expenses	5,185,791	5,273,585	5,161,850
Employee benefits	1,034,847	916,925	953,650
Trade payable	675,605	653,789	778,163
Output VAT - net	409,518	544,297	638,354
Advance from customers (a)	427,706	548,812	354,495
Due to an associate company [note 22 (c)]	-	62,170	137,862
Directors' remuneration	55,049	55,049	110,250
Payables for materials pending inspection	80,811	188,222	43,903
Sales discount payable	-	19,840	-
	7,869,403	8,262,689	8,178,527

- a) The amount of RO 354,495 included in advance from customers at 31 December 2024 has been recognised as revenue in 2025 (30 Jun 2024: RO 439,491).

Notes to the financial statements (continued)

21 TAXATION

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
Statement of comprehensive income			
<i>Current tax expense</i>			
Current period	1,011,841	1,137,487	2,097,085
Change in estimates related to prior years	-	-	(5,783)
Deferred tax credit - origination and reversal of temporary differences	(159,306)	(88,691)	(145,153)
	852,535	1,048,796	1,946,149
Statement of financial position			
<i>Non – current liabilities</i>			
Deferred tax liabilities	7,052,428	7,268,196	7,211,731
<i>Current liabilities</i>			
Current tax liabilities	1,185,720	1,287,830	2,241,645

Taxation is provided at 15% (30 Jun 2024: 15%) on the net profit for the period adjusted for taxation purposes. The Company's assessments for the years 2011 to 2017 have been finalized by the Tax Authority on 4 October 2020 with certain adjustments to the taxable income. The Company has filed an objection on 12 November 2020 against the additions made which were partially accepted by the Tax Authority. On 26 May 2021, the Company submitted an appeal to the Tax Grievances Committee. The Tax Grievance Committee has issued its decision on 18 September 2024 partially accepting the adjustments to the taxable income. The Company is awaiting the assessment orders.

The Company's Tax assessment for the years 2018 and 2019 was also finalized by the Tax Authority on 19 December 2022 with certain adjustments to the taxable income. The Company filed an objection to the Tax Authority on 30 January 2023 against the additions made by the Tax Authority. The Tax Authority, on 31 May 2023, has issued its decision partially accepting the adjustments to the taxable income against the objection filed by the Company for those assessment years. The Company filed an appeal with the Tax Grievances Committee on 17 July 2023. The Company is awaiting scheduling the appeal hearing with the Grievance Committee for those assessment years.

The Company's tax assessments for the years 2020 have been completed by the Tax Authority and the Company filed an objection to the Tax Authority on 23 January 2025 against the additions made by the Tax Authority for the assessment year 2020 and are currently under review by the Objection Committee.

The tax assessment for the year 2021 has been initiated by the Tax Authority. The Tax Inspector has raised the additional queries, and the Company has submitted a request for an extension to respond by July 25, 2025.

The Tax assessments for the years 2022 to 2024 are pending and have not yet been finalized. The Board of Directors believe that any additional tax liability likely to arise at the completion of the assessments for the above years would not be material to the financial position of the Company at the end of the reporting date.

Notes to the financial statements (continued)

21 TAXATION (CONTINUED)

- a) The reconciliation of taxation on the accounting profit with the taxation charge for the period is as follows:

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
Profit before tax	5,601,284	7,014,782	13,067,016
Taxation on accounting profit at 15%	840,193	1,052,217	1,960,052
Add / (less) tax effect of:			
Income exempt from tax	(6,056)	(16,429)	(36,418)
Expenses not deductible for tax purposes	18,398	13,008	28,298
Prior period tax	-	-	(5,783)
Income tax expense	852,535	1,048,796	1,946,149

- b) Movement in income tax provision is as follows:

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
At 1 January	2,241,645	1,242,098	1,242,098
Charge during the period	1,011,841	1,137,487	2,097,085
Payment during the period	(2,067,766)	(1,110,344)	(1,091,755)
Prior years adjustments	-	18,589	(5,783)
At period end	1,185,720	1,287,830	2,241,645

- c) The movement in the deferred taxation balances during the period is attributed to the following items:

	Accelerated tax depreciation RO	Provisions RO	Total RO
Deferred tax liabilities			
1 January 2025	8,428,087	(1,216,356)	7,211,731
Charge to the statement of comprehensive income	(142,575)	(16,732)	(159,307)
30 June 2025	8,285,512	(1,233,087)	7,052,428

	Accelerated tax depreciation RO	Provisions RO	Total RO
Deferred tax liabilities			
1 January 2024	8,566,761	(1,209,877)	7,356,884
Charge to the statement of comprehensive income	(96,086)	7,395	(88,691)
30 June 2024	8,470,675	(1,202,482)	7,268,196

	Accelerated tax depreciation RO	Provisions RO	Total RO
Deferred tax liabilities			
1 January 2024	8,566,761	(1,209,877)	7,356,884
Charge to the statement of comprehensive income	(138,674)	(6,479)	(145,153)
31 December 2024	8,428,087	(1,216,356)	7,211,731

Notes to the financial statements (continued)

21 TAXATION (CONTINUED)

On 31 December 2024, Oman issued Royal Decree Number 70/2024, enacting new global minimum tax rules to align with the Organization for Economic Co-operation and Development (OECD) Base Erosion and Profit Shifting (BEPS) Pillar Two rules (GloBE Rules). The enacted law introduces a domestic minimum top-up tax (DMTT) and an Income Inclusion Rule (IIR), effective from 1 January 2025. This tax applies to entities that are part of an MNE Group with annual revenues amounting to or exceeding the Omani rial equivalent of EUR 750 million or more in two of the last four financial years.

The taxable income and effective tax rate will be calculated in accordance with the Executive Regulations to the Royal Decree, which are expected to be issued during 2025.

For the period ended 30 June 2025, the GloBE Rules are not expected to have a significant impact on income tax expense for Oman Cement Company SAOG. The Company will continue to monitor the legislation and accrue any potential top-up tax in the year 2025, in accordance with the IAS 12 Amendments and consider the Transitional Country-by-Country (CbC) Safe Harbour relief. In the absence of Executive Regulations to the Royal Decree, the potential exposure, if any, for Pillar Two Rules on income taxes, is currently not known or reasonably estimable.

The Company has applied the mandatory temporary exception provided under Amendments to IAS 12 – Income Taxes to neither recognize nor disclose information on deferred tax assets or liabilities related to Pillar Two income taxes.

Notes to the financial statements (continued)

22 RELATED PARTIES TRANSACTIONS AND BALANCES

- a) The Company has entered into transactions with related parties as specified under IAS 24. These transactions arise in the normal course of business and are entered into on terms and conditions approved by the Board of Directors and subject to shareholders' approval at the Annual General Meeting.

- b) The nature and volume of related party transactions during the period are as follows:

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
<i>Mondi Oman LLC – Associate Company</i>			
Purchases of goods	656,977	1,071,775	2,174,284
Dividend received (note 8)	256,343	274,228	274,228
<i>Company under common control</i>			
Deposits in lieu of tender bonds	19,299	65,398	84,433
Less: Deposits in lieu of tender bonds refunded	(7,361)	-	(77,072)
Deposits in lieu of tender bonds payable included in accrued expenses	11,938	65,398	7,361
Services related to projects	625,890	31,122	376,272
Payments related to projects	(597,379)	(31,122)	(358,505)
Payments related to opening balances	(17,767)	-	-
Balance payment related to projects	28,511	-	17,767
Recovery of accommodation rent and utility charges under projects	309	170	1,938
Purchases of stores items (silicate boards)	81,891	-	-
Payments of store items (silicate boards)	(81,648)	-	-
	243	-	-
<i>Parent company</i>			
Group reporting audit fee received from group company and paid to auditors	3,150	5,008	-

Outstanding balances at the end of period are unsecured, interest free, repayable on demand and settlement occurs in cash. There have been no guarantees provided or received for any related party balances.

- c) The amount due to Mondi Oman LLC of RO nil (30 Jun 2024: RO 62,170) towards purchase of goods is presented under note 20.
- d) The key management personnel compensation for the period comprises:

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
Short-term employment benefits	282,486	268,845	528,376
Post-employment benefits	14,528	14,236	28,472
	297,014	283,081	556,848
e) Board of Directors' remuneration, directors' meeting attendance fee and other expenses for the period comprises:			
	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
Directors' remuneration (note 26)	55,125	55,125	110,250
Directors' meeting attendance fees (note 26)	13,351	13,700	24,550
Directors' other expenses (note 26)	952	2,835	4,264
	69,428	71,660	139,062

Notes to the financial statements (continued)

23 NET ASSETS, BASIC AND DILUTED EARNINGS PER SHARE

a) Net assets per share

Net assets are calculated by deducting total liabilities from total assets.

Net assets per share are calculated by dividing the net assets at the end of the reporting date by the number of shares outstanding as follows:

	30 Jun 2025	30 Jun 2024	31 Dec 2024
Net assets (in Rials Omani)	98,539,027	118,413,941	123,568,822
Number of shares outstanding	330,872,710	330,872,710	330,872,710
Net assets per share (in Rials Omani)	0.298	0.358	0.373

b) Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period as follows:

	30 Jun 2025	30 Jun 2024	31 Dec 2024
Profit for the period (in Rials Omani)	4,748,749	5,965,986	11,120,867
Weighted average number of shares outstanding during the period	330,872,710	330,872,710	330,872,710
Basic and diluted earnings per share (in Rials Omani)	0.029	0.036	0.034

As there are no dilutive potential ordinary shares, the diluted earnings per share are identical to the basic earnings per share.

24 REVENUE

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
Sale of finished cement - local	34,363,215	34,966,128	69,158,551
Sale of finished cement - export	311,124	248,954	471,571
	34,674,339	35,215,082	69,630,122
Less: sales discount	(1,558,713)	(1,003,891)	(1,977,804)
Net sale of finished cement	33,115,626	34,211,191	67,652,318
Sale of clinker - local	260,754	23,881	423,286
	33,376,380	34,235,072	68,075,604

The Company's revenue from its customer for sale of goods is recognized at point of time. The geographical markets where the Company operates are disclosed in note 36.

Notes to the financial statements (continued)

25 COST OF SALES

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
Fuel, gas, and electricity	12,999,043	11,023,646	22,791,471
Salaries and employee related costs [note 28 (b)]	4,461,463	4,520,025	8,649,250
Depreciation on property, plant & equip. [note 5 (b)]	3,226,985	3,074,103	6,273,797
Stores, spares, and consumable	1,653,017	2,166,534	4,374,557
Raw material consumed	2,136,340	1,779,222	3,674,830
Packing material	906,156	1,065,832	2,050,422
Repairs and maintenance	749,637	909,145	1,764,259
Movement in finished cement, finished clinker, partly processed clinker and raw materials	(1,094,705)	1,204,516	1,731,540
Inventories written off (note 11)	324,917	492,637	1,404,193
Transportation	326,879	425,265	799,684
Prov. for slow and non-moving inventories [note 11 (c)]	145,615	18,788	69,541
Depreciation on right-of-use assets (note 6)	448,266	23,844	47,688
Reversal of dep. on right-of-use assets	(97,722)	-	-
Land lease rental	3,315	-	-
	26,189,206	26,703,557	53,631,232

26 GENERAL AND ADMINISTRATIVE EXPENSES

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
Salaries and employee related costs [note 28 (b)]	1,081,640	1,153,152	2,231,192
Insurance	131,562	145,056	289,540
Depreciation on property, plant and equip. [note 5 (b)]	88,842	64,373	145,633
Directors' remuneration [note 22 (e)]	55,125	55,125	110,250
Amortisation of intangible assets (note 7)	39,301	32,589	65,536
Legal and professional charges	21,232	29,323	64,008
Training costs	36,560	18,009	50,560
Share registration charges	39,705	39,705	39,705
Communication	12,447	13,730	29,428
Advertisement	14,470	9,723	28,783
Directors' meeting attendance fees [note 22 (e)]	13,351	13,700	24,550
Printing and stationery	10,127	3,103	4,960
Directors' other expenses [note 22 (e)]	952	2,835	4,264
CSR and donation	41,988	350	350
Bed debts written off	13,306	-	-
Others	304,796	273,631	584,219
	1,905,404	1,854,404	3,672,978

27 OTHER INCOME - NET

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
Provision no longer required written back	-	-	128,194
Sales of scrap and waste materials	13,082	5,784	15,609
Sale of tender documents	4,863	6,994	13,806
Rental income	9,547	3,389	6,284
Loss on disposal of property, plant and equipment	-	-	(23,045)
Others	48,494	-	-
	75,985	16,167	140,848

Notes to the financial statements (continued)

28 SALARIES AND EMPLOYEE RELATED COSTS

- a) Salaries and employee related costs included under cost of sales and general and administrative expenditures comprise the following:

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
Salaries and wages	3,895,272	4,007,805	7,966,496
Variable pay	675,178	645,033	1,028,697
Cont. to defined retirement plan for Omani emp.	321,630	331,598	651,542
Medical expenses	189,290	192,035	390,817
Cost of end of ser. benefits for expatriate empl.	106,307	95,617	163,739
(c) Other benefits	355,426	401,089	679,151
	5,543,103	5,673,177	10,880,442

- b) Salaries and employee related costs are allocated as follows:

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
Cost of sales (note 25)	4,461,463	4,520,025	8,649,250
General and administrative expenditure (note 26)	1,081,640	1,153,152	2,231,192
	5,543,103	5,673,177	10,880,442

- c) The movements in expatriate employees' end of service benefits liability recognised in the statement of financial position are as follows:

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
At 1 January	1,068,866	968,384	968,384
Charge for the period (a)	106,307	95,617	163,739
Paid during the period	(125,803)	(9,543)	(63,257)
At period end	1,049,370	1,054,458	1,068,866

29 NET FINANCE INCOME

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
<i>Finance income:</i>			
Interest on bank deposits	434,771	1,149,422	1,883,795
Dividend income	7,094	5,320	6,609
	441,865	1,154,742	1,890,404
<i>Finance costs:</i>			
Finance cost on lease liabilities (note 19)	(304,854)	(20,148)	(40,297)
Fair value changes in investments at fair value through profit or loss (note 9)	80	9,005	7,875
	(304,774)	(11,143)	(32,422)
Net finance income	137,091	1,143,599	1,857,982

Notes to the financial statements (continued)

30 ALLOWANCES/ (REVERSAL) OF ALLOWANCE FOR EXPECTED CREDIT LOSSES (ECL) ON FINANCIAL ASSETS

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
At 1 January	97,348	157,961	157,961
Movement during the period:			
ECL (reversal) on trade receivable [note 12 (e)]	(12,585)	(7,404)	(12,161)
ECL loss/(reversal) on call deposits (note 13)	(60,576)	(14,797)	41,416
ECL (reversal) on bank deposits [note10(d)]	-	(51,495)	(89,868)
	(73,160)	(73,696)	(60,613)
At period end	24,187	84,265	97,348

31 FINANCIAL INSTRUMENTS BY MEASUREMENT

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
Categories of financial instruments			
Financial assets (at amortised cost)			
Trade and other receivables excluding advances and prepayments (note 12)	8,363,901	9,625,828	8,954,430
Bank deposits (note 10)	-	14,961,627	-
Cash and cash equivalents (note 13)	6,625,983	7,851,359	32,222,941
Financial assets (at fair value through profit or loss)			
Investments at fair value through profit or loss – Level 1 (note 9)	89,903	90,954	89,823
	15,079,787	32,529,768	41,267,194
Financial liabilities (at amortised cost)			
Lease liabilities (note 19)	9,831,604	649,860	670,008
Trade and other payables excluding output VAT - net and advance from customers (note 20)	1,846,388	1,895,995	7,185,678
	11,677,992	2,545,855	7,855,686

The fair values of the financial instruments are not materially different from their carrying values. There were no transfers between Level 1 and Level 2 during the current and prior period.

32 COMMITMENTS

a) Capital commitments

At the end of the reporting date, the Company had approved capital commitments amounting to RO 2,467,493 mainly relating to supply, installation and commissioning of switchgears 6.6Kv for line 2 and ER01 main substation, waste feeding system at Klin 1 pre-calciner, installation of 132Kv grid station, semi-automatic truck loading plant, and capital spares & parts (30 Jun 2024: RO 2,950,432 mainly relating to fly-ash storage project, dump trucks and capital spares & parts).

b) Other purchase commitments

The Company had purchase commitments in the normal course of business amounting to RO 8,594,655 (30 June 2024: RO 20,917,480).

Notes to the financial statements (continued)

33 CONTINGENT LIABILITIES

At the end of the reporting date, the Company had contingent liabilities amounting to RO 28,852 (30 Jun 2024: RO 28,852) in respect of bank guarantees given in the normal course of business to Public Authority for Mining and Environment Authority, Sultanate of Oman and Bureau of Indian Standards (BIS) from which it is anticipated that no material liabilities will arise. Furthermore, the Company had contingent liabilities amounting to RO 42,401 (30 Jun 2024: RO 80,523) in respect of letter of credit issued by banks in the normal course of business.

34 FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

a) Market risk

Currency risk

The majority of the transactions and balances are either in RO or USD. As the RO is pegged to the USD, balances in USD are not considered to represent significant currency risk. The Company is not exposed to significant currency risk as at 30 Jun 2025 (30 Jun 2024: No significant exposure to currency risk).

Interest rate risk

The Company analyses its interest rate exposure on a regular basis, renegotiates interest rates at terms favorable to the Company and ensures that they are as far as possible on a fixed rate basis. The bank deposits including call deposits are at a fixed interest rate, therefore, there is no exposure to interest rate risk.

Price risk

The Company's investments are subject to market price risk arising from uncertainties about future prices of equities. Market price risk is managed through the diversification of the investments, thereby avoiding concentration of investments in individual securities. Furthermore, the Company's investments are managed according to the guidelines provided by the Board of Directors which are consistent with the investment policies and procedures.

The Company's quoted investments are publicly traded in the Muscat Stock Exchange (MSX). Assuming that:

- the MSX index would have changed by 5%;
- the Company's equity instruments move according with the historical correlation with the index; and
- all other variables are constant.

The impact on the net profit of the Company would approximate RO 4,495 (30 Jun 2024: RO 4,548).

Notes to the financial statements (continued)

34 FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

b) Credit risk

The credit risk on trade receivable is limited to their carrying values. The Company has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. For customers where there is no independent rating agency established in the country, the Company assesses the credit quality of the customers, considering their financial position, past experience and other factors. Individual credit limits for the customers are established based on the amount of bank guarantees provided. The credit customers are required to provide guarantees for all outstanding amounts as the Company regularly reviews these balances to assess recoverability and makes provision for balances whose recoverability is in doubt.

For trade receivables, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The Company has recognized a loss allowance of 100% against all receivables over 365 days past due which are not backed by bank guarantees because historical experience has indicated that these receivables are generally not recoverable.

For bank balances and deposits, the Company does not consider credit risk to be significant as the balances and the deposits are placed with reputed banks. However, the expected credit loss is recorded on a prudent basis.

The maximum exposure to credit risk at the reporting date, without taking into account collateral or other credit enhancements was:

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
Bank balances	6,625,817	7,851,193	32,222,775
Trade receivables	8,043,631	8,581,577	8,409,717
Other receivables*	320,270	1,044,251	544,712
Bank deposits	-	14,961,627	-
	14,989,718	32,438,648	41,177,204

* Other receivables exclude prepayments and advances to suppliers.

The table below shows the balances with banks categorized by short-term credit rating as published by Moody's investor's service at the reporting date.

Bank	Rating agency	Credit rating	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
Ahli Bank SAOG	Fitch	BB-	4,700,904	20,337,967	30,297,242
Bank Muscat SAOG	Moody's	Ba1	1,136,203	1,918,843	930,467
Sohar Islamic Bank	Moody's	Ba1	90,840	61,217	455,533
National Bank of Oman SAOG	Moody's	Ba1	567,580	389,927	427,737
Oman Arab Bank SAOG	Moody's	Ba1	136,412	147,069	171,749
Misarah Islamic Banking & Services	Moody's	Ba2	-	11,597	11,707
Meethaq Islamic Bank	Moody's	Ba1	1,398	1,400	1,400
Bank Dhofar SAOG	Moody's	Ba2	1,935	490	469
Sohar International SAOG	Moody's	Ba1	3,500	-	-
			6,638,772	22,868,511	32,296,304

Notes to the financial statements (continued)

34 FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

b) Liquidity risk

The Company monitors liquidity requirements on a regular basis and ensures that sufficient funds are available, including unutilized credit facilities to meet all liabilities as they fall due. The Company manages liquidity risk of maintaining adequate reserves, banking facilities, and borrowing facilities by continuously monitoring forecast and actual cash flows.

30 June 2025	Carrying value	Contractual cashflows	Less than one year	Between one and five years	More than five years
	RO	RO	RO	RO	RO
Lease liabilities	9,831,604	9,831,604	1,231,628	6,158,140	6,158,140
Trade and other payables*	1,846,388	1,846,388	1,846,388	-	-
	11,677,992	11,677,992	3,078,016	6,158,140	6,158,140
30 June 2024					
Lease liabilities	649,860	901,041	76,766	307,064	517,211
Trade and other payables*	1,895,995	1,895,995	1,895,995	-	-
	2,545,855	2,797,036	1,972,761	307,064	517,211
31 December 2024					
Lease liabilities	670,008	921,192	76,766	383,830	460,596
Trade and other payables*	7,185,678	7,185,678	7,185,678	-	-
	7,855,686	8,106,870	7,262,444	383,830	460,596

*Trade and other payables exclude VAT payable and advance from customers.

c) Capital management

The Company's objectives when managing capital is to enable the entity to continue as a going concern, so that it can continue to provide adequate returns to the shareholders. The Company also ensures compliance with externally imposed capital requirements.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the shareholders, return capital to shareholders or raise additional capital.

The capital structure of the Company includes share capital, reserves and retained earnings. During the current and prior year, there is no change in the capital management policy of the Company.

Gearing ratio:

Gearing ratio is calculated by dividing total equity by debt balance. Gearing ratio at the end of the reporting period is as follows:

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
Debt	-	-	-
Equity	98,539,027	118,413,941	123,568,822
Debt to equity ratio	-	-	-

35 DIVIDEND

The dividend for 2024 amounting to RO 29,778,544 was approved by shareholders in AGM held on 20 March 2025 and paid on 26 and 27 March 2025.

The dividend for 2023 amounting to RO 40,000,000 was approved by shareholders in AGM held on 25 March 2024 and paid on 1 April 2024.

Notes to the financial statements (continued)

36 OPERATING SEGMENT

a) The Company operates in one reportable segment of manufacture and sale of cement, which constitutes 100% (30 Jun 2024: 100%) of the total revenue of the Company. The Company also sold a small quantity of clinkers during the period. The operating segment is identified based on internal reports about the components of the Company that are regularly reviewed by the Board of Directors in order to allocate resources to the segments and to assess their performance. All the relevant information relating to this segment is disclosed in the financial statements.

b) The Company mainly operates in the geographical segment of the Sultanate of Oman and other GCC countries, 99.07% (30 Jun 2024: 99.23%) of total sales and related trade receivable are within this geographical segment.

c) The Company's gross revenue from customers by geographical locations is detailed below:

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
Sale of finished cement - local	34,363,215	34,966,128	69,158,551
Sale of finished cement - export	311,124	248,954	471,571
Sale of clinker - local	260,754	23,881	423,256
	34,935,093	35,238,963	70,053,408

d) Region-wise export sales are detailed below:

	30 Jun 2025 RO	30 Jun 2024 RO	31 Dec 2024 RO
Iraq	201,596	231,764	335,835
Cameroon	26,937	-	57,231
Uganda	-	-	44,127
Kenya	68,758	-	34,378
Niger	-	17,190	-
Libya	13,105	-	-
New Zealand	728	-	-
	311,124	248,954	471,571

e) Outstanding trade receivables in respect of export sales are nil (30 Jun 2024: nil).

f) The Company's gross revenue from key customers is as follows:

	30 Jun 2025 RO	% of gross sales	30 Jun 2024 RO	% of gross sales	31 Dec 2024 RO	% of gross sales
Customer representing more than 10% revenue	-	-	-	-	-	-
Others	34,935,093	100	35,238,963	100	70,053,408	100
	34,935,093	100	35,238,963	100	70,053,408	100

g) The geographical location of non-current assets owned by the Company is as follows:

Non-current assets other than financial assets of RO 95,086,382 (30 Jun 2024: RO 87,765,134) are located in Oman.

Notes to the financial statements (continued)

37 CLIMATE RELATED RISKS

The Company and its customers may face significant climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels and risks. Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behavior and investor demand. These risks are receiving increasing regulatory, political and societal scrutiny, both within the country and internationally.

While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains. The Company is making progress on embedding climate risk in its risk framework.