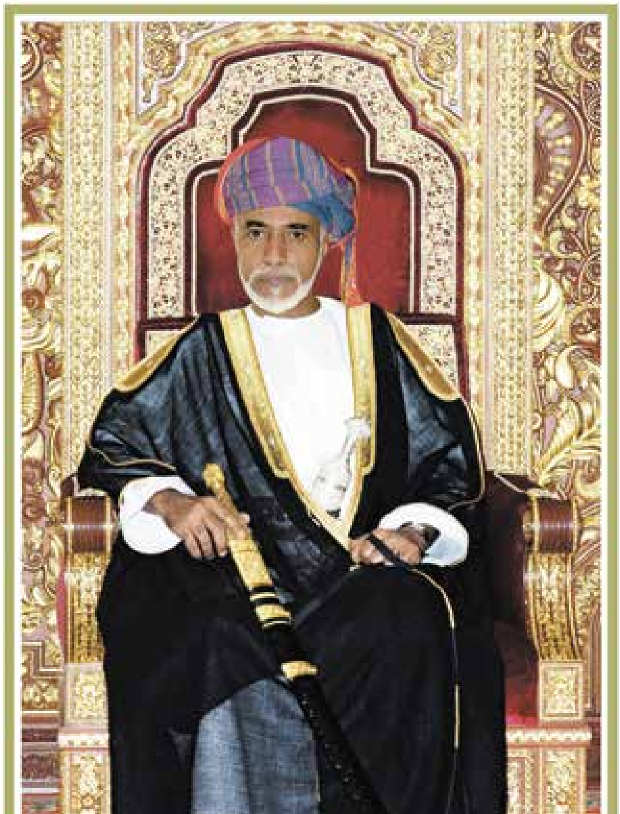
His Majesty Sultan Haitham bin Tarik



Late His Majesty Sultan Qaboos Bin Said

ريسوت للأسمنت
Raysut Cement

الشريك الإستراتيجي للنمو
Strategic Partner for Growth

RAYSUT CEMENT COMPANY SAOG AND ITS SUBSIDIARIES

CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021


KUWAIT
SAUDI ARABIA
RAS AL KHAIMAH
SOHAR
MUSCAT
DUQM
SALALAH
INDIA
SUDAN
YEMEN
SOMALIA
TANZANIA
MADAGASCAR
MAURITIUS
MALDIVES
SRI LANKA

INVESTOR RELATIONS:

Full disclosure and transparency in RCC's business operations is key to good investor relations. We make sure that necessary financial information is available and easily accessible to all stakeholders. All information is presented as clearly and as detailed as possible.

OUR MISSION AND VISION:

Our mission is to create long-term value and provide market-focused solutions to all our clients and partners through the development and conversion of natural resources into quality products.

CORPORATE GOVERNANCE:

Raysut Cement Company believes in fair business. That's why we make sure that we comply with corporate governance policies and procedures when dealing with all our stakeholders.

ORGANIZATION:

Raysut Cement Company's marketing network is spread across many countries in Asia, Africa and the Middle East. We are managed by the Board of Directors.

Ghose Jotirmoy Pratul Krishna

Chief Executive Officer

Auditors

Abu Timam - Grant Thornton

Bankers

Oman Arab Bank (SAOC)
Bank Dhofar (SAOG)
Bank Muscat (SAOG)
Bank Sohar (SAOG)
Ahli Bank (SAOG)
Bank Nizwa (SAOG)

Board of Directors

Ahmed Yousuf Alawi Al Ibrahim

Chairman

Gerhard Hugo Hirth

Vice Chairman

Qais Yousuf Alawi Al Ibrahim

Board Member

Ahmed Salem Mohamed Al Busaidi

Board Member

Ibrahim Yousuf Alawi Al Ibrahim

Board Member

Fahad Abdullah Al Rajhi

Board Member

Khaled Hareb Mohamed Al Hameli

Board Member

Khaled Saeed Abdulla Al Shamsi

Board Member

ريسوت للأسمنت
Raysut Cement
الشريك الإستراتيجي للنمو
Strategic Partner for Growth

1

DIRECTOR REPORT

For the year ended 31 December 2021

Dear Shareholders,

It gives me pleasure to welcome you all to the 41st Annual General Meeting of the Company.

On behalf of Board of Directors of the Raysut Cement Group of Companies, it gives me pleasure, albeit in these difficult and uncertain times, to present the Audited Financial Statements for the year ended 31st December 2021 of the Company along with the Auditor's report presented for your perusal.

The prevailing COVID-19 Pandemic has created an unprecedented situation throughout the globe. All mankind, business both at domestic and international levels, are passing through a critical phase, your company is no exception to it hence has suffered significantly, however, there is significant improvement from the corresponding year.

Review of operations and financial performance:

Production

Group:

The Group as a whole has produced 3.104 Million tons of Clinker and 3.799 Million tons of Cement during the year against 3.599 Million tons of Clinker and 4.110 Million tons of Cement during last year respectively. The overall production of Clinker is lower by 13.75% and Cement by 7.57%.

Decline in production is due to the impact of COVID 19 pandemic, lower quantity demand in domestic and international cement markets.

Parent Company:

The Parent Company in its Salalah plant produced 1.819 Million tons of Clinker and 2.115 Million tons of Cement during the year against 2.212 Million tons of Clinker and 2.000 Million tons of Cement in the last year. Overall, there is a decrease of production of Clinker by 17.77% and an increase in cement production by 5.75% as compared to last year. Decline in clinker production is because of plant shut down for cooler upgradation and scheduled maintenance.

Subsidiary companies :

At Pioneer Cement, a subsidiary company, plant in UAE, the productions of Clinker and Cement stood at 1.285 Million tons and 0.456 Million tons respectively during the year, against 1.387 Million tons of Clinker and 0.803 Tons cement respectively in the last year. Clinker productions is lower by 7.35% and Cement by 43.21% as compared to last year. Coal prices increased by approx. 140% for smaller period during the year and it was not feasible to procure at peak prices, hence, a preplanned plant maintenance was undertaken.

At Sohar Cement Factory LLC, the productions of Cement stood at 1.228 Million tons against 1.307 Million tons during the year is lower by 6.04%. Decline in production is because of shortage of raw materials due to Covid-19 pandemic.

Sales :

Group:

The Group as a whole has sold 3.560 million tons of Cement during the year against 4.031 Million tons of Cement in the last year. Overall, there is a decrease of cement sale by 11.68%. Further, the Group has sold 0.328 Million tons of Clinker against 0.640 Million tons in the last year, it does not include internal consumption of 0.918 million tons of Clinker at Sohar Cement Factory LLC.

Parent Company :

The Parent Company has sold 2.151 million tons of Cement (including 72K tons through Subsidiaries) and 0.262 Million tons of clinker during the year against 2.742 Million (including 820K tons through subsidiaries) of Cement and 0.585 million tons of clinker in the last year.

Subsidiary companies :

At Pioneer Cement, a subsidiary company, plant in UAE, has sold 0.458 million tons of Cement and 0.897 million tons of clinker against 0.810 million tons of cement and 0.740 million tons of Clinker in the last year, a decrease by 43.46% in cement sales and an increase in clinker sales by 21.22% during the year. Clinker was mainly sold to Sohar Cement Factory LLC.

At Sohar Cement Factory LLC, the sale of Cement stood at 1.23 million tons during the year against 1.300 million tons in the last year.

Lafarge Maldives Cement Pvt. Ltd, has made a Cement Sales of 0.071 million tons against 0.013 million tons of cement for the post-acquisition period from 1st September to 31 December 2020.

Raysut Ciment Trading Madagascar, a new acquired subsidiary company in Madagascar where the Parent Company has acquired 100% shareholding, has made a Cement sale of 0.094 million tons of cement for the post-acquisition period from 1 July to 31 December 2021.

RCC Trading DMCC was involved in trading activities of sale of cement and clinker, has ceased its operation with effect from 1 April 2021 as the purpose of establishing trading arm is achieved as new markets were added which are now managed by Parent company.

The major markets for the Parent company are domestic, Yemen and East African Markets, for Sohar Cement Factory it is northern Oman and for Pioneer, the main markets are UAE and Oman. RCC Trading DMCC has added many new markets such as Zanzibar, Comoros, Madagascar and Raysut Maldives Cement Pvt. Ltd. has added new market of Maldives in the group's geographical coverage in line with the Group Strategic Plan.

Revenue and profit:

Group :

During the year, the Group has earned a Revenue of RO 93.60 Million against RO 90.38 Million in the last year, an increase by 3.56%.

The Loss before Tax of the Group stood at RO 14.11 Million as against loss of RO 19.99 Million in the last year. The Group operating loss for the year is RO 10.55 Million in the current year against a loss of RO 15.89 Million in the last year. The improved performance is mainly due to the following reasons:

- Group has early terminated three charter hire vessel contracts and paid significantly termination charges to save future committed costs.
- Significant reduction in Idle time by forward chartering;
- New markets and customers allowed RCC (Salalah) to improve gross profit significantly;

The Loss after Tax for the Group is RO 13.58 Million against a loss of RO 18.28 Million during the last year.

Parent Company :

In spite of severe price competition from the UAE suppliers, and the volatility in the export market, the Parent Company could achieve an overall Sales revenue of RO 51.65 Million (includes 1.5 Millions sold through subsidiaries) during the year against RO 60.78 Million (includes 14.6 Million sold through subsidiaries) during the last year.

The Loss after tax of the Parent Company has stood at RO 12.92 Million against a loss of RO 16.54 Million during the last year. The current year loss includes provision of impairment on subsidiary company which represents settlement cost of early termination of charter vessel contracts.

Subsidiary companies :

During the year, the Sales Revenue, earned by Pioneer Cement, a subsidiary company in UAE amounted to RO 27.23 Million as compared to RO 24.03 Million achieved in the last year, an increase by 13.32%.

Pioneer Cement has made a profit of RO 0.23 Million against a profit of RO 0.37 Million during the last year, a decrease by 37.84%.

Sohar Cement Factory LLC has made a revenue of RO 22.83 Million and profit of RO 0.85 Million during the year against last year revenue of RO 23.70 Million and made a profit of RO 1.40 Million during the year.

Raysea Navigation, a subsidiary company which provide with shipping services, since during current year the vessel (M.V. Raysut I) was sold out and therefore, there were no commercial operations.

RCC Trading DMCC, a subsidiary company in UAE which is engaged in the trading activity has earned a revenue of RO 13.18 Million and incurred a loss of RO 13.00 Million against revenue of RO 28.65 Million and a loss of RO 3.80 Million. As mentioned above, RCC Trading DMCCC has ceased its operation with effect from 1 April 2021 as the purpose of establishing trading arm is achieved as new markets were added which are now managed by Parent company.

Raysut Maldives Cement Pvt. Ltd., a new acquired subsidiary company in Maldives has earned a revenue of RO 2.50 Million and made a profit of RO 0.13 Million against revenue of RO 0.59 Million and made a profit of RO 0.014 Million for the post acquisition period from 1st September to 31st December 2020.

Raysut Ciment Trading Madagascar, a new acquired subsidiary company in Madagascar has earned a revenue of RO 3.46 Million and incurred a loss of RO 0.39 Million for the post acquisition period from 1 July 2021 to 31st December 2021.

Capital Structure Change: During the year under review, no capital restructuring like increase or reduction in capital or issue of bond has happened.

Dividend Policy:

The Company has been following a dividend policy based on performance achieved, market as well as investors' expectations.

The dividends declared during last five years are tabled below:

Year	**2020**	**2019**	**2018**	**2017**	**2016**
Dividend on paid up capital	-	-	12.5%	29%	65%

Future Outlook

Various cost reductions initiatives coupled with optimization of distribution of cement keeping market share and profitability in mind, exploring export market for optimum utilization of available resources would be the major area of attention. With those internal and external initiatives the Company is hopeful to minimize the market pressure to a great extent.

The management continues to focus on the dynamic and competitive market for cement, additionally emphasis on operational excellence is an important factor to achieve success for the company. The company has highly experienced management and will continue to strive on a strategy that focuses on the creation of long term value for all stakeholders while ensuring sustainability in the operations.

Expansions:

The Parent Company is building a Cement Grinding Unit in Duqm with a production capacity of seven hundred and fifty thousand tons of cement per annum and related financing arrangements are made with local bank. The estimated project cost is about USD 30 million.

Employees:

The Company is always on the lookout for professionally qualified staff members in the management to enrich its base, and is striving for training and development of employees for a sustainable growth focused organization. The Company continues to sponsor employees on training to various institutes both within and outside the country, apart from holding large number of in house training program.

Social Responsibility:

The Company does recognize its social responsibility and need for environmental protection. Maintaining pollution free environment as per international standards and continuously endeavoring to its improvement has been the guiding principles of Company.

The Company has become a Centre for many Institutions of higher learning and Technical Colleges to train their students under the guidance of our executives with practical hands on experiences.

Internal Control:

TInternal control system is being regularly assessed by the Internal Audit Team as well as by the management.

Acknowledgement:

On behalf of the Board of Directors and on my personal behalf, I take this opportunity to express our deep sense of gratitude to His Majesty and His Government for their unstinted support and guidance.

I would like to thank you for your support and confidence in us. I would also like to thank our associates, dealers, customers, the management team and all our employees for their loyalty, integrity contributions, commitment and continued support to the overall success of the Company.

Ahmed bin Yousuf bin Alawi Al Ibrahim
Chairman of the Board of Directors

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Raysut Cement
الشريك الإستراتيجي للنمو
Strategic Partner for Growth

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION

2

For the year ended 31 December 2021

The Directors hereby present their 41th Annual Report together with the Audited financial statements for the year ended 31 December 2021.

The prevailing COVID-19 Pandemic has created an unprecedented situation throughout the globe. All mankind, business both at domestic and international levels, are passing through a critical phase, your company is no exception to it hence has suffered significantly. however, there is significant improvement from the corresponding year.

Statement of Main Business: The parent Company is in the business of manufacturing and selling of cement and clinker. It sells directly and through its terminals in Sohar and Duqm, also through its subsidiary company in Sohar and associated company in Yemen. The parent Company produces most of the varieties of cement like OPC, SRC, PLC, OILWELL, Pozzolana, and GGBC cement. OPC constitutes the bulk of the cement sale. The parent Company has an integrated plant at Salalah.

It has few subsidiaries companies of which five 100% subsidiaries, namely Pioneer Cement Industries LLC in RAK, UAE, Sohar Cement Factory LLC in Sohar, Raysea Navigation SA, Duqm Cement Factory LLC in Duqm, RCC Trading DMCC in UAE, 75% shareholding in Raysut Maldives Cement Pvt. Ltd. acquired during the last year and 51% subsidiary Raysut Burwaqoo Cement Company LLC.

Further, during the last year, two 100% subsidiary company namely RCC Holding Company Limited, RCC Trading DMCC and one 55%, RCC MSG Somaliland Cement Holding Limited were registered. Further, during the current year, RCC has invested 100% in Raysut Cement Trading Madagascar.

Pioneer is an integrated cement plant producing and selling cement in UAE and in export market. Sohar Cement Factory LLC is grinding unit engaged in manufacturing and selling cement in Sohar, Muscat and north of Oman, Raysut Maldives Cement Pvt. Ltd. is cement terminal in Maldives and RCC trading DMCC is in UAE and Raysut Ciment Trading Madagascar, engaged in trading activity of cement related products and Duqm Cement Factory is in the process to establish a Cement Grinding Unit in Duqm with a production capacity of seven hundred and fifty thousand tons of cement per annum.

Raysea Navigation, a subsidiary company which provide with shipping services, since during current period the vessel (M.V. Raysut I) was sold out and therefore, there were no commercial operations.

We have one associate company Mukulla Raysut Trading and Investment Company in Yemen with 49% ownership and is dealing with sale of cement produced by the parent Company.

Expansion Opportunities and Risks: The Company always is on the path of expansion or modifications so as to remain active in its operations with higher productivity. Also, we are going to launch new cement types in OPC and PLC range to cater to new markets in India and Europe.

Parent Company, is exploring all possible options to restrain cost so as to tide over the situation on one hand, and expanding domestic market as well exploring new markets in export region on the other.

FINANCIAL RESULTS

The construction sector growth is mostly driven by public spending, and the region as a whole is under pressure due to global situation as well as oil price variation.

There have been severe competitions across the markets coupled with socio political disturbances in Yemen. Unabated supply of cement from UAE due to surplus capacity and price decline there, has caused dent on price and volume sales in the Northern markets in Oman in particular.

During the year the group performance is detailed below:

Revenue	**2021**	**2020**
	RO in Million	
Parent Company RCC	51.65	60.78
Pioneer Cement Company Industries LLC	27.23	24.03
Sohar Cement Factory LLC	22.83	23.70
RCC Trading Company	13.18	28.65
Raysut Maldives Cement Pvt. Ltd	2.50	0.59
Raysut Ciment Trading Madagascar	3.46	-
Shipping Companies (Raysea)	-	1.45
Inter- company sales	(27.25)	(48.82)
Total consolidated revenue	**93.60**	**90.38**
Increase in revenue: 7%		

	2021	**2020**
Sales Volume: Cement and Clinker:	**Million Tons**	
Parent Company RCC	2.41	3.32
Pioneer Cement Company Industries LLC	1.35	1.55
Sohar Cement Factory LLC	1.23	1.30
RCC Trading Company	-	1.27
Raysut Maldives Cement Pvt. Ltd	0.09	0.01
Raysut Ciment Trading Madagascar	0.07	-
Inter- company sales	(1.27)	(2.81)
Consolidated Sales	**3.88**	**4.67**

Profit:

Gross Profit for the group stood at RO 5.33 Million (LY: RO 3.52 Million).

Operating loss for the group stood at RO 10.55 Million (LY: loss RO 15.89 Million).

Loss Before Tax during the year stood at RO 14.11 Million (LY: loss RO 19.99 Million).

Loss after Tax stood at RO 13.58 Million (LY: loss RO 18.28 Million).

The Highlights of Financial Results of the group during last five years:

R.O' Million

	2021	2020	2018	2017	2016
Sales	**93.60**	**90.38**	84.05	90.98	71.87
Operating (loss) / profit	**(10.55)**	**(15.89)**	7.77	2.70	6.72
Cash Profit	**(6.34)**	**(5.80)**	10.57	8.21	13.57
PBT	**(14.11)**	**(19.99)**	2.88	1.04	8.03
PAT	**(13.58)**	**(18.28)**	2.26	0.34	5.81
Equity & Reserve	**114.24**	**127.86**	145.87	146.11	151.64
Loans	**43.82**	**39.77**	41.67	27.30	22.44
Cash EPS RO	**(0.03)**	**(0.03)**	0.053	0.041	0.068
EPS RO	**(0.07)**	**(0.09)**	0.011	0.002	0.029
Dividend %	**-**	**-**	-	12.5%	29%
Production MT '000					
Clinker	**3,104**	**3,599**	3,453	3,398	2,967
Cement	**3,799**	**4,110**	3,523	3,326	2,913
Sales MT '000					
Cement	**3,560**	**4,031**	3,558	3,332	2,937
Clinker	**328**	**640**	732	1,021	15

CEMENT DEMAND PROFILE

During the year, the demand for cement improved in Oman due to increased construction activities in Al Wousta region. However excess capacity led UAE producers continued supplies at substantially lower prices making the situation very competitive for domestic producers. In export market our efforts with a changed price strategy to establish our brand of cement is reflecting positively with higher sales. In the years to come we expect to firm up our prices with an established customer base.

PRODUCTION

The productions of Cement and Clinker stood at as below:

	Cement (in '000MT)		**Clinker (in "000 MT)**	
	2021	**2020**	**2021**	**2020**
Parent Company	2,115	2,000	1,818	2,212
Pioneer Cement	456	803	1,285	1,387
Sohar Cement	1,228	1,307	-	-
Consolidated	**3,799**	**4,110**	**3,104**	**3,599**

MARKETING:

The parent company continued facing the competition in the northern markets from the supplies from UAE at low prices, still managed to maintain a market share in Oman. Due to socio political disturbances in Yemen, the parent Company's sales slashed in current year as compared to last year and other export market witnessed a growth as compared to last year.

In UAE there were excess capacity led competitions and Pioneer continued sales there at competitive prices. On the whole, the period ahead is challenging for the Company and the management is hoping to improve its market presence with fierce marketing strategy, pursuing the opportunities for newer markets and a change in pricing policy in export markets.

The parent Company's domestic sale of cement volume stood at 0.43 Million Tons (LY: 1.49 Million Tons). Export sale of cement stood at 1.62 Million Tons (LY: 1.24 Million Tons). The clinker sale volume stood at 0.26 million tons (LY 0.58 million tons).

The revenue from domestic segment for parent Company amounted to RO 15.18 Million (LY RO 33.90 Million). Export segment turned out revenue of RO 36.46 Million (LY RO 26.88 Million).

The revenue generated by Pioneer amounted to RO 27.23 Million (LY 24.03) mainly from export market by supplying to Oman.

The Credit Management has always remained a focused area for the Company to continue with healthy credit practices.

RESERVE AND SURPLUS

The Reserve and Surplus of the parent company has decreased during the year by 13.62 Million to RO 114.24 Million (LY RO 127.86 Million) due to dividend payout.

LOAN FUNDS:

At the end of the year, the Group have the outstanding term loan of RO 43.82 Million (LY RO 39.77 Million).

CASH FLOW

The Company has managed the cash flow effectively throughout the year.

NET ASSETS PER SHARE

The net assets per share for the Group stood at RO 0.57 (LY RO 0.639).

DIVIDEND

In view of moderate performance by the Company in the background severe price war and competitive market, The Board of Directors is proposing to the shareholders in AGM that the dividend per share be at the rate of Nil of the paid up capital for 2021.

CORPORATE GOVERNANCE

A separate section on Corporate Governance practices, as followed by the Company, as well as the Certificate from the Auditors confirming the compliance by the Company, are forming part of this Report.

ACKNOWLEDGEMENTS

We take this opportunity to express our deep sense of gratitude to His Majesty and his Government for their continued guidance and support.

We thank our shareholders for their continued faith and support in what this Company stands for. We also are thankful to our customers, suppliers, financial institutions and various other stake holders of the company for their overwhelming support in achieving the objectives of the company. Our dedicated employees need special mention for the higher levels of achievements on a continual basis.

Ahmed bin Yousuf bin Alawi Al Ibrahim
Chairman of the Board of Directors

Abu Timam
Grant Thornton
An instinct for growth

أبـوتمـام
محاسبون قانونيون
الطابق الاول الرميلة ١٠٦
ص.ب ٥٧
الرمز البريدي ١١٨
سلطنة عمان
ت. ٢٤٥٧١٣٢٠ / ٢٤٥٧١٣٢١ ٩٦٨+
ف. ٢٤٥٧١٣٢٤ ٩٦٨+
www.grantthronton.om

Abu Timam
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P.O. Box 57
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Sultanate of Oman
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REPORT OF FACTUAL FINDINGS

TO THE SHAREHOLDERS OF RAYSUT CEMENT COMPANY SAOG

We have performed the procedures agreed with you pursuant to the Capital Market Authority (the "CMA") circular no. E/4/2015 dated 22 July 2015, with respect to the Board of Directors' Corporate Governance Report **RAYSUT CEMENT COMPANY SAOG** ("the Company") as at and for the year ended 31 December 2021, and its application of the corporate governance practices in accordance with the CMA Code of Corporate Governance issued under circular No. 4/2015 dated 22 July 2015 and amendments to CMA Code of Corporate Governance issued under circular no. E/10/2016 dated 1 December 2016 (collectively the "Code"). Our engagement was undertaken in accordance with the International Standards on Related Services applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in evaluating the extent of the Company's compliance with the Code as issued by the CMA and are summarized as follows:

- We obtained the Corporate Governance Report (the "Report") issued by the Board of Directors and checked that the Report includes as a minimum, all items suggested by the CMA to be covered by the Report as detailed in the Annexure 3 of the Code by comparing the Report with such suggested content in Annexure 3; and

- We obtained the details regarding areas of non-compliance with the Code identified by the Company's Board of Directors for the year ended 31 December 2021. The Company's Board of Directors has not identified any areas of non-compliance with the Code.

We have no exceptions to report in respect of procedures performed.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the corporate governance report.

Had we performed additional procedures or had we performed an audit or review of the report in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose. This report relates only to the Board of Directors' Corporate Governance report included in its annual report for the year ended 31 December 2021 and does not extend to any financial statements of the Company taken as whole.

Nasser Al Mugheiry
License No. L1024587
ABU TIMAM
(Chartered Certified Accountants)

أبو تمام محاسبون قانونيون
س.ت رقم ١٠٩٨٩٧٧
Abu Timam
Grant Thornton
C.R. No. 1098977
Abu Timam - Chartered Certified Accountants

21 February 2022

ريسوت للأسمنت
Raysut Cement
الشريك الإستراتيجي للنمو
Strategic Partner for Growth

3 Corporate Governance Report

For the year ended 31 December 2021

The Company has implemented the Code of Corporate Governance issued by the Capital Market Authorities during the financial year 2021.

1. A brief statement on Company's Philosophy on Code of Governance:

The Company has always believed in fair business and corporate practices while dealing with the shareholders, employees, customers, creditors, lenders and others. The Company is prompt in discharging its statutory obligations and duties. The Company is maintaining policies, procedures and systems for the purposes of ensuring the fair and timely release of information about the Company. The Board of Directors ("the Board") has had adequate representation of the professional, qualified, Non-Executive, and Independent Directors. For the matters requiring special attention and also for proper and effective disposal of such matters, the Board has constituted various Committees of Directors from time to time. The Board and the Committee meetings have been held as frequently as required. Adequate disclosures and information are provided to the Board as well as to the Committees. All the Directors attending the Board and Committee Meetings actively participate in their proceedings. Decisions at the Board and Committee meetings are taken unanimously.

2. Board of Directors:

The Board of Directors is elected at the Annual General Meeting for the period of three years, renewable by a resolution of the ordinary general meeting. The Board of the Company consists of eight Directors. All Directors are Independent and Non-Executive Directors. As per requirement of the Capital Market Authority and commercial law of the Companies, none of the Directors on the Board has combined membership in the Board of Directors of Public Companies or other committees more than what is stipulated in Company laws.

All the members of Board satisfy the conditions required for the membership.

The details of composition and categories of Directors are given below:

	Name of the Director	Designate	Category, basis& capacity of membership
1	Mr. Ahmed bin Yousuf bin Alawi Al Ibrahim	Chairman	Non Executive and independent/In personal capacity
2	Mr. Gerhard Hugo Hirth	Vice Chairman	Non Executive and independent/ In personal capacity
3	Mr. Ibrahim bin Yousuf bin Alawi Al Ibrahim	Director	Non Executive and independent/ In personal capacity
4	Mr. Qais bin Yousuf bin Alawi Al Ibrahim	Director	Non Executive and independent/In personal capacity
5	Mr. Ahmed bin Salem bin Mohamed Al Busaidi	Director	Non Executive and independent/In personal capacity
6	Mr. Fahad bin Abdulla Abdul Aziz Al Rajihi	Director	Non Executive and independent/ In personal capacity
7	Mr. Khaled bin Hareb bin Mohamed Al Hameli	Director	Non Executive and independent/ In personal capacity
8	Mr. Khaled bin Saeed bin Abdullah Al Shamsi	Director	Non Executive and independent/In personal capacity

3 Role of the Board of Directors and Management

The Company's business is conducted by its employees, officers and Managers under the direction of the Group Chief Executive Officer and the oversight of the Board of Directors.

4 Board and Audit committee meeting and Executive, nomination and remuneration committee meeting:

Board Meetings

During the financial year 2021, the Board of Directors met eight times. The maximum time gap between any two meetings was not more than four months.

The details of the Board, Meetings held during the financial year 2021

Meetings No.	Date of the meetings	Total members	Attendance by number of members
1st.meeting	23/02/2021	9	9
2nd.meeting	14/03/2021	9	9
3rd.meeting	13/04/2021	9	9
4th.meeting	08/05/2021	9	9
5th.meeting (Urgent)	07/07/2021	9	7
6th.meeting	10/08/2021	9	9
7th.meeting	28/10/2021	9	6
8th.meeting	16/12/2021	8	6

Audit Committee Meetings

The details of the Audit Committee Meetings held during the financial year 2021

Meetings No.	Date of the meetings	Total members	Attendance by number of members
1st.meeting	13/01/2021	4	4
2nd.meeting	03/02/2021	4	4
3rd. meeting	15/02/2021	4	4
4th.meeting	23/02/2021	4	4
5th.meeting	13/04/2021	3	3
6th.meeting	04/05/2021	3	3
7th.meeting	04/08/2021	3	3
8th.meeting	26/10/2021	3	3

Executive, nomination, and remuneration committee Meetings

The details of the Executive Committee Meetings held during the financial year 2021

Meetings No.	Date of the meetings	Total members	Attendance by number of members
1st.meeting	26/07/2021	5	5
2nd.meeting	14/12/2021	4	4

The details of attendance of each Director at the Board and Audit Committee meetings and last AGM held during the financial year 2021:

	Name	No. of Board Meetings attended	No. of Audit Committee Meetings attended	No. of Executive, nomination and remu.Committee Meetings attended	Annual General Meetings Attended
1	Mr. Ahmed bin Yousuf bin Alawi Al Ibrahim	7	-	-	1
2-	Mr. Gerhard Hugo Hirth	8	4	-	1
3	Mr. Ibrahim bin Yousuf bin Alawi Al Ibrahim	4	-	2	1
4	Mr. Qais bin Yousuf bin Alawi Al Ibrahim	7	4	-	1
5	Mr. Ahmed bin Salem bin Mohamed Al Busaidi	7	-	2	1
6	Mr. Fahad bin Abdulla Abdul Aziz Al Rajihi	6	-	2	1
7	Mr. Khaled bin Hareb bin Mohamed Ghannam Al Hameli	7	4	-	1
8	Mr. Khaled bin Saeed bin Abdullah Al Shamsi	7	-	2	1
	Mr.Abdul Hafiz bin Salim Ahmed Al Barami / His membership period ended 14 Mar 2021	1	4	-	-
	Mr. Shihab bin Yousuf bin Alawi Al Ibrahim / His membership period ended 14 Mar 2021	1	-	-	-
	Mr. Mohd Saif Ghanim Al Suwaidi / His membership period ended 14 Mar 2021	1	4	-	-
	Mr.Hussam Ibrahim Saleh Al Akhal / His membership period ended 14 Mar 2021	1	-	-	-
	Mr. Abdullah bin Ahmed bin Abdullah Al Ibrahim / His membership period ended 14 Mar 2021	1	4	-	-
	Mr. Abdullah bin Ali bin Salim Al Sulimi / His membership period ended 14 Mar 2021	1	4	-	-
	Mr. Hassan Ali Tahir Muqaibil / Resigned on 1 Dec 2021	5	-	1	-

The details of attendance of each Director at the Board, meetings held during the financial year 2021:

	Name	Number of Meetings & Dates Held							
		1	2	3	4	5	6	7	8
		23/02/2021	14/03/2021	13/04/2021	08/05/2021	07/07/2021	10/08/2021	28/10/2021	16/12/2021
1	Mr. Ahmed bin Yousuf bin Alawi Al Ibrahim	✓	✓	✓	✓	✓	✓		✓
2	Mr. Gerhard Hugo Hirth	✓	✓	✓	✓	✓	✓	✓	✓
3	Mr. Ibrahim bin Yousuf bin Alawi Al Ibrahim		✓	✓	✓		✓		
4	Mr. Qais bin Yousuf bin Alawi Al Ibrahim		✓	✓	✓	✓	✓	✓	✓
5	Mr. Ahmed bin Salem bin Mohamed Al Busaidi		✓	✓	✓	✓	✓	✓	✓
6	Mr. Fahad bin Abdulla Abdul Aziz Al Rajihi	✓	✓	✓	✓		✓	✓	
7	Mr. Khaled bin Hareb bin Mohamed Ghannam Al Hameli		✓	✓	✓	✓	✓	✓	✓
8	Mr. Khaled bin Saeed bin Abdullah Al Shamsi		✓	✓	✓	✓	✓	✓	✓
	Mr.Abdul Hafiz bin Salim Ahmed Al Barami / His membership period ended 14 Mar 2021	✓							
	Mr. Shihab bin Yousuf bin Alawi Al Ibrahim / His membership period ended 14 Mar 2021	✓							
	Mr. Mohd Saif Ghanim Al Suwaidi / His membership period ended 14 Mar 2021	✓							
	Mr.Hussam Ibrahim Saleh Al Akhal / His membership period ended 14 Mar 2021	✓							
	Mr. Abdullah bin Ahmed bin Abdullah Al Ibrahim / His membership period ended 14 Mar 2021	✓							
	Mr. Abdullah bin Ali bin Salim Al Sulimi / His membership period ended 14 Mar 2021	✓							
	Mr. Hassan Ali Tahir Muqaibil / Resigned on 1 Dec 2021		✓	✓	✓	✓	✓		

The details of attendance of director at the Audit Committee Meetings held during the year 2021

		Number of Meetings & Dates Held							
		1	2	3	4	5	6	7	8
		13/01/2021	04/02/2021	15/02/2021	23/02/2021	13/04/2021	04/05/2021	04/08/2021	26/10/2021
1	Mr. Gerhard Hugo Hirth					✓	✓	✓	✓
2	Mr. Qais bin Yousuf bin Alawi Al Ibrahim					✓	✓	✓	✓
3	Mr. Khaled bin Hareb bin Mohamed Ghannam Al Hameli					✓	✓	✓	✓
	Mr.Abdul Hafiz bin Salim Ahmed Al Barami / His membership period ended 14 Mar 2021	✓	✓	✓	✓				
	Mr. Mohd Saif Ghanim Al Suwaidi / His membership period ended 14 Mar 2021	✓	✓	✓	✓				
	Mr. Abdullah bin Ahmed bin Abdullah Al Ibrahim / His membership period ended 14 Mar 2021	✓	✓	✓	✓				
	Mr. Abdullah bin Ali bin Salim Al Sulimi / His membership period ended 14 Mar 2021	✓	✓	✓	✓				

The details of attendance of director at the Executive, nomination and remuneration Committee Meetings held during the financial year 2021:

		Number of Meetings & Dates Held	
	Number of Meetings & Dates Held	1	2
		26/07/2021	14/12/2021
1	Mr. Ibrahim bin Yousuf bin Alawi Al Ibrahim	✓	✓
2	Mr. Ahmed bin Salem bin Mohamed Al Busaidi	✓	✓
3	Mr. Fahad bin Abdulla Abdul Aziz Al Rajihi	✓	✓
4	Mr. Khaled bin Saeed bin Abdullah Al Shamsi	✓	✓
5	Mr. Hassan Ali Tahir Muqaibil / Resigned on 1 Dec 2021	✓	

The Annual General Meeting schedule to be held on 24 March 2022.

5. Audit Committee

The Audit Committee was constituted by the Board in 2003. The role and power of the Audit Committee are as per the provisions of the Article 103 of Commercial Company Law (CCL), and as specified under Annexure 3 of the Code of Corporate Governance issued by CMA vide circular No. 11/2002 dated 3rd June 2002, and as amended by circular 1/2003 dated 11th January 2003. The Committee acts as a link between the statutory and internal auditors and the Board of Directors. It reviews the various reports placed before it by the Management and Audit Department and addresses to the larger issues, and examines and considers those facets that could be of vital concern to the Company including adequacy of internal controls, reliability of financial statements/other management information, adequacy of provisions for liabilities, and whether the audit tests are appropriate and scientifically carried out and that they were aligned with the realities of the business, adequacy of disclosures and compliance with all relevant statutes.

As at 31 December 2021, the Audit Committee comprised of following Non-Executive Independent Directors.

Mr. Gerhard Hugo Hirth	Chairman
Mr. Qais bin Yousuf bin Alawi Al Ibrahim	Member
Mr. . Khaled bin Hareb bin Mohamed Ghannam Al Hameli	Member

The Audit Committee has adequate powers and detailed terms of reference to play effective role as required under the provision of Article 102 of CCL.

6. Executive, nomination, and remuneration committee

In Conformity with the code of corporate governance of public companies issued by Capital Market Authority, the Board of Directors of the company has decided on 9 June 2016 constitution the nomination and remuneration committee and merges the executive committee in the nomination and remuneration committee.

The role and power of the Committee is to implement the decisions of the Board of Director and to assist the general meeting in the nomination of proficient directors and the election of the most fit for purpose. Moreover, the committee aims to assist the board in selecting the appropriate and necessary executives for the executive management and to assist the company in formulating clear, credible, and accessible polices to inform shareholders about directors' and executives' remuneration.

As at 31 December 2021, the executive, nomination and remuneration Committee comprised of following Non-Executive Independent Directors.

Mr. Ibrahim bin Yousuf bin Alawi Al Ibrahim	Chairman
Mr. Ahmed bin Salem bin Mohamed Al Busaidi	Member
Mr. Fahad bin Abdulla Abdul Aziz Al Rajihi	Member
Mr. Khaled bin Saeed bin Abdullah Al Shamsi	Member

7. Tender Committee

The role and power of the Tender Committee is to take decisions on the procurement of material and services. The Tender Committee comprises of the head of various department.

8. Remuneration Matters

During the financial year 2021, the Directors were paid a total sum of RO 81,000 towards sitting fee for attending various board meetings, audit committee meetings, executive committee meeting and nomination and remuneration committee meeting as against RO 50,000 for 2020.

Name	Sitting fee RO
Mr. Ahmed bin Yousuf bin Alawi Al Ibrahim	6,000
Mr Gerhard Hugo Hirth	10,000
Mr. Ibrahim bin Yousuf bin Alawi Al Ibrahim	5,000
Mr. Qais bin Yousuf bin Alawi Al Ibrahim	9,000
Mr. Ahmed bin Salem bin Mohamed Al Busaidi	8,000
Mr. Fahad bin Abdulla Abdul Aziz Al Rajihi	7,000
Mr. Khaled bin Hareb bin Mohamed Ghannam Al Hameli	9,000
Mr. Khaled bin Saeed bin Abdullah Al Shamsi	8,000
Mr. Abdul Hafiz bin Salim Ahmed Al Baram (His membership period ended)	3,000
Mr. Shihab bin Yousuf bin Alawi Al Ibrahim (His membership period ended)	1,000
Mr. Mohd Saif Ghanim Al Suwaidi (His membership period ended)	3,000
Mr. Hussam Ibrahim Saleh Al Akhal (His membership period ended)	1,000
Mr. Abdullah bin Ahmed bin Abdullah Al Ibrahim (His membership period ended)	3,000
Mr. Abdullah bin Ali bin Salim Al Sulimi (His membership period ended)	3,000
Mr. Hassan Ali Tahir Muqaibil (Resigned)	5,000
Total	**81,000**

In addition to above, the Company has made a provision of Nil (2020: RO Nil) as per the circular as Directors Remuneration for attending the Board meetings during the current year.

Remuneration for top 5 employees of the company for 2021 including salary, allowances, benefits, bonus and other expenditures amount to RO 513,020 (last year RO 498,517)
Performance bonus is paid to the employees based on their performance evaluation on various attributes like productivity, quality etc.

Service contracts are usually of two years and unless terminated by the either of the parties is automatically renewed for a further period of two years. Notice period for termination of contract is one to two months.

9. Disclosure of non-compliance

Company has complied with relevant provisions of Capital Market Authority on Corporate Governance. There were no penalties or strictures imposed on the company by MSM/CMA during the last 3 years.

10. Board performance appraisal

The appraisal of the Board was conducted during the year by "Experts", the independent consultants appointed by the shareholders at the AGM held on 14 March 2021. The appraisal was conducted based on the criteria approved by the shareholders at the forthcoming AGM. The performance appraisal report will be submitted to the shareholders at AGM and necessary actions to improve the performance of the Board will be initiated.

11. Procedures and Conditions for the Selection of Board Members:

Article (6) of the Articles of Association of the Company shall be applied in the election of the members of the Board of Directors. The necessary action will be taken to apply the new amendments contained in the new Commercial Companies Law issued by the Royal Decree No. 18/2019 dated 13/2/2019.

12. Means of Communication:

Annual financial statements and invitation for attending annual general meeting to be sent by post to the shareholder according to their registered addresses. Annual, Quarterly and half yearly results were published in local newspapers as per the guidelines of Capital Market Authority and Muscat Securities Market.

Financials were also posted on the web site of Muscat Securities Market. The management discussions and analysis report is part of the annual report.

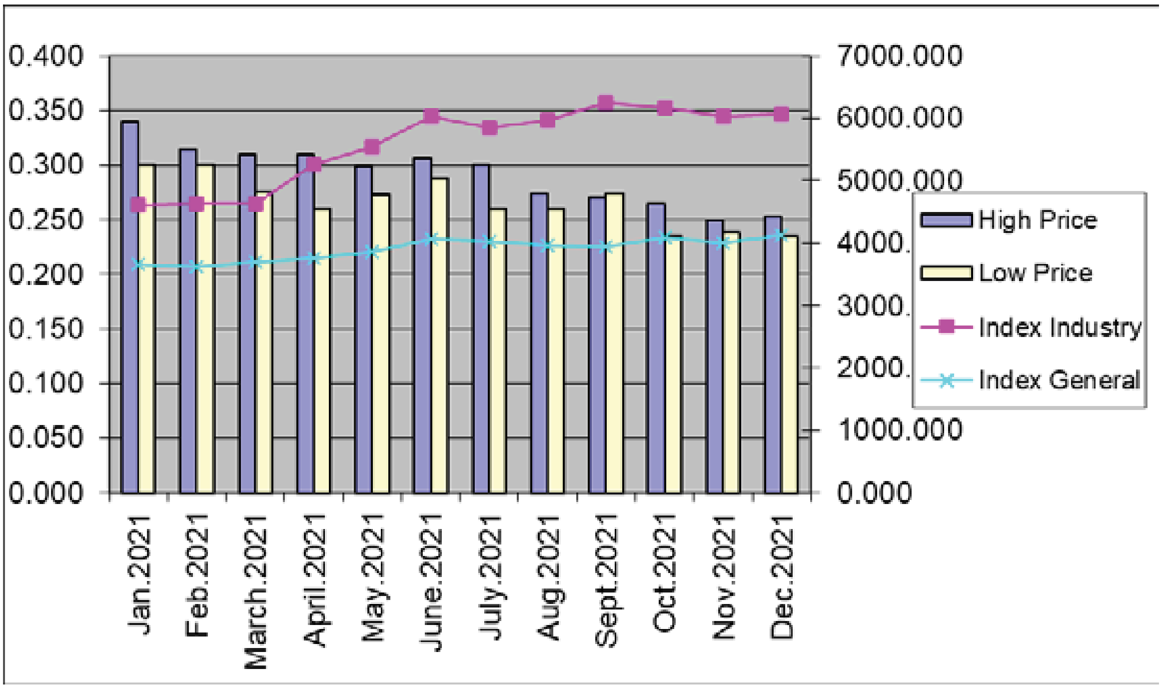
13. Market Price Data:

14.

The monthly high and low quotations at Muscat Securities Market during financial year 2021 are as follows:

Period	Traded		Price (RO)	
	Shares	Value (RO)	High	Low
January 2021	1,471,686	464,129	0.340	0.300
February 2021	1,871,518	567,907	0.314	0.300
March 2021	2,860,017	809,600	0.310	0.275
April 2021	5,390,258	1,480,331	0.310	0.260
May 2021	3,314,951	963,543	0.299	0.273
June 2021	3,919,385	1,156,928	0.306	0.288
July 2021	1,437,989	393,162	0.300	0.260
August 2021	527,215	141,116	0.274	0.260
September 2021	1,507,814	394,000	0.270	0.255
October 2021	2,444,084	612,647	0.265	0.234
November 2021	752,561	182,131	0.250	0.238
December 2021	1,315,903	320,666	0.253	0.234

Share price during the financial year 2021 compared to MSM Industrial index and General index are as follows:



15. Distribution of shareholding:

The following are the major shareholders who own more than 5% of the outstanding shares as at 31 December 2021:

S. No	Name of shareholders	Shareholding %
1.	Abu Dhabi Fund for Development	15.00
2.	Islamic Development Bank	11.71
3.	Dolphin International	10.33
4.	Schwenk Cement Nederland B.V.	10.00
5.	Abdulla bin Abdul Aziz Al Rajhi	8.72
6.	Sindbad International Trading Co. LLC	5.94
Total		61.7

The shareholding distribution of equity shares as on 31 December 2021 is given below:

No. of equity shares	No. of shareholders	No. of shares	Shareholding %
Less than 100,000	1,370	11,181,496	5%
100,000 to 500,000	52	9,460,631	5%
500,001 to 1,000,000	8	5,828,487	3%
1,000,001 to 10,000,000	11	50,140,072	25%
10,000,000 & above	6	123,389,314	62%
TOTAL	**1,447**	**200,000,000**	**100%**

16. Categories of shareholding as on 31st December 2021:

Category	No. of shares held	Shareholding%
Promoter's holding	89,911,679	44.96%
Companies	26,100,844	13.05%
Banks & Financial Institutions	30,329,345	15.16%
Pension Funds	38,239,504	19.12%
Individuals	15,418,628	7.71%
Total	**200,000,000**	**100%**

17. Professional Profile of Statutory Auditor

The shareholders of the Company appointed **Grant Thornton - Abu Timam** as its auditors for 2021.

About Grant Thornton - Abu Timam

Grant Thornton is a network of independent assurance, tax and advisory firms, made up of over 50,000 people in more than 130 countries, helping dynamic organizations unlock their potential for growth. It is one of the top six international accounting and business advisory networks and all its member firms are required to uphold the highest professional and ethical standards. The compliance with these standards is monitored and assured through a very strict quality assurance process.

Abu Timam, the Oman member firm of Grant Thornton International, is headquartered in Muscat with a branch in Salalah. The Muscat office was established in 1995 and is one of the leading firms in Oman, evidenced by the portfolio of clients that includes well-established companies across a broad spectrum of industries. The professional staff bring a strong background of experience and expertise to their clients' accounting, tax, and management consulting needs. This rare combination of skilled resources and personal commitment explains why Abu Timam Grant Thornton has grown rapidly to a position of prominence among major accounting firms in the Sultanate of Oman. Abu Timam Grant Thornton is approved by the Capital Market Authority as one of the audit firms allowed to audit joint stock companies.

Grant Thornton - Abu Timam billed an amount of RO 23,850 towards professional services and RO 3,500 for other professional services rendered to the Company during the year 2021 (2020: RO 22,250 for audit).

17. Acknowledgment

The Board of Directors acknowledges confirmation of:

- Its responsibility for the preparation of the financial statements in accordance with the applicable standards and rules.

- Review of the efficiency and adequacy of internal control systems of the Company and that it complies with internal rules and regulations.

- There are no material matters that affect the continuation of the Company and its ability to continue its operations during the next financial year.

Ahmed bin Yousuf bin Alawi Al Ibrahim
Chairman of the Board of Directors

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محاسبون قانونيون

Abu Timam
Chartered Certifief Accountants

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Independent Auditor's Report

To the Shareholders of
Raysut Cement Company SAOG
P.O. Box 1020
Postal Code 211
Sultanate of Oman

Report on the Audit of the Separate and Consolidated Financial Statements

Opinion

We have audited the separate and consolidated financial statements of Raysut Cement Company SAOG (the "Parent Company") and its Subsidiaries (together referred as the "Group"), which comprise the separate and consolidated statement of financial position as at 31 December 2021, and the separate and consolidated statement of profit or loss and other comprehensive income, separate and consolidated statement of changes in equity and separate and consolidated statement of cash flows for the year then ended, and notes to the separate and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Parent Company and the Group as at 31 December 2021, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Independent Auditor's Report (continued)

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate and consolidated financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current year. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report:

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill	
At 31 December 2021, the carrying value of goodwill amounted to RO 49.134 million as disclosed in Note 8 to the separate and consolidated financial statements. In accordance with IAS 36 *Impairment of Assets*, an entity is required to test goodwill acquired in a business combination for impairment annually. An impairment is recognized in the separate and consolidated statement of comprehensive income when the recoverable amount is less than the carrying amount. The determination of the recoverable amount is based on discounted future cash flows and benchmarking the values with market multiples. In addition, the recoverable amounts are based on the use of important assumptions, estimates or assessments made by management, in particular future cash flow projections, the estimate of the discount rates and long-term growth rates. Refer Note 8 to the separate and consolidated financial statements for further details relating to goodwill.	Our audit procedures included the following: • Understanding the business process for the impairment assessment, identifying the relevant internal controls over the impairment assessment process and testing their design and implementation; • Checked the independence, background and experience of the third-party valuer to ensure his competence and capability; • Evaluating whether the cash flows in the models used to calculate recoverable value are in accordance with IAS 36 Impairment of Assets; • Obtaining and analysing the approved business plans for each Cash Generating Unit to assess accuracy of the computations and the overall reasonableness of key assumptions; • Comparing actual historical cash flow results with previous forecasts to assess forecasting accuracy; • Assessing the methodology used by the Group to estimate the Weighted Average Cost of Capital (WACC) and benchmarking that with discount rates used by other similar business and other external sector related guidelines; • Benchmarking the values with market multiples, where applicable; and • Assessing the disclosure in the consolidated financial statements relating to goodwill against the requirements of IFRSs.

Independent Auditor's Report (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Inventory valuation	
Inventories include raw materials comprising of limestone, clay, gypsum, laterite and bauxite. Work-in-progress mainly comprises of clinker and coal. The above inventory items are valued at lower of cost and net realisable value. The inventory quantities are determined through a complex process involving various estimates. Due to the significance of inventory balances and related estimations involved, this is considered as a key audit matter. Refer to accounting policies and Note 15 of these separate and consolidated financial statements.	Our audit procedures included the following: • Assessed the management's process of measurement of stock and the determination of values using conversion of volumes and density to total weight and the related yield; • Attended the physical count of the inventories and observed the said parameters. A representative of the Group and an external surveyor were also present; • Checked the independence, background and experience of the surveyor to ensure his competence and capability; and • Obtained and reviewed the inventory count report of the management's external surveyor, assessed its accuracy and performed recalculations on a sample basis.
Impairment of trade receivables	
The Group is required to regularly assess the recoverability of trade receivables. The Group has applied expected credit losses model (ECL) for measuring the credit impairment of the trade receivables which allows for lifetime expected credit losses to be recognised from the initial recognition of trade receivables. The Group determines the expected credit losses on the trade receivables based on historical credit loss experience, adjusted for forward looking factors specific to the parties and the economic environment. Due to the significance of trade receivables and the involvement of estimation and uncertainty in the ECL calculation, this has been considered as a key audit matter. Refer to accounting policies and Note 16 of these separate and consolidated financial statements.	For verifying the management's estimation for ECL on trade receivables, our key audit procedures included the following: • Obtained an understanding of the Group's process for measurement of ECL; • Evaluated the reasonableness of the key judgments and estimates relating to calculation of probability of default and forward-looking factors made in the ECL model and checked the mathematical accuracy of the calculations; • Analysed the aging of receivables and verified its accuracy; and • Obtained the list of outstanding receivables and assessed the recoverability of these through inquiry with management and by obtaining sufficient corroborative evidence to support the conclusions.

Independent Auditor's Report (continued)

Other Matter

The separate and consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another auditor who expressed a qualified opinion on those statements on 23 February 2021.

Other Information

Management is responsible for other information. The other information comprises the Chairman's Report, Management Discussion and Analysis Report and Corporate Governance Report but does not include the separate and consolidated financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with IFRSs, with the relevant disclosure requirements of the Capital Market Authority and with the applicable provisions of the Commercial Companies Law, 2019 of the Sultanate of Oman, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report (continued)

Report on Other Legal and Regulatory Requirements

In our opinion, the separate and consolidated financial statements of the Group for the year ended 31 December 2021 comply, in all material respects, with relevant disclosure requirements of the Commercial Companies Law, 2019 of the Sultanate of Oman and the Capital Market Authority.

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س.ت رقم: ١٠٩٨٩٧٧
Abu Timam
Grant Thornton
C.R. No. 1098977
Abu Timam - Chartered Certified Accountants

Nasser Al Mugheiry
Licence No. L1024587
ABU TIMAM
(Chartered Certified Accountants)

21 February 2022

Raysut Cement Company SAOG and its Subsidiaries

Separate and consolidated statement of financial position
as at 31 December 2021

	Note	Parent		Consolidated	
	Note	**31-Dec-2021**	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	48	**RO**	RO	**RO**	RO
			(Restated)		(Restated)
ASSETS					
Non-current assets					
Goodwill	8	**-**	-	**49,134,458**	49,134,458
Property, plant and equipment	9	**58,777,655**	61,106,313	**115,745,510**	115,022,746
Right-of-use assets	10	**2,773,019**	10,396,053	**6,224,008**	6,632,538
Investment in subsidiaries	12	**82,558,077**	82,557,978	**-**	-
Financial assets at fair value through other comprehensive income	14	**125,000**	125,000	**125,000**	125,000
Deferred tax asset	27	**-**	-	**239,338**	124,627
Total non-current assets		**144,233,751**	154,185,344	**171,468,314**	171,039,369
Current assets					
Inventories	15	**16,452,421**	23,484,845	**30,017,486**	34,141,733
Trade receivables	16	**18,278,428**	13,761,503	**20,445,155**	19,290,412
Financial assets at fair value through profit or loss	17	**2,562,616**	2,244,585	**2,562,616**	2,244,585
Prepayments, advances and other receivables	18	**8,469,951**	8,378,839	**4,836,544**	5,888,659
Cash and bank balances	19	**163,937**	49,543	**802,337**	1,414,210
Total current assets		**45,927,353**	47,919,315	**58,664,138**	62,979,599
Total assets		**190,161,104**	202,104,659	**230,132,452**	234,018,968
EQUITY AND LIABILITIES					
Equity					
Share capital	20	**20,000,000**	20,000,000	**20,000,000**	20,000,000
Share premium	21	**13,456,873**	13,456,873	**13,456,873**	13,456,873
Legal reserve	22	**6,666,667**	6,666,667	**6,666,667**	6,666,667
Asset replacement reserve	23	**3,647,566**	3,647,566	**3,647,566**	3,647,566
Voluntary reserve	24	**6,352,434**	6,352,434	**6,352,434**	6,352,434
Foreign currency translation		**-**	-	**-**	31,643
Retained earnings		**49,774,386**	62,699,374	**63,782,727**	77,393,357
Equity attributable to Owners of the Parent Company		**99,897,926**	112,822,914	**113,906,267**	127,548,540
Non-controlling interest		**-**	-	**337,563**	312,726
Total equity		**99,897,926**	112,822,914	**114,243,830**	127,861,266
LIABILITIES					
Non-current liabilities					
Borrowings	25	**30,091,921**	21,608,287	**39,160,058**	21,546,243
Lease liabilities	26	**2,748,550**	9,774,308	**6,382,306**	6,794,991
Other liabilities	29.1	**7,044,220**	-	**7,044,220**	-
Deferred tax liability	27	**1,513,000**	2,015,000	**1,513,000**	2,015,000
End of service benefits	28	**523,104**	642,836	**1,064,517**	1,213,869
Total non-current liabilities		**41,920,795**	34,040,431	**55,164,101**	31,570,103
Current liabilities					
Borrowings	25	**3,158,476**	9,026,855	**4,668,422**	18,230,702
Lease liabilities	26	**134,106**	1,552,232	**255,826**	268,482
Trade and other payables	29	**25,412,688**	30,346,418	**30,591,816**	36,603,378
Other liabilities		**5,107,259**	-	**5,107,259**	-
Short term borrowings	30	**14,529,854**	14,315,809	**19,989,927**	19,399,905
Income tax payable	27	**-**	-	**111,271**	85,132
Total current liabilities		**48,342,383**	55,241,314	**60,724,521**	74,587,599
Total liabilities		**90,263,178**	89,281,745	**115,888,622**	106,157,702
Total equity and liabilities		**190,161,104**	202,104,659	**230,132,452**	234,018,968
Net assets per share	39	**0.499**	0.564	**0.571**	0.639

These separate and consolidated financial statements were approved and authorised for issue by the Board of Directors on 21 February 2022 and signed on its behalf by:

Ahmed Bin Yousuf Bin Alawi Al Ibrahim
Chairman

Ghose Jotirmoy Pratul Krishna
Chief Executive Officer

The notes on pages 6 to 54 form an integral part of these separate and consolidated financial statements.

Raysut Cement Company SAOG and its Subsidiaries

Separate and consolidated statement of comprehensive income
for the year ended 31 December 2021

	Note	Parent 31-Dec-2021 RO	Parent 31-Dec-2020 RO (Restated)	Consolidated 31-Dec-2021 RO	Consolidated 31-Dec-2020 RO (Restated)
Revenue	31	**51,647,070**	60,782,612	**93,597,972**	90,383,395
Cost of sales	32	**(40,992,340)**	(54,516,613)	**(88,259,019)**	(86,865,108)
Gross profit		**10,654,730**	6,265,999	**5,338,953**	3,518,287
General and administrative expenses	33	**(17,220,573)**	(13,120,699)	**(8,258,271)**	(14,354,003)
Selling and distribution expenses	35	**(5,039,762)**	(8,045,305)	**(9,189,043)**	(5,489,811)
Other income	36	**799,239**	419,901	**1,559,999**	433,426
Operating loss		**(10,806,366)**	(14,480,104)	**(10,548,362)**	(15,892,101)
Finance cost - net	37	**(3,202,314)**	(3,451,425)	**(4,146,362)**	(3,781,336)
Investment income	38	**75,478**	51,608	**75,478**	51,608
Impairment of investment in associates	11	**-**	-	**-**	(6,587)
Fair value gain / (loss) on financial assets at FVTPL	17	**506,214**	(371,517)	**506,214**	(371,517)
Loss before tax		**(13,426,988)**	(18,251,438)	**(14,113,032)**	(19,999,933)
Income tax	27	**502,000**	1,705,756	**527,239**	1,719,413
Total loss for the year		**(12,924,988)**	(16,545,682)	**(13,585,793)**	(18,280,520)
Other comprehensive (loss)/income					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		**-**	-	**(31,643)**	31,643
Total other comprehensive (loss)/income for the year		**-**	-	**(31,643)**	31,643
Total comprehensive loss for the year		**(12,924,988)**	(16,545,682)	**(13,617,436)**	(18,248,877)
Total (loss) / profit attributable to:					
Owners of the Parent Company		**(12,924,988)**	(16,545,682)	**(13,610,630)**	(18,278,249)
Non-controlling interest		**-**	-	**24,837**	(2,271)
		(12,924,988)	(16,545,682)	**(13,585,793)**	(18,280,520)
Total comprehensive (loss) / income attributable to:					
Owners of the Parent Company		**(12,924,988)**	(16,545,682)	**(13,642,273)**	(18,246,606)
Non-controlling interest		**-**	-	**24,837**	(2,271)
		(12,924,988)	(16,545,682)	**(13,617,436)**	(18,248,877)
Basic and diluted loss per share	40	**(0.065)**	(0.083)	**(0.068)**	(0.091)

The notes on pages 6 to 54 form an integral part of these separate and consolidated financial statements.

Separate and consolidated statement of changes in equity
for the year ended 31 December 2021

Parent	Share capital RO	Share premium RO	Legal reserve RO	Replacement reserve RO	Voluntary reserve RO	Retained earnings RO	Total RO
At 1 January 2020	20,000,000	13,456,873	6,666,667	3,647,566	6,352,434	79,245,056	129,368,596
Loss and total comprehensive loss for the year - restated (Note 48)	-	-	-	-	-	(16,545,682)	(16,545,682
At 31 December 2020 - restated	20,000,000	13,456,873	6,666,667	3,647,566	6,352,434	62,699,374	112,822,914
At 1 January 2021 - restated	**20,000,000**	**13,456,873**	**6,666,667**	**3,647,566**	**6,352,434**	**62,699,374**	**112,822,914**
Loss and total comprehensive loss for the year	-	-	-	-	-	**(12,924,988)**	**(12,924,988**
At 31 December 2021	**20,000,000**	**13,456,873**	**6,666,667**	**3,647,566**	**6,352,434**	**49,774,386**	**99,897,926**

The notes on pages 6 to 54 form an integral part of these separate and consolidated financial statements.

Separate and consolidated statement of changes in equity
for the year ended 31 December 2021

Consolidated	Share capital RO	Share premium RO	Legal reserve RO	Asset replacement reserve RO	Voluntary reserve RO	Foreign currency translation reserve RO	Retained earnings RO	Total RO	Non-controlling interest RO	Total RO
At 1 January 2020	20,000,000	13,456,873	6,666,667	3,647,566	6,352,434	-	95,671,606	145,795,146	74,740	145,869,886
Loss for the year	-		-	-	-	-	(18,278,249)	(18,278,249)	(2,271)	(18,280,520)
Other comprehensive income	-		-	-	-	31,643		31,643	-	31,643
Total comprehensive loss for the year - restated (Note 48)	-	-	-	-	-	31,643	(18,278,249)	(18,246,606)	(2,271)	(18,248,877)
Equity adjustment on acquisition of Raysut Maldives during the year									240,938	240,938
Adjustment of Non-controlling interest									(681)	(681)
At 31 December 2020 - restated	20,000,000	13,456,873	6,666,667	3,647,566	6,352,434	31,643	77,393,357	127,548,540	312,726	127,861,266
At 1 January 2021 - restated	**20,000,000**	**13,456,873**	**6,666,667**	**3,647,566**	**6,352,434**	**31,643**	**77,393,357**	**127,548,540**	**312,726**	**127,861,266**
Loss for the year	-	-	-	-	-	**(31,643)**	**(13,610,630)**	**(13,642,273)**	**24,837**	**(13,617,436)**
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	**(31,643)**	**(13,610,630)**	**(13,642,273)**	**24,837**	**(13,617,436)**
At 31 December 2021	**20,000,000**	**13,456,873**	**6,666,667**	**3,647,566**	**6,352,434**	**-**	**63,782,727**	**113,906,267**	**337,563**	**114,243,830**

The notes on pages 6 to 54 form an integral part of these separate and consolidated financial statements.

Raysut Cement Company SAOG and its Subsidiaries

Separate and consolidated statement of cash flows
for the year ended 31 December 2021

	Note	Parent 31-Dec-21 RO	Parent 31-Dec-20 RO (Restated)	Consolidated 31-Dec-21 RO	Consolidated 31-Dec-20 RO (Restated)
Cash flows from operating activities					
Loss before taxation		**(13,426,988)**	(18,251,438)	**(14,113,032)**	(19,999,933)
Adjustments for:					
Depreciation on property, plant and equipment	9	**3,940,198**	3,649,614	**6,646,157**	6,696,194
Depreciation of right-of-use assets	10	**224,404**	1,278,097	**336,189**	227,032
Derecognition of right-of-use assets and lease liabilities (net)	10	**(1,236,487)**	(1,663,240)	**-**	(775,845)
Allowance for expected credit losses	16 & 18	**12,572,964**	4,609,074	**809,203**	5,183,015
Provision for impairment	9	**-**	-	**(22,363)**	-
Allowance for slow-moving inventories	15	**140,222**	167,481	**299,776**	226,341
End of service benefits charge for the year	28	**62,544**	58,024	**132,161**	149,593
Interest expense	37	**1,849,170**	1,827,445	**2,243,567**	2,407,986
Interest expense on lease liabilities	37	**191,231**	758,729	**415,408**	306,075
Interest income	37	**-**	(754)	**-**	(754)
Investment income	38	**(75,478)**	(51,608)	**(75,478)**	(51,608)
Amortization of deferred expenses		**55,007**	-	**-**	-
Impairment / share of loss from an associate	11	**-**	-	**-**	6,587
Unrealised income on derecognition of right-of use assets and lease liabilities		**-**	(310,134)	**-**	(310,134)
Decrease in fair value of financial assets at fair value through profit or loss	17	**(506,214)**	371,517	**(506,214)**	371,517
Gain on disposal of property, plant and equipment		**-**	-	**(483,869)**	-
Changes in:					
Trade receivables		**(8,426,647)**	3,339,493	**(1,753,827)**	3,606,868
Prepayments and other receivables		**2,804,066**	(1,344,751)	**5,588,255**	(5,315,664)
Inventories		**6,892,202**	2,587,456	**3,820,764**	1,840,024
Trade and other payables		**(2,145,137)**	11,941,538	**3,702,118**	15,067,795
Cash generated from operations		**2,915,058**	**8,966,543**	**7,038,818**	9,635,089
Payment of end of service benefits	28	**(182,277)**	(87,343)	**(281,513)**	(202,863)
Tax refund claims received			-	**-**	559,139
Income tax paid		**-**	(846,244)	**-**	(287,105)
Net cash generated from operating activities		**2,732,781**	8,032,956	**6,757,305**	9,704,260
Cash flows from investing activities					
Investment in subsidiaries	12	**-**	(3,240,265)	**-**	(3,240,265)
Proceeds from disposal of property, plant and equipment		**-**	-	**483,869**	-
Dividend income received on financial assets at fair value of through profit or loss	38	**75,478**	51,608	**75,478**	51,608
Interest received	37	**-**	272	**-**	272
Purchase of property, plant and equipment	9	**(1,611,540)**	(5,186,157)	**(7,429,754)**	(8,363,362)
Net cash used in investing activities		**(1,536,062)**	(8,374,541)	**(6,870,407)**	(11,551,747)
Cash flows from financing activities					
Term loans (net of repayment)		**2,615,255**	(1,407,192)	**4,051,536**	(1,086,967)
Repayment of principal portion of lease		**(128,848)**	-	**(138,999)**	-
Repayment of interest on lease		**(191,231)**	-	**(211,627)**	-
Movement in lease liabilities on derecognition		**(194,771)**	-	**-**	-
Movement in short term loans - net		**1,350,753**	1,428,457	**590,022**	3,685,654
Interest and finance costs paid		**(3,396,775)**	(1,071,432)	**(3,829,969)**	(1,591,484)
Net cash generated from/(used in) financing activities		**54,384**	(1,050,167)	**460,964**	1,007,203
Net changes in cash and cash equivalents during the year		**1,251,103**	(1,391,753)	**347,861**	(840,284)
Cash and cash equivalents at the beginning of the year		**(5,087,132)**	(3,695,379)	**(4,257,958)**	(3,417,674)
Cash and cash equivalents at the end of the year	43	**(3,836,028)**	(5,087,132)	**(3,910,097)**	(4,257,958)

The notes on pages 6 to 54 form an integral part of these separate and consolidated financial statements.

Notes to the separate and consolidated financial statements
for the year ended 31 December 2021

1. Legal status and principal activities

Raysut Cement Company SAOG (the "Parent Company" or “the Company”) was formed in 1981 by Ministerial Decision No. 7/81 and is registered in the Sultanate of Oman as a public joint stock company. The Company and its subsidiaries (see below) are together referred to as the “Group”.

The principal activities of the Parent Company are the production and sale of ordinary portland cement, sulphur resistant cement, oil well class 'G' cement and pozzolana well cement. The registered office of the parent company is at Salalah, P.O. Box 1020, Postal Code 211, Sultanate of Oman.

The principal activities of the subsidiaries and associates are set out below:

Subsidiary companies	Country of incorporation	Shareholding percentage % 31-Dec-2021	Shareholding percentage % 31-Dec-2020	Principal activities
Pioneer Cement Industries (‘Pioneer’)	United Arab Emirates	100	100	Production and sale of cement
Raysea Navigation SA (‘Raysea’)	Panama	100	100	Shipping transport Company
Sohar Cement Factory SPC (formerly Sohar Cement Factory LLC)	Sultanate of Oman	100	100	Production and sale of cement
Pioneer Cement Industries Georgia Limited*	Georgia	100	100	Limestone quarry
Raysut Cement Company S.A.O.G. (Branch)**	United Arab Emirates	100	100	Limestone quarry
Raysut Burwaqo Cement Company LLC (‘RBCC’)	Sultanate of Oman	51	51	Wholesale of cement and plastic
RCC Holding Company Limited	United Arab Emirates	100	100	Holding Company
RCC Trading DMCC	United Arab Emirates	100	100	Trading activity
Duqm Cement Factory LLC	Sultanate of Oman	100	100	Production and sale of cement
RCC MSG Somaliland Cement Holding Limited	United Arab Emirates	55	55	Holding Company
Raysut Maldives Cement Private Limited	Republic of Maldives	75	-	Trading activity
Raysut Cement Trading Madagascar	Madagascar	98	-	Trading activity

1. Legal status and principal activities (continued)

Associate companies	Country of incorporation	Shareholding percentage % 31-Dec-2021	31-Dec-2020	Principal activities
Mukalla Raysut Trading and Industrial Company ('MRTIC')	Republic of Yemen	49	49	Importing, exporting, packing and marketing of cement products.

These financial statements represent the results of operations of the Parent Company on a standalone basis and consolidated with its subsidiaries (the "Group").

*Pioneer Cement Industries Georgia Limited is a subsidiary of Pioneer Cement Industries.

**The above Branch is held by the Pioneer Cement Industries for the beneficial interest of the Parent Company. Accordingly, the results of operations and financial position of the Branch have been consolidated in these consolidated financial statements.

2. Adoption of new and amended International Financial Reporting Standards (IFRSs)

New standards, amendments and interpretations to existing IFRS effective 1 January 2021

Some accounting pronouncements which have become effective from 1 January 2021 and have therefore been adopted are as follows:

- COVID-19-related rent concessions beyond 30 June 2021 (Amendments to IFRS 16);
- Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

These amendments do not have a significant impact on the Group's financial results or position.

Standards, amendments and interpretations to existing IFRS that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these separate and consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group financial statements.

3. Summary of significant accounting policies

The separate and consolidated financial statements have been prepared using the significant accounting policies and measurement bases as summarised below.

Basis of preparation

These separate and consolidated financial statements are prepared on the accrual basis and under the historical cost convention.

3. Summary of significant accounting policies (continued)

Basis of preparation (continued)

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 Group 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 separate and consolidated 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 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Functional and presentation currency

These separate and consolidated financial statements have been presented in Riyal Omani which is the Parent Company's functional and presentation currency.

Statement of compliance

The separate and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, the disclosure requirements of the Capital Market Authority and the applicable provisions of the Commercial Companies Law of the Sultanate of Oman,2019 as ammended.

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Parent Company and all of its subsidiaries as at 31 December 2021. All subsidiaries have a reporting date of 31 December 2021.

Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give the practical ability to direct the relevant activities of the investee unilaterally.

3. **Summary of significant accounting policies** (continued)

Basis of consolidation (continued)

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets,laibilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Non-controlling interest

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statement of financial position and consolidated statement of changes in equity, separately from the Group's shareholders' equity. Changes in the Group's interest in a subsidiary that do not result in a loss of control, are accounted for as equity transactions.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in statement of profit or loss and other comprehensive income as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in statement of comprehensive income as a bargain purchase gain.

3. Summary of significant accounting policies (continued)

Basis of consolidation (continued)

Business combinations

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in statement of comprehensive income.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in the statement of comprehensive income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in statement of comprehensive income.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

3. Summary of significant accounting policies (continued)

Basis of consolidation (continued)

Goodwill (continued)

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in statement of comprehensive in the consolidated statement of income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investment in an associate

An associate is an entity over which the Parent Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these separate and consolidated financial statements using the equity method of accounting. Under the equity method, investment in associates are initially recognised in the separate and consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of associates exceeds the Group's interest in that associates (which includes any long-term interests that, in substance, form part of the Group's net investment in the associates), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates.

An investment in associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of associates recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the separate and consolidated statement of profit or loss and other comprehensive income in the period in which the investment is acquired.

The requirements of IFRS 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in associates. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. Summary of significant accounting policies (continued)

Leases

The Group discontinues the use of equity method from the date when the investment ceases to be an associate. When the Group retains its interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income by that associate would be reclassified to separate and consolidated statement of profit or loss and other comprehensive income on the disposal of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to separate and consolidated statement of profit or loss and other comprehensive income on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to separate and consolidated statement of profit or loss and comprehensive income (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to separate and consolidated statement of profit or loss and other comprehensive income the proportion of the gain or loss that had previously been recognised in separate and consolidated statement of profit or loss and other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to separate and consolidated statement of profit or loss and other comprehensive income on the disposal of the related assets or liabilities.

When a Group's entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group' financial statements only to the extent of interests in the associates that are not related to the Group.

The Group as lessee

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

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

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the separate and consolidated statement of financial position.

3. Summary of significant accounting policies (continued)

Leases (continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use assets reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss in accordance with IAS 36.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line concession fees in the statement of profit or loss and other comprehensive income.

As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

3. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, except for land and capital work-in-progress which are carried at cost less impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is capitalized in the carrying amount of an item if it is probable that future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive income as incurred.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in statement of comprehensive income. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

	Years
Buildings and civil works	5 - 35
Plant and machinery	32
Ships	5 - 15
Motor vehicles	5
Furniture and fixtures	5
Office equipment	5
Plant vehicles, equipment and tools	3 - 5
Limestone mines	15 - 20

Depreciation methods, useful lives and residual values are reassessed at each reporting date. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

3. Summary of significant accounting policies (continued)

Change in estimates

In accordance with its policy, the Group reviews the estimated useful lives of its property, plant and equipment on an ongoing basis. During 2019, this review indicated that the actual lives of certain plant and machinery and civil structures were longer than the estimated useful lives used for depreciation purposes in the separate and consolidated financial statements. As a result, effective 1 January 2019, the Group changed its estimates of the useful lives of its plant and machinery and civil structures to better reflect the estimated periods during which these assets will remain in service. The estimated useful lives of the plant and machinery and civil structures that previously assessed as 25 years and 30 years were increased to 32 years and 35 years respectively.

Capital work-in-progress

Capital work-in-progress represents structures and facilities under construction and is stated at cost. This includes the cost of construction, equipment and other direct costs. Capital work-in-progress is not depreciated until such time that the relevant assets are available for intended use.

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment loss. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss (if any).

The loss arising on an impairment of an asset is determined as the difference between the recoverable amount and carrying amount of the asset and is recognised immediately in the separate and consolidated's statement of profit or loss and other comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount and the increase is recognised as income immediately, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised net of depreciation or amortization.

Intangible assets

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

Intangible work-in-progress is not depreciated until it is transferred into intangible assets category, which occurs when the asset is available for intended use. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Inventories

Inventories are stated at the lower of cost and net realizable value, where net realizable value is the estimated selling price less any estimated costs of completion and estimated selling expenses. Cost of raw materials includes purchase price, delivery costs and other direct expenses incurred in bringing the inventories to their present condition and location. The cost of finished goods includes an appropriate share of costs of production overheads based on normal operating capacity. Costs are assigned using the weighted average cost method.

3. Summary of significant accounting policies (continued)

Inventories (Continued)
Raw materials cost represents price of the goods, and related direct expenses. Finished goods cost represent cost of raw materials, direct labour and other attributable overheads. Work-in-progress cost represents proportionate cost of raw materials, direct labour and other attributable overheads. Finished goods and work in progress are valued at standard cost i.e. at standard usage and standard overheads. Any significant variance if any in actuals then the same is dealt accordingly in inventory valuation.

IFRS 9 Financial Instruments
IFRS 9 Financial Instruments sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

Classification - Financial assets
IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVTOCI) and Fair Value through Profit or Loss (FVTPL).

Business model assessment
The Group determines its business model at the level that best reflects how it manages Group of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument by instrument basis but at a higher level of aggregated portfolios and is based on a number of observable factors. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- The risks that affect the performance of the business model (and financial assets held within that business model) and how those risks are managed; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)
The Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test. ‘Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. Interest is defined as consideration for time value of money and for the credit risk associated with the principal and for other basic lending risks and costs as well as a profit margin. In assessing whether the Contractual cash flows are solely payments of principal and interest, Group considers whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

The Group classifies its financial assets upon initial recognition into the following categories:

- Financial assets carried at amortised cost
- Financial assets carried at fair value through other comprehensive income (FVOCI)
- Financial assets carried at fair value through profit or loss (FVTPL)

3. Summary of significant accounting policies (continued)

IFRS 9 Financial Instruments (continued)
A financial asset is carried at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding;
- Financial assets carried at amortised cost are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of comprehensive income. Any gain or loss on derecognition is recognised in the statement of comprehensive income.

Financial assets at amortized cost include bank deposits, trade receivables, cash at bank, amounts due from related parties, interest receivables and other financial assets.

Equity investments at FVOCI

Upon initial recognition, the Group makes an irrevocable election to classify some of its equity investments as equity investments at FVOCI if they are not held for trading and meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading such classification is determined on an instrument by instrument basis.

Equity investments at FVOCI are subsequently measured at fair value- Changes in fair values including foreign exchange component are recognised in other comprehensive income and presented in the cumulative changes in fair values in equity. Cumulative gains and losses previously recognised in other comprehensive income are transferred to retained earnings on derecognition and are not recognised in the statement of comprehensive income. Dividend income on equity investments at FVOCI are recognised in the statement of comprehensive income unless they clearly represent a recovery of the cost of the investment in which case they are recognised in other comprehensive income.

Financial assets carried at FVTPL

The Group classifies the following financial assets at fair value through profit or loss:

- Equity instruments that are held for trading;
- Equity investments for which the entity has not elected to recognize fair value gains and losses through other comprehensive income; and
- Debt instruments with contractual cash flows not representing solely payment of principal and interest are mandatorily required to be measured at FVTPL.
- Other than above management may designate a financial asset at FVTPL upon initial recognition that otherwise meet the requirements to be measured at amortized cost or as FVOCI, this is only done if it eliminates or significantly reduces, an accounting mismatch that would otherwise arise.

Dividend income from equity investments measured at FVTPL is recognized in the statement of comprehensive income when the right to the payment has been established.

3. Summary of significant accounting policies (continued)

IFRS 9 Financial Instruments (continued)

Impairment - Financial assets

IFRS 9 requires forward-looking 'expected credit loss' (ECL) model. This require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability -weighted basis. The impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, trade receivables and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date.

However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component. The estimated ECLs were calculated taking into account the following criteria:

- actual credit loss experience over the past 4 years;
- ageing of trade receivables; and
- discount factor applied for receivables where there are corresponding payables to the same party thus mitigating the Group's exposure.

Classification - Financial liabilities

Under IFRS 9 fair value changes of liabilities classified as at FVTPL are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in other comprehensive income; and
- the remaining amount of change in the fair value is presented in statement of comprehensive income.

3. **Summary of significant accounting policies** (continued)

IFRS 9 Financial Instruments (continued)

Classification - Financial liabilities (continued)

The Group has not designated any financial liabilities at FVTPL and it has no current intention to do so.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in statement of comprehensive income as incurred. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in statement of comprehensive income.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently measured at amortised cost using an effective interest method. Any difference between the proceeds (net of transaction costs) and redeemed borrowings is recognized over the term of borrowings in statement of comprehensive income. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Trade and other payables
Payables with no stated interest rate are measured at the original invoice amount, in cases where the imputed interest is immaterial. However, in cases where the imputed interest rate factor is material, accounts payables are initially stated at fair value, subsequently measured at amortised cost through application of the discounted cash flows method at market interest rate available on short-term borrowings with comparable average periods of maturity.

The effective interest method is a method of calculating the amortized 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 or, where appropriate, a shorter period.

Cash and cash equivalents
For the purposes of the statement of cash flows, all cash and bank balances, including short-term deposits with original maturity of three months or less are considered to be cash equivalents.

End of service benefits
Obligations for contributions to a defined contribution retirement plan, for Omani employees, in accordance with the Oman Social Insurance Scheme, are recognized as an expense in the statement of comprehensive income as

The Group's obligation in respect of non-Omani staff terminal benefits, which is an unfunded defined benefit retirement plan, is the amount such employees have earned in return for their services in the current and prior

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

3. Summary of significant accounting policies (continued)

Dividends
The Board of Directors (the "Board") recommends to the Shareholders the dividend to be paid out of the Parent Company's retained profits. The Board takes into account appropriate parameters including the requirements of the Commercial Companies Law of the Sultanate of Oman and other relevant directives issued by Capital Market Authority while recommending the dividend. Dividends are recognised as a liability when declared and approved by the shareholders.

Borrowing costs
Borrowing costs are generally expensed as incurred. Interest and other costs incurred during the construction period on borrowings used to finance the purchase and development of qualifying property, plant and equipment are capitalized as part of the costs. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use are completed. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Revenue recognition
The Group follows five step process:

1 Identifying the contract with a customer
2 Identifying performance obligation
3 Determining the transaction price
4 Allocating the transaction price to the performance obligation
5 Recognising revenue when/as performance obligations are satisfied

The Group manufactures and sells a range of cement products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and net of returns, trade discounts, volume rebates and taxes or duty.

Dividend income is recognized when the right to receive payment is established.

Rental income is recognised on a straight line basis over the period of the lease.

Interest income and expense
Interest income and expense are accounted for on the accrual basis using an effective interest method.

Foreign currency

Foreign currency transactions
Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

3. Summary of significant accounting policies (continued)

Foreign currency (continued)

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 was 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 statement of profit or loss and other comprehensive income.

Foreign currency transactions (continued)

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective); and
- qualifying cash flow hedges to the extent that the hedges are effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to statement of comprehensive income as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the statement of comprehensive

Group companies

The accounting records of subsidiary companies, Pioneer Cement Industries and RCC Trading DMCC are maintained in UAE Dirhams (AED) whereas the records of Raysut Maldives Cement Pvt Ltd and Raysut Madagascar are maintained in USD. The Rial Omani amounts included in the separate and consolidated financial statements have been translated at an exchange rate of 0.1052 (2020: 0.1052) Omani Rial to each AED, exchange rate of 0.3852 Omani Riyal to each US Dollar for the statement of comprehensive income and the statement of financial position items, as the AED/US Dollar to Omani Riyal exchange rate has effectively remained fixed during the year, as these currencies are pegged to the US Dollar.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;

3. Summary of significant accounting policies (continued)

Discontinued operations (Continued)

- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of statement of comprehensive income and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Income tax

Income tax expense comprises current and deferred tax. It is recognised in statement of comprehensive income except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI. Interest and penalties related to income taxes, including uncertain tax treatments, are accounted for under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.*

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment 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 taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

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

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the 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, associates and joint arrangements to the extent that the Group 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 the initial recognition of goodwill.

Earnings and net assets per share

The Group presents basic and diluted earnings per share ("EPS") and net assets per share data for its ordinary shares. Basic EPS is calculated by dividing the comprehensive income attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period, whereas diluted EPS also includes dilutive potential ordinary shares (such as options and convertible instruments) if they meet certain criteria.

Net assets per share is calculated by dividing the net assets attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year.

Directors' remuneration

Directors' remuneration has been computed in accordance with the Commercial Companies Law of the Sultanate of Oman 2019 and as per the requirements of Capital Market Authority.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. All operating segment operating results are reviewed regularly by Chief Operating Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4. Business combination

On 12 August 2020, the Group acquired 75% ordinary shares of Raysut Maldives Cement Private Ltd ('Raysut Maldives') with total consideration of net RO 3.2 million. The acquisition is accounted under IFRS 3 Business Combinations. Accordingly, Raysut Cement is treated as the "acquirer" and Raysut Maldives is treated as the "acquiree".

	RO
Purchase consideration paid on acquisition	**3,240,265**
Less: net identifiable assets acquired in a Business Combination	**(722,875)**
Goodwill	**2,517,390**

The fair values of identifiable assets acquired and the liabilities assumed at 12 August 2020 were as follows:

	Fair values based on purchase price allocation process RO
Net working capital	**368,531**
Net long term assets	**818,388**
Lease liabilities	**(464,044)**
Net identifiable assets acquired	**722,875**

Further, on 19 May 2019, the Parent Company acquired 100% ordinary shares of Sohar Cement Factory SPC (formerly Sohar Cement Factory LLC) ('Sohar Cement') with total consideration of net RO 12.5 million. The acquisition is accounted under IFRS 3 Business Combinations. Accordingly, Raysut Cement is treated as the "acquirer" and Sohar Cement is treated as the "accounting acquiree" for an accounting purposes.

	RO
Purchase consideration paid on acquisition	**12,524,566**
Less: net identifiable assets acquired in a Business Combination	**(11,706,084)**
Goodwill	**818,482**

There were no acquisitions in the year ended 31 December 2021.

5. Critical accounting estimates and judgments

The preparation of the separate and consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the reporting date and the resultant provisions and changes in fair value for the year.

5. Critical accounting estimates and judgments (continued)

Such estimates are necessarily based on assumptions about several factors involving varying, and possibly significant, degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated assets and liabilities.

The Group makes estimates and assumptions concerning the future. Estimates are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The effect of any changes in estimates is done prospectively. The information about assumptions and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

Useful lives of property, plant and equipment

Depreciation is calculated so as to allocate the cost of assets less residual value over their estimated useful lives. The calculation of useful lives is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates.

Allowance for slow moving inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For significant amounts this estimation is performed on a case to case basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and an allowance applied according to the inventory type and the degree of ageing or obsolescence, based on historical movements.

Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The group uses estimates for the computation of loss rates.

Allowance for impairment of financial assets

Loss allowances for financial assets are based on assumptions about probability and risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Goodwill and investment in subsidiaries and associated companies

Management follows the guidance of IAS 36 to determine when an investment in a subsidiary / associate is impaired. This determination requires significant judgement and in making this judgement, the management evaluates, among other factors, the carrying amount of the entity's net assets and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The Board of Directors test annually whether goodwill and investment in subsidiaries and associates have suffered any impairment in accordance with IAS 36, 'Impairment of Assets' which require the use of estimates.

5. **Critical accounting estimates and judgments** (continued)

Impairment of limestone mines

Limestone mines, which are included in property, plant and equipment, are tested for impairment when there is an indication of impairment. Testing for impairment of these mines requires management to estimate the limestone capacity of these mines and its recoverable amounts. Accordingly, provision for impairment is made where the net present value and / or recoverable amount is less than carrying value based on best estimates by the management.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Discounting of lease payments

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

6. **Financial risk management**

Financial risk factors

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

Market risk

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign currency risk arising from currency exposures with respect to US Dollar and UAE Dirham. In respect of the Group's transactions denominated in US Dollar and UAE Dirham, the Group is not exposed to currency risk as the Rial Omani and UAE Dirham are pegged to the US Dollar.

6. Financial risk management (continued)

Financial risk factors (continued)

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities in the market. The Group is exposed to price risk arising from exposure to volatility in the Muscat Stock Exchange (MSX) on the investments in listed equity securities included as either fair value through profit or loss or other comprehensive income. The table below summarises the impact of increases/ decreases of the indices on the Group's profits and on other components of equity. The analysis is made on the assumption that the equity indices will increase/decrease by 10% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the respective indices:

	Parent		**Consolidated**	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
MSX	**256,262**	224,459	**256,262**	224,459

Interest rate risk

Interest rate risk arises from the possibility of changes in interest rates and mismatches or gaps in the amount of assets and liabilities that mature or re-price in a given period. The Group is exposed to fair value interest rate risk on its long term loan from the commercial banks as these carry fixed interest rates.

Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to maintain almost all of its borrowings in fixed rate instruments. During 2021 and 2020, the Group's borrowings were denominated in Rial Omani currency. In 2016, the Parent Company converted an Omani Rial loan to a US dollar loan. The Group analyses its interest rate exposure on a regular basis and reassesses the source of borrowings and renegotiates interest rates at terms favorable to the Group.

The carrying values of the loans are not considered to be materially different from their fair values since the loans are at the market interest rates.

Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from cash and cash equivalents, deposits with banks as well as credit exposures to customers including outstanding amounts from related parties and committed transactions.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

6. **Financial risk management** (continued)

Financial risk factors (continued)

Credit risk (continued)

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Details of the Parent Company's concentration of credit risk is disclosed in note 16. This represents amount receivable from corporate customers from whom there is no past history of default and the Group enjoys a long standing relationship.

The carrying amount of financial assets represents the credit exposure. The exposure to credit risk at the end of the reporting period was on account of:

	Parent		**Consolidated**	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	RO	RO	**RO**	RO
Trade receivables	**18,278,428**	13,761,503	**20,445,155**	19,290,412
Other receivables	**7,714,130**	7,288,494	**2,207,459**	2,729,627
Cash at bank	**156,936**	37,117	**778,793**	1,353,765
	26,149,494	21,087,114	**23,431,407**	23,373,804

Many customers have provided bank guarantees to the Parent Company, subsidiaries and associates. The potential risk in respect of amounts receivable is limited to their carrying values as management regularly reviews these balances whose recoverability is in doubt.

6. **Financial risk management** (continued)

Financial risk factors (continued)

Credit risk (continued)

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due and also incorporates forward looking information. The age of trade receivables and related ECL at the end of the reporting period is:

	Gross		Allowance for expected credit losses	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	RO	RO	**RO**	RO
Parent				
Not due - up to 180 days	**16,071,917**	11,415,178	**61,466**	61,466
Past due 181 to 365 days	**3,808,604**	1,517,102	**204,747**	204,747
More than 1 year	**3,080,884**	1,602,478	**2,814,671**	507,042
	22,961,405	14,534,758	**3,080,884**	773,255
Consolidated				
Not due - up to 180 days	**2,233,529**	8,205,505	**71,549**	71,549
Past due 181 to 365 days	**21,253,847**	11,084,907	**1,598,333**	1,598,333
More than 1 year	**3,042,220**	2,443,137	**1,372,338**	773,255
	26,529,596	21,733,549	**3,042,220**	2,443,137

Liquidity risk

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

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group has access to credit facilities.

		31-Dec-21			31-Dec-20	
	Carrying amount	**Less than one year**	**More than one year**	Carrying amount	Less than one year	More than one year
	RO	**RO**	**RO**	RO	RO	RO
Parent						
Trade and other payables	**25,412,688**	**25,412,688**	**-**	30,346,418	30,346,418	-
Short term borrowing	**14,529,854**	**14,529,854**	**-**	14,315,809	14,315,809	-
Other liabilities	**12,151,479**	**5,107,259**	**7,044,220**	-	-	-
Lease liabilities	**2,882,656**	**134,106**	**2,748,550**	11,326,540	1,552,232	9,774,308
Long term loans	**33,250,397**	**3,158,476**	**30,091,921**	30,635,142	9,026,855	21,608,287
	88,227,074	**48,342,383**	**39,884,691**	86,623,909	55,241,313	31,382,595

6. **Financial risk management** (continued)

Financial risk factors (continued)

Liquidity risk (continued)

	31-Dec-21			31-Dec-20		
	Carrying amount RO	**Less than one year RO**	**More than one year RO**	Carrying amount RO	Less than one year RO	More than one year RO
Consolidated						
Trade and other payables	**30,591,816**	**30,591,816**	**-**	36,603,379	36,603,379	-
Short term borrowing	**19,989,927**	**19,989,927**	**-**	19,399,905	19,399,905	-
Other liabilities	**12,151,479**	**5,107,259**	**7,044,220**	-	-	-
Lease liabilities	**6,638,132**	**255,826**	**6,382,306**	7,063,473	268,482	6,794,991
Long term loans	**43,828,480**	**4,668,422**	**39,160,058**	39,776,945	18,230,702	21,546,243
	113,199,835	**60,613,251**	**52,586,584**	102,843,701	74,502,468	28,341,234

7. **Capital risk management**

Equity of the Parent Company and Group comprises share capital, share premium, legal reserves, special reserves and retained earnings. Management's policy is to maintain an optimum capital base to maintain investor, creditor and market confidence to sustain future growth of business as well as return on capital. Capital requirements are prescribed by the Commercial Companies Law of the Sultanate of Oman, 2019 and the Capital Market Authority.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the statement of financial position less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratio of 31 December 2021 and 31 December 2020 were as follows:

	Parent		Consolidated	
	31-Dec-2021 RO	31-Dec-2020 RO	**31-Dec-2021 RO**	31-Dec-2020 RO
Borrowings	**33,250,397**	30,635,142	**43,828,480**	39,776,944
Lease liabilities	**2,882,656**	11,326,540	**6,638,132**	7,063,473
Short term borrowings	**14,529,854**	14,315,809	**19,989,927**	19,399,905
Total borrowings	**50,662,907**	56,277,491	**70,456,539**	66,240,322
Less: cash and bank balances [note 19]	**(163,937)**	(49,543)	**(802,337)**	(1,414,210)
Net debt	**50,498,970**	56,227,948	**69,654,202**	64,826,112
Equity	**99,897,926**	112,822,914	**114,243,830**	127,861,266
Total capital	**150,396,896**	169,050,862	**183,898,033**	192,687,378
Gearing ratio	**33.58%**	33.26%	**37.88%**	33.64%

8. Goodwill

The goodwill was recognized as a result of acquisition of Pioneer Cement Industries (Pioneer Cement), Sohar Cement Factory SPC (formerly Sohar Cement Factory LLC) (Sohar Cement) and Raysut Maldives Cement Private Limited (Raysut Maldives). Goodwill represents the excess of the cost of acquiring shares in these subsidiary companies over the aggregate fair value of the net assets.

The carrying amount of goodwill at 31 December 2021 allocated to each of the cash-generating units is as follows:

	31-Dec-2021	31-Dec-2020
	RO	RO
Pioneer Cement Industries, UAE	**45,798,586**	45,798,586
Sohar Cement Factory SPC (formerly Sohar Cement Factory LLC), Oman	**818,482**	818,482
Raysut Maldives Cement Pvt Ltd., Maldives	**2,517,390**	2,517,390
	49,134,458	49,134,458

At the reporting date, the management has tested the goodwill for impairment in accordance with IAS 36 “Impairment of Assets” and has not accounted for any impairment losses at 31 December 2021 since the estimated recoverable amount of the related business to which the goodwill relates exceeds its carrying value.

The recoverable amount of each cash-generating unit is determined based on a value in use calculation, using cash flow projections based on financial budgets approved by the Board. The Group has also analysed the impairment test based on market multiple to the historical earnings.

Key assumptions used in discounted cash flow projection calculations

Key assumptions used in the calculation of recoverable amounts are discount rates, terminal value calculations and budgeted EBITDA. These assumptions are as follows:

Discount rate

The discount rate used for value in use calculations in 2021 ranges from 9% to 13% (2020: 9% to 13%) for various cash generating units.

Terminal value calculations

Terminal value based on assumption that forecast cash flow shall grow at a constant rate of 2.4% (2020: 2.4%) per annum till perpetuity.

Growth rate

Growth rate based on assumption that business shall grow at 3.7% to 7.1% per annum (2020: 3.7% to 7.1%).

The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount of Pioneer Cement, Sohar Cement and Raysut Maldives is based would not cause the aggregate recoverable amount to fall below the aggregate carrying value of the related CGUs.

9. Property, plant and equipment

Parent	Land, buildings civil works and mines RO	Plant and machinery RO	Motor vehicles RO	Furniture and fixtures RO	Office equipment RO	Plant, vehicles equipment and tools RO	Lease hold vehicles RO	Capital work-in-progress RO	Total RO
Cost									
At 1 January 2020	36,746,003	87,360,030	314,135	231,417	1,557,975	8,001,198	240,100	6,951,581	141,402,439
Additions	203,560	-	-	24,184	89,844	553,662	-	569,902	1,441,152
Transfers	1,380	-	-	-	36,827	605,309	-	(1,482,036)	(838,520)
At 31 December 2020	36,950,943	87,360,030	314,135	255,601	1,684,646	9,160,169	240,100	6,039,447	142,005,071
At 1 January 2021	**36,950,943**	**87,360,030**	**314,135**	**255,601**	**1,684,646**	**9,160,169**	**240,100**	**6,039,447**	**142,005,071**
Additions	-	-	-	-	-	**835,875**	-	**775,665**	**1,611,540**
At 31 December 2021	**36,950,943**	**87,360,030**	**314,135**	**255,601**	**1,684,646**	**9,996,044**	**240,100**	**6,815,112**	**143,616,611**
Accumulated depreciation									
At 1 January 2020	20,200,298	50,087,818	276,031	217,568	819,906	5,585,808	61,715	-	77,249,144
Charge for the year	969,354	1,876,027	13,020	5,144	194,632	543,417	48,020	-	3,649,614
At 31 December 2020	21,169,652	51,963,845	289,051	222,712	1,014,538	6,129,225	109,735	-	80,898,758
At 1 January 2021	**21,169,652**	**51,963,845**	**289,051**	**222,712**	**1,014,538**	**6,129,225**	**109,735**	-	**80,898,758**
Charge for the year	**994,088**	**2,069,597**	**12,870**	**8,332**	**196,760**	**610,531**	**48,020**	-	**3,940,198**
At 31 December 2021	**22,163,740**	**54,033,442**	**301,921**	**231,044**	**1,211,298**	**6,739,756**	**157,755**	-	**84,838,956**
Net carrying value									
At 31 December 2021	**14,787,203**	**33,326,588**	**12,214**	**24,557**	**473,348**	**3,256,288**	**82,345**	**6,815,112**	**58,777,655**
At 31 December 2020	15,781,291	35,396,185	25,084	32,889	670,108	3,030,944	130,365	6,039,447	61,106,313

The property and equipment are mortgaged against the term loans obtained from banks (Note 25).

Notes to the separate and consolidated financial statements
for the year ended 31 December 2021

9. Property, plant and equipment (continued)

Consolidated	Land, buildings civil works and mines RO	Plant and machinery RO	Ships and drydock costs RO	Motor vehicles RO	Lease hold vehicles RO	Furniture and fixtures RO	Office equipment RO	Plant, vehicles equipment and tools RO	Capital work-in-progress RO	Total RO
Gross carrying value										
At 1 January 2020	52,082,780	133,588,956	6,209,189	553,560	240,100	443,546	2,189,046	10,636,591	11,246,849	217,190,617
Acquisitions	63,040	395,858	-	-	-	1,469	-	-	-	460,367
Additions	214,060	60,457	-	46,276	-	25,262	110,200	574,661	9,227,198	10,258,114
Transfers	466,571	5,841,000	-	19	-	-	36,827	1,226,947	(8,409,884)	(838,520)
At 31 December 2020	52,826,451	139,886,271	6,209,189	599,855	240,100	470,277	2,336,073	12,438,199	12,064,163	227,070,578
At 1 January 2021	**52,826,451**	**139,886,271**	**6,209,189**	**599,855**	**240,100**	**470,277**	**2,336,073**	**12,438,199**	**12,064,163**	**227,070,578**
Additions	**25,156**	**13,400**	**-**	**9,918**	**-**	**89**	**7,125**	**835,875**	**6,538,191**	**7,429,754**
Disposals	**-**	**(29,359)**	**-**	**-**	**-**	**-**	**(10,079)**	**-**	**(43,757)**	**(83,195)**
Transfers	**2,202**	**5,146**	**-**	**2,946**	**-**	**-**	**-**	**17,584**	**(27,878)**	**-**
At 31 December 2021	**52,853,809**	**139,875,458**	**6,209,189**	**612,719**	**240,100**	**470,366**	**2,333,119**	**13,291,658**	**18,530,719**	**234,417,137**
Accumulated depreciation										
At 1 January 2020	23,963,033	66,863,896	3,002,146	411,567	61,715	373,609	1,190,802	6,967,461	-	102,834,229
Charge for the year	1,556,579	3,098,956	689,633	51,791	48,020	18,173	230,924	1,002,117	-	6,696,193
Written off	-	-	2,517,410	-	-	-	-	-	-	2,517,410
At 31 December 2020	25,519,612	69,962,852	6,209,189	463,358	109,735	391,782	1,421,726	7,969,578	-	112,047,832
At 1 January 2021	**25,519,612**	**69,962,852**	**6,209,189**	**463,358**	**109,735**	**391,782**	**1,421,726**	**7,969,578**	**-**	**112,047,832**
Charge for the year	**1,651,290**	**3,414,950**	**-**	**102,065**	**-**	**21,619**	**233,190**	**1,223,042**	**-**	**6,646,157**
Disposals / write off	**-**	**(8,389)**	**-**	**(6,883)**	**-**	**-**	**(7,091)**	**-**	**-**	**(22,363)**
At 31 December 2021	**27,170,902**	**73,369,414**	**6,209,189**	**558,540**	**109,735**	**413,401**	**1,647,825**	**9,192,620**	**-**	**118,671,627**
Net carrying value										
At 31 December 2021	**25,682,907**	**66,506,045**	**-**	**54,179**	**130,365**	**56,965**	**685,294**	**4,099,038**	**18,530,719**	**115,745,510**
At 31 December 2020	27,306,839	69,923,419	-	136,497	130,365	78,495	914,347	4,468,621	12,064,163	115,022,746

9. Property, plant and equipment

Revaluation of property and plant

The limestone mining rights of Pioneer Cement are located in UAE and Georgia and are included in property, plant and equipment. The Board of Directors of the Group has reviewed the limestone capacity of these mines and based on the expected output and expenditure.

Depreciation is allocated as follows:

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	RO	RO	**RO**	RO
Cost of sales [note 32]	**3,711,261**	3,437,389	**6,208,114**	6,279,918
General and administrative expenses [note 33]	**228,937**	212,225	**432,645**	416,278
	3,940,198	3,649,614	**6,640,759**	6,696,196

10. Right-of-use assets

	Leasehold properties	Ships charter contracts	Total
Parent	**RO**	**RO**	**RO**
Cost			
At 1 January 2020	3,446,229	30,116,283	33,562,512
De-recognition	-	(19,758,198)	(19,758,198)
At 31 December 2020	3,446,229	10,358,085	13,804,314
At 1 January 2021	**3,446,229**	**10,358,085**	**13,804,314**
De-recognition	**-**	**(10,358,085)**	**(10,358,085)**
At 31 December 2021	**3,446,229**	**-**	**3,446,229**
Accumulated depreciation			
At 1 January 2020	224,404	4,062,980	4,287,384
Charge for the year	224,404	1,704,131	1,928,533
Relating to de-recognition	-	(2,807,656)	(2,807,656)
At 31 December 2020	448,808	2,959,455	3,408,261
At 1 January 2021	**448,808**	**2,959,455**	**3,408,261**
Charge for the year	**224,402**	**-**	**224,404**
Relating to de-recognition	**-**	**(2,959,455)**	**(2,959,455)**
At 31 December 2021	**673,210**	**-**	**673,210**
Net carrying value			
At 31 December 2021	**2,773,019**	**-**	**2,773,019**
At 31 December 2020	2,997,421	7,398,630	10,396,053
Consolidated - (restated)			
Cost			
At 1 January 2020	4,925,521	-	4,925,521
Additions	2,364,195	-	2,364,195
De-recognition	-		-
At 31 December 2020	7,289,716	-	7,289,716
At 1 January 2021	**7,289,716**	**-**	**7,289,716**
Additions	**-**	**-**	**-**
At 31 December 2021	**7,289,716**	**-**	**7,289,716**

10. Right-of-use assets (continued)

Consolidated (continued)	Leasehold properties RO	Ships charter contracts RO	Total RO
Accumulated depreciation			
At 1 January 2020	298,468	-	298,468
Charge for the year	358,710	-	358,710
At 31 December 2020	657,178	-	657,178
At 1 January 2021	**657,178**	**-**	**657,178**
Charge for the year	**408,530**	**-**	**408,530**
At 31 December 2021	**1,065,708**	**-**	**1,065,708**
Net carrying value			
At 31 December 2021	**6,224,008**	**-**	**6,224,008**
At 31 December 2020	6,632,538	-	6,632,538

Right-of-use assets include leasehold property agreements for factories and charter hire contracts for ships to transport Group's products.

The Parent Company has been granted leasehold rights by His Majesty Sultan Qaboos bin Said for the use of land, on which the factory has been constructed for a period of thirty years from 1 July 1984. Current policy of ministry is changed from long term lease tenure to yearly lease, the Parent Company has applied for the extension of lease period and is done on yearly basis. The Parent Company has considered the lease term considering all relevant factors including remaining useful life of the plant and machinery constructed on the land.

Buildings of the subsidiary Pioneer Cement Industries are constructed and the site development is carried out on a plot of land leased from a minority shareholder for a period of 25 years. Upon its expiry, the lease can be renewed for a further term and on the conditions to be decided by the parties at that time.

Buildings of the subsidiary Sohar Cement factory LLC is constructed and the site development is carried out on a plot of land leased from Government for a period of 25 years. Upon its expiry, the lease can be renewed for a further term and on the conditions to be decided by the parties at that time.

During the current period, Parent Company de-recognised right of use assets and lease liabilities relating to the charter hire ship Raysut 1, Ship ceased its commercial operation with effect from sale date of 22nd January 2021

During the year, subsidiary Company DCF recognised right of use assets and lease liabilities relating to the leasehold land with a period of 30 years. Upon its expiry, the lease can be renewed for a further term and on the conditions

Depreciation of right-of-use assets is allocated as follows:

	Parent		**Consolidated**	
	31-Dec-2021 RO	31-Dec-2020 RO	**31-Dec-2021 RO**	31-Dec-2020 RO
General and administrative expenses [note 33]	**-**	-	**60,242**	130,580
Cost of sales [note 32]	**224,402**	-	**-**	-
	224,402	-	**60,242**	130,580

11. Investment in an associate

	Parent		**Consolidated**	
	31-Dec-2021 RO	31-Dec-2020 RO	**31-Dec-2021 RO**	31-Dec-2020 RO
Cost	**113,343**	113,343	**113,343**	113,343
Capital invested during the year	**-**	-	**-**	534
Loss from investment in associates	**-**	-	**-**	(6,587)
Net movement during the year	**-**	-	**-**	6,053
Impairment of investment in an associate	**(113,343)**	(113,343)	**(113,343)**	(113,343)
	-	-	**-**	-

12. Investment in subsidiaries

	Parent	
	31-Dec-2021	31-Dec-2020
	RO	RO
Investments		
Pioneer Cement Industries, UAE	**66,532,035**	66,532,035
Sohar Cement Factory SPC, Oman	**12,524,568**	12,524,568
Raysut Burwaqo Cement Company LLC, Somalia	**102,000**	102,000
Raysea Navigation S.A,Panama	**3,850**	3,850
RCC Trading DMCC, UAE	**5,260**	5,260
Raysut Maldives Cement Private Ltd, Maldives	**3,240,265**	3,240,265
Raysut Cement Trading Madagascar	**99**	
Duqm Cement Factory LLC, Oman	**150,000**	150,000
Total investments	**82,558,077**	82,557,978

On 30 December 2010, the Parent Company acquired 100% ordinary shares of Pioneer Cement Industries ('Pioneer'). Pioneer was incorporated on 24 June 2004 in Ras Al Khaimah, UAE.

On 19 May 2019, the Parent Company acquired 100% (2020: 100%) ordinary shares of Sohar Cement Factory SPC ('SCF'). SCF was incorporated on 14 June 2011 in Sohar, Sultanate of Oman as a limited liability Company and converted to single person Company in the year 2020

Investment in Raysut Burwaqo Cement Company ('RBCC') represents 51% (2020: 51%) equity interest. RBCC was incorporated in January 2017 in the Sultanate of Oman. RBCC has not commenced its commercial operations as of 31 December 2021.

Investment in Raysea Navigation S.A. ('Raysea') represents 100% (2020: 100%) equity interest. Raysea was incorporated in October 2008 in Panama. The assets of Raysea represent a ship (Raysut 1) which was used to transport cement of the Parent Company to various destinations. Raysea started its commercial operations in January 2011. During the period ship ceased its commercial operation with effect from sale date of 22nd January 2021 and sold at a price of USD 1,256,150.

On 12 August 2020, the Parent Company acquired 75% ordinary shares of Raysut Maldives Cement Pvt Ltd (‘Raysut Maldives’) formerly Lafarge Maldives Cement Private Limited. Raysut Maldives was incorporated on 2 June 1998 in K’ Male, Republic of Maldives.

Investment in Duqm Cement Factory LLC. ('DCF') represents 100% equity interest. DCF was incorporated in November 2019 in the Sultanate of Oman. DCF is a grinding unit in Duqm region which is under construction phase.

On 1 July 2021, the Parent Company acquired 100% ordinary shares of Raysut Cement Madagascar Trading. Company is engaged in trading activity of Cement and related product.

Summarized financial information in respect of subsidiaries is set out below:

31 December 2021	**Total assets RO**	**Total liabilities RO**	**Net assets RO**	**Revenue RO**	**Profit / (loss) RO**
Pioneer Cement Industries	**58,515,074**	**22,216,185**	**36,298,889**	**27,225,524**	**236,332**
Sohar Cement Factory SPC	**29,185,991**	**14,078,792**	**15,107,198**	**22,830,842**	**846,626**
Raysea Navigation S.A.	**-**	**2,323,297**	**(2,323,298)**	**-**	**291,884**
Raysut Burwaqo Cement Company	**150,945**	**1,600**	**149,345**	**-**	**(500)**
RCC Trading DMCC	**6,545,849**	**23,017,003**	**(16,471,153)**	**13,186,467**	**(12,990,418)**
Raysut Maldives Cement Private Ltd.	**2,419,236**	**1,310,565**	**1,108,671**	**2,503,152**	**130,771**
Raysut Cement Trading Madagascar	**3,182,288**	**3,822,686**	**(640,398)**	**3,462,120**	**(392,804)**
Duqm Cement Factory LLC	**11,487,760**	**11,610,842**	**(123,082)**	**-**	**(212,240)**

Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements (Continued)
for the year ended 31 December 2021

12. Investment in subsidiaries (continued)

31 December 2020	Total assets RO	Total liabilities RO	Net assets RO	Revenue RO	Profit / (loss) RO
Pioneer Cement Industries	57,281,307	21,218,751	36,062,556	24,026,389	368,361
Sohar Cement Factory SPC	26,220,036	17,401,212	8,818,824	23,705,619	1,394,951
Raysea Navigation S.A.	17,856	2,633,036	(2,615,180)	1,455,650	(2,467,391)
Raysut Burwaqo Cement Company	150,945	241	150,704	-	-
RCC Trading DMCC	9,075,628	12,793,111	(3,717,483)	28,654,011	(3,835,887)
Raysut Maldives Cement Private Ltd	1,988,026	1,010,123	977,903	592,232	14,155
Duqm Cement Factory LLC	5,377,131	5,227,131	150,000	-	-

13. Advances to Raysea represents the purchase cost of the ships and expenses incurred during the pre-operating period and are interest free, unsecured and receivable on demand. The Parent Company has recognised an impairment loss of RO 0.85 million (2020: RO 0.85 million) on advance to Raysea.

14. Financial assets at fair value through other comprehensive income

	Parent		**Consolidated**	
	31-Dec-2021 RO	31-Dec-2020 RO	**31-Dec-2021 RO**	31-Dec-2020 RO
Unquoted local equity investment	**125,000**	125,000	**125,000**	125,000

In the opinion of the management, the fair value of the investment at the reporting date is not materially different from its cost.

15. Inventories

	Parent		**Consolidated**	
	31-Dec-2021 RO	31-Dec-2020 RO	**31-Dec-2021 RO**	31-Dec-2020 RO
Raw materials	**5,842,855**	8,348,054	**6,502,146**	10,426,658
Work-in-progress	**2,752,033**	6,370,070	**3,979,330**	7,119,001
Finished goods	**2,130,596**	2,352,878	**10,267,020**	7,775,864
	10,725,484	17,071,002	**20,748,495**	25,321,524
Spares and consumables	**8,415,009**	8,961,693	**12,573,414**	11,821,151
Allowance for slow-moving inventories	**(2,688,072)**	(2,547,850)	**(3,304,423)**	(3,000,941)
	16,452,421	23,484,845	**30,017,486**	34,141,733

Movement in allowance for slow moving inventories is as follows:

	Parent		**Consolidated**	
	31-Dec-2021 RO	31-Dec-2020 RO	**31-Dec-2021 RO**	31-Dec-2020 RO
At 1 January	**2,547,850**	2,380,369	**3,004,647**	2,774,600
Charge for the year [note 32]	**140,222**	167,481	**299,776**	226,341
At 31 December	**2,688,072**	2,547,850	**3,304,423**	3,000,941

16. Trade receivables – net

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	RO	RO	**RO**	RO
Trade receivables	**8,106,501**	6,326,753	**22,964,897**	20,762,121
Due from related parties [note 45(b)]	**13,252,811**	8,208,005	**522,479**	971,428
	21,359,312	14,534,758	**23,487,376**	21,733,549
Less: allowance for expected credit losses	**(3,080,884)**	(773,255)	**(3,042,220)**	(2,443,137)
	18,278,428	13,761,503	**20,445,155**	19,290,412

At the reporting date 65% (2020: 62%) of trade receivables are due from 5 customers (2020: 6 customers) of the Parent Company.

Details of gross exposure of trade receivables are set out below:

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	RO	RO	**RO**	RO
Not due	**16,071,917**	11,415,178	**2,233,529**	8,205,505
Past due but not impaired	**5,287,395**	2,346,325	**21,253,847**	11,084,907
Past due and impaired	**3,080,884**	773,255	**3,042,220**	2,443,137
	21,359,312	14,534,758	**23,487,376**	21,733,549

As of 31 December 2021, trade receivables relating to Parent Company of RO 3,808,604 (2020: RO 2,436,325) and Group trade receivables of RO 8,734,963 (2020: RO 11,084,907), were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The movement in allowance for impairment of trade receivables during the year is as follows:

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	RO	RO	**RO**	RO
At 1 January	**773,255**	615,708	**2,335,195**	1,714,046
Charge for the year [note 33]	**2,307,629**	157,547	**707,025**	621,149
At 31 December	**3,080,884**	773,255	**3,042,220**	2,335,195

The carrying amounts of the Group's trade receivables and due from related parties before allowance for expected credit losses are denominated in the following currencies:

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	RO	RO	**RO**	RO
Rial Omani	**13,083,734**	7,171,025	**17,543,101**	15,682,127
US Dollar	**7,363,733**	7,363,758	**5,944,275**	1,418,880
Euro	**911,845**			
UAE Dirhams	**-**	-	**9,245,547**	4,632,542
	21,359,312	14,534,783	**23,487,376**	21,733,549

The fair value of trade receivables approximates their carrying amounts. Maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above.

17. Financial assets at fair value through profit or loss

	Parent and Consolidated 31-Dec-2021 RO	31-Dec-2020 RO
Fair value		
Bank Dhofar SAOG, Oman	**2,150,342**	1,651,462
Dhofar Insurance Company SAOG, Oman	**130,000**	122,666
Dhofar University SAOC, Oman	**282,274**	470,457
	2,562,616	2,244,585
Cost		
Bank Dhofar SAOG	**1,229,700**	1,229,700
Dhofar Insurance Company SAOG	**29,600**	29,600
Dhofar University SAOC	**300,000**	300,000
	1,559,300	1,559,300

Movement in fair value of financial assets at fair value through statement of profit or loss is as follows:

	Parent and Consolidated 31-Dec-2021 RO	31-Dec-2020 RO
At 1 January	**2,244,585**	2,616,102
Transfer for buy back of shares	**(188,183)**	-
Fair value changes	**506,214**	(371,517)
At 31 December 2021	**2,562,616**	2,244,585

Investment in banking sector represents 83% (2020: 74%) of the Group's above investment portfolio.

18. Prepayments, advances and other receivables

	Parent 31-Dec-2021 RO	Parent 31-Dec-2020 RO	Consolidated 31-Dec-2021 RO	Consolidated 31-Dec-2020 RO
Advances and deposits	**1,958,402**	2,359,023	**3,820,907**	4,063,765
Less: allowances for impairment [note 33]	**(1,556,349)**	(1,556,349)	**(1,962,133)**	(1,677,832)
	402,053	802,674	**1,858,774**	2,385,933
Other receivables from related parties [note 45(c)]	**21,362,224**	10,805,136	**2,895,178**	3,322,118
Less: allowance for impairment [note 33]	**(15,655,230)**	(5,410,876)	**(2,895,178)**	(2,895,178)
	5,706,994	5,394,260	**-**	426,940
Receivable from tax authorities	**559,139**	559,139	**559,139**	559,139
Less: reversal during the year	**(559,139)**	(559,139)	**(559,139)**	(559,139)
	-	-	**-**	-
Prepayments	**134,570**	165,633	**450,007**	638,099
VAT - net off Input/output	**54,820**	-	**142,000**	-
Advances to staff	**164,378**	122,038	**178,304**	135,000
Other receivables	**2,007,136**	1,894,234	**2,207,459**	2,302,687
	8,469,951	8,378,839	**4,836,544**	5,888,659

The movement in allowance for impairment of advances and other receivables during the year is as follows:

	Parent 31-Dec-2021 RO	Parent 31-Dec-2020 RO	Consolidated 31-Dec-2021 RO	Consolidated 31-Dec-2020 RO
At 1 January	**7,526,364**	-	**18,230,702**	-
Charge for the year [note 33]	**10,265,333**	15,512,696	**19,356,943**	33,776,945
At 31 December	**17,791,697**	15,512,696	**37,587,645**	33,776,945

19. Cash and bank balances

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	RO	RO	**RO**	RO
Cash in hand	**7,001**	12,426	**23,544**	60,445
Cash at bank				
Current accounts	**154,446**	15,785	**776,303**	1,332,433
Call deposits	**2,490**	21,332	**2,490**	21,332
	163,937	49,543	**802,337**	1,414,210

Call deposits are placed with the commercial banks at interest rates ranging from 0.5% to 1.5% (2020: 0.5% - 1.5%) per annum.
There are no restrictions on bank balances at the time of approval of these separate and consolidated financial statements.

20. Share capital

	Parent	
	31-Dec-2021	31-Dec-2020
	RO	RO
Authorised share capital	**21,000,000**	20,000,000
Issued and paid up share capital	**20,000,000**	20,000,000

The authorised share capital of the Parent Company represents 210,000,000 (2020: 210,000,000) ordinary shares of RO 0.100 each and issued and paid up share capital of the Parent Company represents 200,000,000 ordinary shares of RO 0.100 each.

At 31 December, the Shareholders who own 10% or more of the Parent Company's share capital are:

	Parent and Consolidated			
	% Share holding		Shares held	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
Abu Dhabi Fund for Development, UAE	**15.00**	15.00	**30,000,000**	30,000,000
Islamic Development Bank	**11.71**	11.71	**23,415,000**	23,415,000
Dolphin International	**10.32**	10.32	**20,657,710**	20,657,710
Schwenk Cement Nederland B.V.	**10.00**	10.00	**20,001,001**	20,001,001
	47.03	47.03	**94,073,711**	94,073,711
Others	**52.97**	52.97	**105,926,289**	105,926,289
	100.00	100.00	**200,000,000**	200,000,000

21. Share premium

In the year 1988, 1994, 2005 and 2006, the Parent Company made an offering of shares to the public at a premium. As a result of these offerings, a share premium account with an amount of RO 13,456,873 was established. Share premium account is not available for distribution.

22. Legal reserve

Commercial Companies Law of the Sultanate of Oman, 2019 requires that 10% of the Parent Company's net profit be transferred to a non-distributable legal reserve until the amount of the legal reserve becomes equal to one-third of the Parent Company's issued share capital. During the year, the Parent Company has not added to this reserve as the stipulated limit has already been reached.

23. Asset replacement reserve

The Board of Directors have resolved that 5% of the Parent Company's net profit be transferred to a reserve for the purpose of replacement of capital assets until the amount together with any other voluntary reserves reach one half of the Parent Company's issued capital. During the year, the Parent Company has not added to this reserve as the stipulated limit has already been reached.

24. Voluntary reserve

The Board of Directors have resolved that 10% of the Parent Company's net profit to be transferred to voluntary reserve. During the year, the Parent Company has not added to this reserve as the stipulated limit has already been reached as mentioned in note 23 for asset replacement reserve.

25. Borrowings

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	RO	RO	**RO**	RO
Non-current portion				
Bank Nizwa SAOG,	**11,938,853**	9,410,190	**11,938,853**	9,410,190
Bank Dhofar SAOG	**5,194,167**	2,000,000	**5,194,167**	2,000,000
Bank Sohar SAOG	**5,063,833**	2,812,500	**5,063,833**	2,812,500
Al Masraf Bank	**-**	-	**6,456,599**	7,476,062
Ahli Bank SAOG	**-**	-	**2,659,147**	-
Alizz Bank	**-**	-	**6,476,508**	-
Loan from a subsidiary	**6,416,464**	7,435,927	**-**	-
Taageer Finance	**866,668**	-	**866,668**	-
SME Development Fund	**771,175**	-	**771,175**	-
Lease hold vehicles	**50,405**	91,400	**50,405**	91,400
Transaction costs deferred	**(209,644)**	(141,730)	**(317,296)**	(243,909)
	30,091,921	21,608,287	**39,160,058**	21,546,243
Current portion				
Bank Nizwa SAOG	**-**	1,755,536	**-**	1,755,536
Bank Dhofar SAOG	**900,000**	4,000,000	**900,000**	4,000,000
Bank Sohar SAOG	**-**	1,875,000	**-**	1,875,000
Al Masraf Bank	**-**	-	**1,359,284**	1,359,284
Ahli Bank SAOG	**-**	-	**-**	-
Alizz Bank	**-**	-	**1,509,946**	9,225,740
Loan from a subsidiary	**1,359,284**	1,359,284	**-**	-
Taageer Finance	**133,332**	-	**133,332**	-
SME Development Fund	**728,825**	-	**728,825**	-
Lease hold vehicle	**65,380**	65,380	**65,380**	65,380
Transaction costs deferred	**(28,345)**	(28,345)	**(28,345)**	(50,238)
	3,158,476	9,026,855	**4,668,422**	18,230,702
	33,250,397	30,635,142	**43,828,481**	39,776,945

The interest rates on the above loans and the repayment schedule is as follows:

31 December 2021

Parent	Interest rate %	Total RO	One year RO	2 to 3 years RO	4 to 10 years RO
Bank Nizwa SAOG	6.35%	**11,938,853**	**-**	**3,581,656**	**8,357,197**
Bank Dhofar SAOG	3 Month LIBOR + 260	**6,094,167**	**900,000**	**2,400,000**	**2,794,167**
Bank Sohar SAOG	4.50%	**5,063,833**	**-**	**937,068**	**4,126,765**
Loan from a subsidiary	3 Month EIBOR + 3%	**7,775,748**	**1,359,284**	**2,718,568**	**3,697,896**
Taageer Finance SAOG	8.06%	**1,000,000**	**133,332**	**266,664**	**600,004**
SME Development Fund	5.79%	**1,500,000**	**728,825**	**42,349**	**728,825**
Lease hold vehicle	19.66% – 26.5%	**115,785**	**65,380**	**50,405**	**-**
Transaction costs deferred		**(237,989)**	**(28,345)**	**(56,690)**	**(152,954)**
		33,250,397	**3,158,476**	**9,940,020**	**20,151,900**
Consolidated					
Al Masraf Bank	3 Month EIBOR + 3%	**7,775,748**	**1,359,284**	**2,718,568**	**3,697,896**
Bank Nizwa SAOG	6.35%	**11,938,853**	**-**	**3,581,656**	**8,357,197**
Bank Dhofar SAOG	3 Month LIBOR + 260	**6,094,167**	**900,000**	**2,400,000**	**2,794,167**
Bank Sohar SAOG	4.50%	**5,063,833**	**-**	**937,068**	**4,126,765**
Ahli Bank SAOG	6.50%	**2,659,147**	**-**	**-**	**2,659,147**
Taageer Finance SAOG	8.06%	**1,000,000**	**133,332**	**266,664**	**600,004**
SME Development Fund	5.79%	**1,500,000**	**728,825**	**42,349**	**728,825**
Alizz Islamic Bank	6.25%	**1,509,946**	**1,509,946**	**-**	**-**
Lease hold vehicle	19.66% – 26.5%	**115,785**	**65,380**	**50,405**	**-**
Transaction costs deferred		**(279,962)**	**(28,345)**	**(56,690)**	**(194,927)**
		37,377,516	**4,668,422**	**9,940,020**	**22,769,074**

25. Borrowings (continued)

31 December 2020

Parent	Interest rate %	Total RO	One year RO	2 to 3 years RO	4 to 10 years RO
Bank Nizwa SAOG	6.35%	11,165,726	1,755,536	3,511,072	5,899,118
Bank Dhofar SAOG	3 Month LIBOR + 260	6,000,000	4,000,000	2,000,000	-
Bank Sohar SAOG	4.5%	4,687,500	1,875,000	2,812,500	-
Loan from a subsidiary	3 Month EIBOR + 3%	8,795,211	1,359,284	2,718,568	4,717,359
Lease hold vehicle	19.66% – 26.5%	156,780	65,380	65,380	26,020
Transaction costs deferred		(170,075)	(28,345)	(56,690)	(85,040)
		30,635,142	9,026,855	11,050,830	10,557,457

Consolidated	Interest rate %	Total RO	One year RO	2 to 3 years RO	4 to 10 years RO
AL Masraf Bank	3 Month EIBOR +3%	8,835,346	1,359,284	2,718,568	4,757,494
Bank Nizwa SAOG	6.35%	11,165,726	1,755,536	3,511,072	5,899,118
Bank Dhofar SAOG	3 Month LIBOR +260	6,000,000	4,000,000	2,000,000	-
Bank Sohar SAOG	4.50%	4,687,500	1,875,000	2,812,500	-
Alizz Islamic Bank	6.25%	9,225,740	9,225,740	-	-
Lease hold vehicle	19.66% – 26.5%	156,780	65,380	65,380	26,020
Transaction costs deferred		(294,147)	(50,238)	(100,476)	(143,433)
		39,776,945	18,230,702	11,007,044	10,539,199

Parent

A loan of RO 32 million was obtained from Bank Dhofar SAOG which is repayable in 20 semi-annual variable instalments starting from December 2012. The loan is secured by a first pari pasu charge over fixed assets of the Parent Company and assignment of insurance policies along with other banks. The repayment commitment is RO 1.0 million for the first 5 instalments, RO 1.25 million from instalments 6 to 9, and RO 2 million for the last 11 instalments. In 2016, the term loan was converted in to USD without changing the repayment schedule. In August 2021 loan outstanding is rescheduled in 11 un-equal installments. repayment start from December 2021 to December 2026. The rate of interest is 3 months LIBOR + 400 bps (with minimum all in interest rate of 5% per annum) applied and payable in quarterly installments (2020: 4.5%.)

A loan of RO 13.125 million at 7% (2020: 4.5%) interest was obtained from Bank Sohar SAOG which was repayable in 14 equal semi-annual instalments starting from December 2016, to prepay loans that were at higher rate. The loan is secured by a first pari pasu charge over the fixed assets of the Parent Company and assignment of insurance policies along with other banks. In December 2021 outstanding loan is rescheduled in 9 un-equal installments starting from June 2024, at a rate of interest 7% per annum applied and payable in quarterly installments.

Wakala Bel Istithmar (financing by Investment agency) of RO 12 million was obtained through Islamic finance from a commercial bank and carries a profit rate of 6.35% per annum. The Wakala Bel Istithmar facility was repayable in 12 semiannual instalment after one year amounting to RO 1,218,405 each beginning from November 2020 and ending on May 2026. The facility is secured against a first Pari pasu charge over fixed assets of the Parent Company. In December 2021, outstanding facility was rescheduled in 23 un-equal installments starting from March 2023, at a rate of interest 7% per annum applied and payable in quarterly installments.

The Parent Company obtained a loan from one of the subsidiaries, Pioneer Cement Industries, which is repayable over 8 years with the first quarterly instalment payable in June 2019. The instalments due in the year 2019 were not paid and have been included in the current portion of the loan. The facility carries mark-up at 3 month EIBOR + 3% p.a. (minimum 5% p.a.).

Parent Company obtained term loan of RO 1 Million from Taageer Finance Company, repayable in 90 equal installments, with the annual interest rate of 8.06%. The facility is secured against the mortgage of the additional property of the Company.

25. Borrowings (continued)

Parent Company obtained a term loan of RO 3 Million from SME Development Fund, repayable in 60 equal installments, with the annual interest rate of 5.79% per annum. The facility is secured against the mortgage of the plant and machinery of the subsidiary.

Subsidiary Companies

Pioneer Cement Industries, UAE

One of the subsidiaries, Pioneer Cement Industries, has obtained a commercial term loan facility from a local commercial bank repayable in 8 years with first quarterly instalment due in June 2019. The facility is secured against the commercial mortgage of the plant and machinery of the Company, promissory notes and corporate guarantee by the Parent Company and carries mark-up at 3 month EIBOR + 3% p.a. (minimum 5% p.a.).

Sohar Cement Factory LLC, Oman

Dimishing Ijara'h facility of RO 11.5 million was obtained through Islamic finance from a commercial bank by a Sohar Cement, carrying a profit rate of 6.25% per annum on diminishing balances basis. The Ijara'h facility is repayable in 28 quarterly instalment of RO 410,715 each beginning from June 2019 and ending on March 2026. The Ijara'h facility is secured against i) sale undertaking of fixed assets by creditors; ii) Mortgage/ transfer of Usufruct/ assignment of Usufruct of the assets; iii) assignment of all Takaful proceeds or additions of the facility Agent as a loss payee; and (iv) corporate guarantee from the Parent Company. Certain covenants as per terms of the agreement were not met at the reporting date and therefore, the loan balance has been classified as current as Group does not have unconditional right to defer payment beyond one year.

Duqm Cement Factory LLC, Oman

A loan of RO 8 million was obtained from Ahli Bank SAOG for a period of 10 years and is repayable in 320 unequal quarterly instalments starting from end of moratorium period for a period of 24 months starting from December 2020. The loan is secured by a i) usufruct mortgage over leased land where project is being constructed; ii) exclusive commercial mortgage over total Company assets covering 100% of facility exposure; iii) corporate guarantees of Raysut Cement, Company SAOG, Sohar Cement Factory LLC and Pioneer Cement Industries. The rate of interest is 6.5% per annum to be reviewed semi annually.

26. Lease liabilities

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	RO	RO	**RO**	RO
Gross value of the lease liability against Right-of-use asset	**4,578,127**	14,449,145	**12,428,067**	12,675,474
Future finance charges on finance leases	**(1,695,472)**	(3,122,605)	**(5,688,762)**	(5,612,001)
Present value of minimum lease payment	**2,882,655**	11,326,540	**6,638,132**	7,063,473
Maturity analysis of lease liability				
Due within 1 year – current portion	**134,106**	1,552,232	**255,826**	268,482
Due after one year but within five years	**2,748,550**	7,520,058	**3,305,624**	2,037,186
Due after five years	**-**	2,254,250	**3,076,682**	4,757,805
	2,882,655	11,326,540	**6,638,132**	7,063,473

27. Income tax

Statement of comprehensive income

The tax charge for the year is analysed as follows:

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	RO	RO	**RO**	RO
Current tax				
- current year	**-**	-	**-**	-
- prior year	**-**	392,244	**-**	398,262
	-	392,244	**-**	398,262
Deferred tax				
- current year	**(502,000)**	(2,098,000)	**(527,239)**	(2,117,675)
	(502,000)	(1,705,756)	**(527,239)**	(1,719,413)

Statement of financial position	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	RO	RO	**RO**	RO
Current liability				
Current year tax	**-**	-	**111,271**	85,132
Non-current				
Deferred tax assets	**-**	-	**239,338**	124,627
Deferred tax liability	**(1,513,000)**	(2,015,000)	**(2,015,000)**	(2,015,000)

27. Income tax (continued)

Statement of financial position

The Parent Company's income tax assessments for the tax years up to 2018 have been finalised by the Tax Authorities. The income tax assessments of the Parent Company for the years 2019 to 2021 has not yet been finalised by the Tax Department. Management is of the opinion that additional taxes, if any, that may be assessed on completion of the assessments for the open tax years would not be significant to the Parent Company and consolidated statement of financial position at 31 December 2021.

Subsidiary companies (Raysea Navigation S.A and Raybulk Navigation Inc.) are liable to income tax in accordance with the income tax laws of the Sultanate of Oman at the rate of 15% on taxable profits.

Pioneer Cement Industries (subsidiary Company) is registered in UAE as a limited liability Company in Ras Al Khaimah and is not subject to taxation in the UAE.

Sohar Cement Factory SPC (subsidiary Company) is registered in as a single person Company in Sohar Industrial Area and is subject to taxation in the Sultanate of Oman, however, the Company is exempted from tax for a period of five years from 01 January 2019.

RCC Trading DMCC (subsidiary Company) is registered in UAE as a limited liability Company on 29 April 2019 and is not subject to taxation in the UAE.

For the assessment years 2008 to 2009, the Tax Authorities have included the dividend income of RO 4,659,492 received from associate Company, MRTIC in the taxable income against which the Parent Company has filed an appeal and has paid the tax department claims and accounted it as receivable from tax department and during the last year the Parent Company has reversed this amount.

The Tax Authority has decided against the appeal and the Company has filed an appeal in the Supreme Court to reconsider the case.

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 15% (2020: 15%). Net deferred tax liability in statement of financial position and the net deferred tax charge in the statement of comprehensive income are attributable to the following items:

31 December 2021		**Charge/(credit)**	
Parent	**01-Jan-21**	**for the year**	**31-December-21**
	RO	**RO**	**RO**
Deferred tax liability			
Tax effect of excess of tax allowances over book depreciation	**(4,748,786)**	**-**	**(4,748,786)**
Deferred tax assets			
Tax effects of allowance for inventories	**405,858**	**-**	**405,858**
Tax effect of allowance for expected credit losses	**253,919**	**-**	**253,919**
Tax effect of losses	**2,074,009**	**502,000**	**2,576,009**
Net deferred tax liability	**(2,015,000)**	**502,000**	**(1,513,000)**
Consolidated			
Deferred tax assets			
Tax effects of allowance for inventories	**405,858**	**-**	**405,858**
Tax effect of allowance for doubtful debts	**280,897**	**-**	**280,897**
Tax effect of losses	**2,074,009**	**502,000**	**2,576,009**
Net deferred tax liability	**2,760,764**	**502,000**	**3,262,764**
Deferred tax liability relating to Parent Company			**(1,513,000)**
Deferred tax asset relating to one of its subsidiary Company			**239,338**
			(1,273,662)

*Relating to the acquisition of Raysut Maldives.

27. Income tax (continued)

	01-Jan-20 RO	Charge/(credit) for the year RO	31-Dec-20 RO

31 December 2020 Parent	01-Jan-2020 RO	Charge/(credit) for the year RO	31 December 2020 RO
Deferred tax liability			
Tax effect of excess of tax allowances over book depreciation	(4,725,023)	(23,763)	(4,748,786)
Deferred tax assets			
Tax effects of allowance for inventories	382,226	23,632	405,858
Tax effect of allowance for expected credit losses	229,797	24,122	253,919
Tax effect of losses	-	2,074,009	2,074,009
Net deferred tax liability	(4,113,000)	2,098,000	(2,015,000)

31 December 2020 Consolidated	01-Jan-20 RO	Charge/(credit) for the year RO	31 December 2020 RO
Deferred tax liability			
Tax effect of excess of tax allowances over book depreciation	(4,725,023)	73,885	(4,651,138)
Deferred tax assets			
Tax effects of allowance for inventories	382,226	23,632	405,858
Tax effect of allowance for doubtful debts	229,797	51,100	280,897
Tax effect of losses	-	2,074,009	2,074,009
Net deferred tax liability	(4,113,000)	2,222,626	(1,890,374)
Deferred tax liability relating to Parent Company			(2,015,000)
Deferred tax assets relating to one of its subsidiary Company			124,627
			(1,890,373)

28. End of service benefits

	Parent		Consolidated	
	31-Dec-2021 RO	31-Dec-2020 RO	**31-Dec-2021 RO**	31-Dec-2020 RO
At 1 January	**642,836**	672,155	**1,213,869**	1,267,139
Charge for the year [note 34]	**62,544**	58,024	**132,161**	149,593
Paid during the year	**(182,277)**	(87,343)	**(281,513)**	(202,863)
At 31 December	**523,104**	642,836	**1,064,517**	1,213,869

29. Trade and other payables

	Parent		Consolidated	
	31-Dec-2021 RO	31-Dec-2020 RO	**31-Dec-2021 RO**	31-Dec-2020 RO
Trade payables	**10,224,211**	13,575,970	**25,637,343**	29,849,656
Due to related parties [note 45(d)]	**11,035,363**	12,399,198	-	-
Accrued expenses	**3,737,113**	3,686,617	**3,690,276**	4,997,995
Customer advances	-	332,416	**50,427**	1,226,517
Accrued interest expense	**148,758**	343,219	**316,394**	404,761
Other payables	**267,244**	8,998	**897,375**	124,449
	25,412,688	30,346,418	**30,591,816**	36,603,378

29.1 Other liabilities

	Parent		Consolidated	
	31-Dec-2021 RO	31-Dec-2020 RO	**31-Dec-2021 RO**	31-Dec-2020 RO
Due after one year but within five years	**7,044,220**	-	**7,044,220**	-
Due within 1 year – current portion	**5,107,259**	-	**5,107,259**	-
	12,151,479	-	**12,151,479**	-

30. Short term borrowings

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	RO	RO	**RO**	RO
Short term loan	**10,529,887**	9,179,134	**15,277,493**	13,727,737
Overdrafts	**3,999,967**	5,136,675	**4,712,434**	5,672,168
	14,529,854	14,315,809	**19,989,927**	19,399,905

Parent

Short term loan is obtained from a commercial banks carrying an interest rates of 6% to 6.5% (2020: 5.25% to 6%) per annum for a period of 180 days and overdraft are obtained from commercial banks at an interest rates ranging from 5.5% to 6.5% (2020: 5.25% to 5.5%) per annum.

Subsidiary Company

Short term loan is obtained from a commercial banks carrying an interest rates of 6% (2020: 6%) per annum for a period of 180 days.

31. Revenue

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	RO	RO	**RO**	RO
Local sales - Oman / UAE	**15,187,287**	33,902,673	**48,067,663**	55,070,100
Export sales	**36,459,783**	26,879,938	**45,530,309**	35,313,295
	51,647,070	60,782,612	**93,597,972**	90,383,395

Disaggregation of revenue from contracts with customers

The Parent Company and Group derives revenue from the transfer of goods at a point in time in the following major product lines and geographical regions and are consistent with the revenue information that is disclosed for each segment under note 46:

Segment	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	RO	RO	**RO**	RO
Type of services				
Sale of goods	**51,647,070**	60,782,612	**93,597,972**	90,383,395
Total revenue from contracts with customers	**51,647,070**	60,782,612	**93,597,972**	90,383,395
Timing of revenue recognition				
At a point of time	**51,647,070**	60,782,612	**93,597,972**	90,383,395
Total revenue from contracts with customers	**51,647,070**	60,782,612	**93,597,972**	90,383,395
Geographical market				
Within Oman and UAE	**15,187,287**	33,902,673	**48,067,663**	55,070,100
Outside Oman and UAE	**36,459,783**	26,879,938	**45,530,309**	35,313,295
Total revenue from contracts with customers	**51,647,070**	60,782,612	**93,597,972**	90,383,395

Performance obligations

Sales of goods

The Parent Company and Group manufactures and sells a range of cement products. The revenue from sale of goods is recognised when performance obligation is satisfied and when control of the goods has transferred, being at the point the customer purchases the goods, the customer has full discretion over products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer. Payment of the transaction price is due immediately at the point the customer purchases the goods and takes delivery.

32. Cost of sales

Cost of sales includes the following:

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	RO	RO	**RO**	RO
Fuel, gas and electricity	**13,575,236**	17,627,153	**26,699,019**	29,458,237
Staff costs (note 36)	**4,672,152**	5,102,267	**6,724,495**	8,183,624
Depreciation (note 9)	**3,711,261**	3,437,389	**6,208,114**	6,279,918
Depreciation on right of use asset	**224,402**	-	**336,189**	-
Other factory overheads	**3,133,325**	2,871,601	**4,666,707**	17,080,541
Spares and consumables	**2,140,383**	2,335,340	**3,142,722**	3,568,434
Raw materials consumed	**5,295,768**	6,013,070	**15,218,520**	10,898,051
Packing materials	**2,543,261**	2,236,668	**3,047,248**	3,473,354
Shipping/ terminal expenses	**115,174**	1,372,999	**18,979,239**	1,372,999
Purchased clinker	**-**	-	**1,159,798**	2,893,030
Purchased cement	**1,552,590**	14,667,415	**-**	6,619,278
Provision for Impairment	**-**	-	**-**	2,517,410
Provision for slow moving inventories	**140,222**	167,481	**299,776**	226,341
Movement in finished and semi-finished goods	**3,888,566**	(1,314,770)	**1,777,192**	(5,706,108)
	40,992,340	54,516,613	**88,259,019**	86,865,108

33. General and administrative expenses

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	RO	RO	**RO**	RO
Staff costs [note 34]	**2,782,233**	3,126,788	**3,797,962**	4,110,305
Donations	**86,400**	581,122	**94,600**	581,122
Directors' fees and remuneration [note 45(f)]	**81,000**	50,000	**112,505**	65,953
Recruitment, training and seminars	**22,031**	15,406	**28,706**	24,051
Advertisement and business promotion	**42,417**	110,590	**284,287**	
Travelling	**309,873**	316,915	**438,270**	458,704
Communication expenses	**163,075**	192,489	**234,173**	246,291
Rent and utilities	**138,790**	136,920	**492,391**	423,375
Depreciation [note 9]	**228,937**	212,225	**432,645**	416,278
Depreciation of right-of-use assets	**-**	-	**60,242**	130,580
Professional fees	**572,766**	738,420	**993,210**	1,044,126
Bank charges	**56,979**	90,275	**146,513**	225,205
Management fees	**-**	-	**-**	40,677
Allowance for expected credit losses [notes 16 and 18]	**2,422,330**	4,609,074	**809,203**	5,183,015
Related party balance provision	**10,150,634**	2,515,698	**-**	-
Others	**163,109**	424,777	**333,563**	1,404,321
	17,220,573	13,120,699	**8,258,271**	14,354,003

34. Staff costs

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	RO	RO	**RO**	RO
Wages and salaries	**6,533,330**	7,128,470	**9,238,059**	10,684,563
Other benefits	**483,277**	672,934	**645,366**	1,047,029
Social security expense	**375,233**	369,627	**396,115**	412,744
End of service benefits [note 28]	**62,544**	58,024	**242,915**	149,593
	7,454,385	8,229,055	**10,522,456**	12,293,929

Staff costs are allocated as follows:

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	RO	RO	**RO**	RO
Cost of sales [note 32]	**4,672,152**	5,102,267	**6,724,495**	8,183,624
General and administrative expenses [note 33]	**2,782,233**	3,126,788	**3,797,962**	4,110,305
	7,454,385	8,229,055	**10,522,456**	12,293,929

35. Selling and distribution expenses

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	31-Dec-2021	31-Dec-2020
	RO	RO	RO	RO
Export expenses	**4,476,144**	5,817,470	**4,694,480**	2,998,680
Transport charges	**563,618**	523,704	**4,456,442**	2,263,000
Depreciation of right-of-use assets/others [note 10]	-	1,704,131	-	228,131
	5,039,762	8,045,305	**9,189,043**	5,489,811

36. Other income

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	31-Dec-2021	31-Dec-2020
	RO	RO	RO	RO
Insurance claim adjustment	**775,000**	185,182	**775,000**	185,182
Gain on disposal of property, plant and equipment	-	-	**483,869**	-
Other miscellaneous income	**24,239**	234,719	**301,130**	248,244
	799,239	419,901	**1,559,999**	433,426

37. Finance cost - net

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	31-Dec-2021	31-Dec-2020
	RO	RO	RO	RO
Interest expense on borrowings	**1,849,170**	1,827,445	**2,243,567**	2,407,986
Interest on overdrafts	**1,152,782**	893,189	**1,395,315**	1,088,144
Interest income on bank deposits	-	(754)	-	(754)
Interest on lease liabilities	**191,231**	758,729	**415,408**	306,075
Net exchange gain	**9,131**	(27,184)	**92,071**	(20,115)
	3,202,314	3,451,425	**4,146,362**	3,781,336

38. Investment income

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	31-Dec-2021	31-Dec-2020
	RO	RO	RO	RO
Dividend on financial assets at FVTPL	**75,478**	51,608	**75,478**	51,608
	75,478	51,608	**75,478**	51,608

39. Net assets per share

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

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	31-Dec-2021	31-Dec-2020
	RO	RO	RO	RO
Net assets (RO)	**99,897,926**	112,822,914	**114,243,830**	127,861,266
Number of shares outstanding at 31 December	**200,000,000**	200,000,000	**200,000,000**	200,000,000
Net asset per share (RO)	**0.499**	0.564	**0.571**	0.639

40. Basic and diluted (loss) / earnings per share

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	31-Dec-2021	31-Dec-2020
	RO	RO	RO	RO
Net (loss) / profit for the year (RO)	**(12,924,988)**	(16,545,682)	**(13,585,793)**	(18,280,520)
Weighted average number of shares	**200,000,000**	200,000,000	**200,000,000**	200,000,000
Loss per share: basic and diluted (RO)	**(0.065)**	(0.083)	**(0.068)**	(0.091)

41. Commitments

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	RO	RO	**RO**	RO
Capital commitments				
Civil and structural	**34,890**	72,722	**34,890**	72,722
Plant and machinery	**11,878,729**	12,884,534	**12,684,674**	13,690,479
Others	**45,450**	58,623	**45,450**	58,623
	11,959,069	13,015,879	**12,765,014**	13,821,824
Purchase commitments	**6,087,149**	6,087,149	**11,012,460**	11,012,460

Purchase commitments relates to the purchase orders of raw material, stores and spares and packing materials.

42. Contingent liabilities

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	RO	RO	**RO**	RO
Letters of credit	**4,486,827**	4,486,827	**6,300,014**	6,300,014
Guarantee and performance bond	**130,000**	130,000	**173,658**	173,658
Relating to litigations	**1,098,000**	1,098,000	**1,098,000**	1,098,000
	5,714,827	5,714,827	**7,571,672**	7,571,672

43. Cash and cash equivalents

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	RO	RO	**RO**	RO
Cash in hand	**7,001**	12,426	**23,544**	60,445
Cash at bank				
Current accounts	**154,446**	15,785	**776,303**	1,332,433
Call deposits	**2,490**	21,332	**2,490**	21,332
Total cash and bank balances	**163,937**	49,543	**802,337**	1,414,210
Bank overdrafts [note 30]	**(3,999,967)**	(5,136,675)	**(4,712,434)**	(5,672,168)
Cash and cash equivalents	**(3,836,030)**	(5,087,132)	**(3,910,097)**	(4,257,958)

44. Fair value estimation

All the financial assets and liabilities of the Group except for the financial assets at FVOCI and financial assets at fair value through profit or loss are carried at amortised cost. The fair value of the financial assets and liabilities approximates their carrying value as stated in the statement of financial position.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Parent and Consolidated			
	Level 1	Level 2	Level 3	Total
31 December 2021	RO	RO	RO	RO
Financial assets at FVOCI	**-**	**-**	**125,000**	**125,000**
Financial assets at FVTPL	**2,280,342**	**282,274**	**-**	**2,562,616**
	2,280,342	**282,274**	**125,000**	**2,687,616**
31 December 2020				
Financial assets at FVOCI	-	-	125,000	125,000
Financial assets at FVTPL	1,774,128	470,457	-	2,244,585
	1,774,128	470,457	125,000	2,369,585

There were no transfers between the levels during the year.

45. Related parties

Related parties include the shareholders, key management personnel, subsidiaries, associates of the Parent Company and the entities in which certain directors and key management personnel of the Group have an interest. The Group has entered into transactions with its executive officers, directors, subsidiaries, associates and entities in which certain directors of the Group have an interest. In the ordinary course of business, the Group sells goods to related parties and purchases goods from, occupies the premises of and receives services from related parties. These transactions are entered into at mutually agreed terms and conditions.

Advances to related parties at year end are as follows:

45 (b) Due from related parties (trading receivables):

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	RO	RO	**RO**	RO
Entities related to directors:				
Al Barami Group	-	252,873	-	252,873
Associate Company:				
MRTIC	**522,479**	718,555	**522,479**	718,555
Subsidiary Company:				
Raysut Maldives	**393,363**	-	-	-
Raysut Madagascar	**1,756,854**	-	-	-
RCC Trading DMCC	**10,580,115**	7,236,577	-	-
	13,252,811	8,208,005	**522,479**	971,428

45 (c) Due from related parties (other receivables):

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	RO	RO	**RO**	RO
Subsidiary Companies:				
Raysea Navigation S.A	**2,322,719**	2,515,698	-	-
Raysut Burwaqo Cement Co. LLC	**1,100**	241	-	-
RCC Trading DMCC	**10,150,635**	-	-	-
RCC Holding Company	**73,157**	56,985	-	-
RCC MSG Somaliland	**32,963**	32,963	-	-
Duqm Cement Factory LLC	**5,886,471**	4,877,131	-	-
Associate Company:				
MRTIC	**2,895,178**	3,322,118	**2,895,178**	3,322,118
	21,362,224	10,805,136	**2,895,178**	3,322,118

Amounts due to related parties at the end of the reporting period are as follows:

45 (d) Due to related parties:

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	RO	RO	**RO**	RO
Subsidiary Companies:				
Pioneer Cement Industries	**10,147,798**	8,416,146	-	-
Sohar Cement Factory LLC	**887,565**	3,983,052	-	-
	11,035,363	12,399,198	-	-

Amounts due from/due to related parties are unsecured, interest free and have no fixed repayment terms.

45 (e) The following transactions were carried out with related parties:

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
Sale of goods and services:	**RO**	RO	**RO**	RO
Entities related to directors:				
Modern Contracting Company	-	3,480	-	3,480
Al Barami Group	-	664,593	-	664,593
Subsidiary Companies:				
RCC Trading DMCC	**8,973,627**	19,433,885	-	-
Sohar Cement Factory LLC	-	416,378	-	-
Raysut Cement Trading Madagascar	**2,261,570**	-	-	-
Raysut Maldives Cement (Pvt) Ltd	**1,295,670**	-	-	-
Associate Company:				
MRTIC	**1,298,793**	-	**1,298,793**	-
	13,829,660	20,518,336	**1,298,793**	668,073

45 (e) The following transactions were carried out with related parties:

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	31-Dec-2021	31-Dec-2020
	RO	RO	RO	RO
Purchase of goods and services:				
Entities related to directors:				
Qabas International LLC	**326,630**	-	-	-
Al Barami Group	-	60,000	-	-
Subsidiary Companies:				
Pioneer Cement Industries	**505,548**	292,454	-	-
Sohar Cement Factory LLC	**1,047,042**	14,374,961	-	-
RCC Trading	-	324,910	-	-
Raysea Navigation S.A	-	1,455,650	-	-
	1,879,220	16,507,975	-	-

45 (f) Key management compensation:

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	31-Dec-2021	31-Dec-2020
	RO	RO	RO	RO
Board of directors sitting fees	**81,000**	50,000	**81,000**	50,000
Directors' remuneration	-	-	**31,505**	15,953
	81,000	50,000	**112,505**	65,953
Salaries, allowances and performance bonus paid to Executive officers	**459,618**	481,263	**459,618**	481,263
End of service benefits	**53,402**	17,155	**53,402**	17,155
	513,020	498,418	**513,020**	498,418

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise).

46. Segment information

The Group has adopted 'IFRS 8 Operating Segments'. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

The Group has only one business segment. Segment information was, accordingly, presented in respect of Group's geographical segments, which were based on management's reporting structure. Adoption of IFRS 8, therefore, has not resulted in re-designation of its reportable segments.

The Group sells its products primarily in two geographical areas, namely Sultanate of Oman (local) and Yemen and other Gulf Co-operation Council ("GCC"), Bangladesh, Africa (exports). Information comprising segment revenue, results and the related receivables are based on geographical location of customers.

	Local		Export		Total	
	31-Dec-2021	31-Dec-2020	31-Dec-2021	31-Dec-2020	31-Dec-2021	31-Dec-2020
Parent	RO	RO	RO	RO	RO	RO
Segment revenue	**15,187,287**	33,902,673	**36,459,783**	26,879,938	**51,647,070**	60,782,612
Segment gross profit / (loss)	**6,326,389**	6,205,470	**4,328,341**	60,529	**10,654,730**	6,265,999
Selling and distribution expenses	**(563,618)**	(523,704)	**(4,476,144)**	(5,817,470)	**(5,039,762)**	(6,341,174)
Unallocated costs	-	-	-	-	**(20,422,887)**	(16,572,124)
Other income	-	-	-	-	**799,239**	419,901
Dividend income from financial assets at fair value through profit or loss	-	-	-	-	**75,478**	51,608
Fair value gain on financial assets at fair value through profit or loss	-	-	-	-	**506,214**	(371,517)
Profit / (loss) before tax	**5,762,771**	5,681,766	**(147,803)**	(5,756,941)	**(13,426,988)**	(16,547,307)
Segment assets, comprising trade receivables and related parties	**4,079,183**	12,298,164	**17,280,129**	2,236,594	**21,359,312**	14,534,758

46. Segment information (continued)
Consolidated

	Local		Export		Total	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
Consolidated	**RO**	RO	**RO**	RO	**RO**	RO
Segment revenue	**48,067,663**	55,070,100	**45,530,309**	35,313,295	**93,597,972**	90,383,395
Segment gross profit / (loss)	**8,316,389**	6,313,996	**(2,977,436)**	(2,795,708)	**5,338,953**	3,518,288
Selling and distribution expenses	**(790,834)**	(790,834)	**(8,398,209)**	(4,698,977)	**(9,189,043)**	(5,489,811)
Unallocated costs	**-**	-	**-**	-	**(12,404,633)**	(18,135,340)
Other income	**-**	-	**-**	-	**1,559,999**	433,426
Dividend income from financial assets at fair value through profit or loss	**-**	-	**-**	-	**75,478**	51,608
Share of loss in an associate	**-**	-	**-**	-	**-**	(6,587)
Fair value gain on financial assets at fair value through profit or loss	**-**	-	**-**	-	**506,214**	(371,517)
Profit / (loss) before tax	**7,525,555**	5,523,162	**(11,375,645)**	(7,494,685)	**(14,113,032)**	(19,999,933)
Segment assets, comprising trade receivables and related parties	**14,401,519**	14,401,519	**9,085,857**	7,332,030	**23,487,376**	21,733,549

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year. No assets and liabilities, other than trade receivables, are allocated to the reportable segments for the purpose of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker.

Revenue from major products

The following is an analysis of the Group's revenue from its major products.

	Parent		Consolidated	
	31-Dec-2021	31-Dec-2020	**31-Dec-2021**	31-Dec-2020
	RO	RO	**RO**	RO
Ordinary Portland Cement (OPC)	**17,955,657**	29,569,346	**28,720,099**	43,105,446
Sulphate Resistant Cement (SRC)	**2,336,252**	3,978,053	**4,495,861**	6,108,375
Others (OWC & Pozmix)	**28,165,948**	20,904,894	**45,482,293**	23,095,843
Clinker	**3,189,214**	6,330,318	**14,899,719**	18,073,730
	51,647,070	60,782,611	**93,597,972**	90,383,395

Information about major customers

The Group's revenue includes sales to top 10 customers amounting to RO 13.2 million (2020: RO 47.2 million). The Parent Company's revenue includes sales to top 10 customers amounting to RO 9.40 million (2020: RO 35.41 million).

47. Impact of COVID-19

The coronavirus (Covid-19) pandemic has spread across various geographies globally, causing disruption to business and economic activities which has brought about uncertainties in the global economic environment.

Management has considered the potential impacts of the current economic volatility in determination of the reported amounts of the financial and non-financial assets and these are considered to represent management's best assessment based on observable information. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

48. Prior period adjustments

Also, during the current year, a Parent Company have discovered a computational error in calculating allowance for ECL against one of its customer shown under trade receivables. The error resulted in a material understatement of provision of ECL recognised for the year ended 31 December 2020 and a corresponding overstatement of trade receivables.

Further, during the current year, a Parent Company have discovered an error in calculation of accrued expenses against one of its vendors shown under trade and other payables. The error resulted in a material understatement of accrued expenses recognised for the year ended 31 December 2020 and a corresponding overstatement of cost of sales.

Further, during the current year, the Group have discovered that right-of-use assets and corresponding lease liabilities relating to one of its subsidiary Company had been erroneously not recognised in separate and consolidated statements of the year 2020. As a consequence, right-of-use assets and the related lease liabilities have been understated. The errors have been corrected by restating each of the affected financial statement line items for prior periods.

These error have been corrected by adjusting each of the affected financial statement line items for the year as follows:

Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements (Continued)
for the year ended 31 December 2021

Extract of statement of financial position

	Parent Company			Consolidated		
	At 31 December 2020	Increase / (decrease)	At 31 December 2020 Restated	At 31 December 2020	Increase / (decrease)	At 31 December 2020 Restated
	RO	RO	RO	RO	RO	RO
ASSETS						
Non-current assets						
Right-of-use-assets	10,396,053	-	10,396,053	4,885,520	1,747,018	6,632,538
Other non-current assets	143,789,291		143,789,291	164,406,831		164,406,831
Total non-current assets	154,185,344		154,185,344	169,292,351		171,039,369
Current assets						
Prepayments, advances and other receivables	11,274,017	(2,895,178)	8,378,839	8,783,837	(2,895,178)	5,888,659
Other current assets	39,540,476		39,540,476	57,090,940		57,090,940
Total current assets	50,814,493		47,919,315	65,874,777		62,979,599
Total assets	204,999,837		202,104,659	235,167,128		234,018,968
EQUITY AND LIABILITIES						
Total capital and reserve	50,123,540		50,123,540	50,467,909		50,467,909
Retained earnings	66,862,988	(4,163,615)	62,699,373	81,617,215	(4,223,858)	77,393,357
Total equity	116,986,528		112,822,913	132,085,124		127,861,266
Non-current liabilities						-
Lease liabilities	9,774,308		9,774,308	5,048,084	1,746,907	6,794,991
Other non-current liabilities	24,266,123		24,266,123	24,775,112		24,775,112
Total non-current liabilities	34,040,431		34,040,431	29,823,196		31,570,103
Current liabilities						
Trade payables	12,307,537	1,268,437	13,575,974	28,581,217	1,268,437	29,849,654
Lease liabilities	1,552,232		1,552,232	208,130	60,243	268,373
Other current liabilities	40,113,109		40,113,109	44,469,572		44,469,572
Total current liabilities	53,972,878		55,241,315	73,258,919		74,587,599
Total liabilities	88,013,309		89,281,746	103,082,115		106,157,702
Total equity and liabilities	204,999,837		202,104,659	235,167,239		234,018,968
Net assets per share	0.585		0.564	0.660		0.639

Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements (Continued)
for the year ended 31 December 2021

Extract of statement of comprehensive income

Revenue	60,782,611		60,782,611	90,383,395		90,383,395
Cost of sales	(53,248,176)	(1,268,437)	(54,516,613)	(85,596,670)	(1,268,437)	(86,865,107)
Gross profit	7,534,435		6,265,998	4,786,725		3,518,288
General and administrative expenses	(10,225,521)	(2,895,178)	(13,120,699)	(11,398,583)	(2,955,421)	(14,354,004)
Other costs net of income	(7,625,403)		(7,625,403)	(5,056,385)		(5,056,385)
Operating (loss) / profit	(10,316,489)		(14,480,104)	(11,668,243)		(15,892,101)
Finance cost - net investment income	(3,771,334)		(3,771,334)	(4,107,832)		(4,107,832)
(Loss) / profit before tax	(14,087,823)		(18,251,438)	(15,776,075)		(19,999,933)
Income tax	1,705,756		1,705,756	1,719,413		1,719,413
Total (loss) / profit for the year and total comprehensive loss	(12,382,067)		(16,545,682)	(14,056,662)		(18,280,520)
Basic and diluted (loss) / earning per share	(0.062)		(0.083)	(0.070)		(0.091)

Extract of statement of cash flows

Cash flows from operation	11,955,677		11,955,677	11,955,677		11,955,677
Cash from investing activities	(4,775,205)		(4,775,205)	(4,775,205)	(1,747,018)	(6,522,223)
Cash from financing activities	(8,572,225)		(8,572,225)	(8,572,225)	1,747,018	(6,825,207)
Net changes	(1,391,753)		(1,391,753)	(1,391,753)		(1,391,753)
Opening cash	(3,695,379)		(3,695,379)	(3,695,379)		(3,695,379)
	(5,087,132)		(5,087,132)	(5,087,132)		(5,087,132)