 # 7

Activities

Galfar Engineering and Contracting SAOG (the "Parent Company") is an Omani joint stock company registered under the Commercial Companies Law of the Sultanate of Oman, 2019 as amended and listed on Muscat Stock Exchange.

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

 # 8

Basis of preparation and presentation

The financial statements have been presented separately for Parent Company on a standalone basis and consolidated which comprise the Parent Company and its subsidiaries (together the "Group"). These are collectively referred to as "the financial statements".

The financial statements have been prepared on the historic cost basis, except for investments at fair value through other comprehensive income that have been measured at fair value. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the requirements of the Commercial Companies Law of the Sultanate of Oman, 2019 as amended and the Capital Market Authority (CMA).

These financial statements have been presented in Rial Omani which is the functional and presentation currency for the Parent Company and all values are rounded to nearest thousand (RO'000s) except when otherwise indicated.

 # 9

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

− Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
− Exposure, or rights, to variable returns from its involvement with the investee; and
− The ability to use its power over the investee 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 it the practical ability to direct the relevant activities of the investee unilaterally. 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.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, 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.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intracompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

In the Parent Company's financial statements, the investments in subsidiaries are carried at cost less impairment, if any.

List of subsidiaries are included in note 6 to these financial statements.

 # 10

Change in accounting policies and disclosures New and amended standards

New Standards adopted as at 1 January 2021

Some accounting pronouncements which have become effective from 1 January 2021 and have therefore been adopted but do not have a significant impact on the Group's financial results or position, which are as follows;

• COVID-19 Rent Related Concessions (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.

 # 11

Going concern
These financial statements have been prepared on a going concern basis, which contemplates the continuity of normal activities and realisation of assets and settlement of liabilities in the normal course of business. The Parent Company and the Group has earned a gross profit of RO 5,928 thousand and RO 4,078 thousand, respectively, and net profit of RO 4,634 thousand and RO 1,255 thousand respectively for the year ended 31 December 2021 and as of that date the Parent Company and the Group has accumulated losses position of RO 6,259 thousand and RO 8,516 thousand respectively. Also, as at that date, the net current assets of the Parent Company and the Group are RO 7,373 thousand and RO 6,711 thousand, respectively. Furthermore, there were delays in project completion/expected completion date due to disturbance of construction work because of Covid-19. These financial statements have been prepared on a going concern basis as a result of the following:

- The Parent Company has prepared a detailed cash flow demonstrating how it will manage the cash requirements in 2022. The inflows from the closed and ongoing projects are sufficient to take care of the cash requirements of those projects till completion. However, the projected cash flows are highly dependent of timely execution of ongoing projects, timely certification of billed receivables and timely settlement of receivables from the clients, the majority of which are from Government or Government related entities amounting to RO 71,314 thousand;
- During the year 2022, the Parent Company expects realisation of old receivables and estimates that there is sufficient cash flow to continue the business without any disruption;
- The Parent Company has never defaulted in servicing its lenders and the Group is committed to meeting all the loan repayment obligations as they fall due. The Parent Company continues to have multiple avenues for raising both short term and long-term financing. Further, the Parent Company regularly pays its employees and creditors and has not defaulted in any tax payment;
- The Parent Company continues to build on its market position as one of the Oman's largest construction entity and having a strong order book at RO 404 million (2020: RO 376 million) and has worked to ensure that tendering activity adequately addresses potential risk associated with non-payment;
- The Board of Directors have taken necessary measures to strengthen the financial position of the Group and also to improve the Group's profitability in coming years. In addition to the initiatives set out in above, the Directors/management continue to look at various sources of funding support and other long-term investment options to provide the working capital required for the business. Non-essential capital expenditure has been frozen and initiatives to reduce corporate overheads and to improve cost control have been launched; and
- The Parent Company has created adequate provisions against certain long outstanding receivables and is confident that the majority of the receivables will get realised in the year 2022 resulting in improved bottom line and cash flow scenario.

The above coupled with the investor and market confidence restored by way of additional projects being awarded to the Parent Company as of 2021 has allowed the management to view the Parent Company / the Group as a going concern and is satisfied that the Parent Company / the Group has the resources to continue in business for the foreseeable future. Therefore, these financial statements are continued to be prepared on a going concern basis.

 # 12

Standards, amendments and Interpretations to existing Standards 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's financial statements.

 # 13

Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses (Note 41).

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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

 # 14

Operating segments

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

Segmental information is presented in respect of the Group's operating segments. Operating segment is based on the Group's management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group business is divided in four segments - construction, manufacturing, hiring of equipment and training of personnel. The principal activities of the Group are road, bridge and airport construction, oil and gas including EPC works, civil and mechanical construction, public health engineering, electrical, plumbing and maintenance contracts. The other activities are hiring out of cranes, equipment and other vehicles and training of drivers, operators, manufacturing of readymix concrete and others.

The financial results, assets and liabilities of operating segments are as follows:

Particualrs	Construction		Manufacturing		Hiring		Training		Inter segments		Consolidated	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Segment revenue and expenses												
Segment revenue	**180,284**	200,796	**11,368**	13,767	**1,610**	1,348	**-**	22	**(5,313)**	(7,011)	**187,949**	208,922
Segment expenses	**178,235**	227,949	**12,200**	14,937	**1,654**	1,342	**2**	147	**(5,397)**	(7,185)	**186,694**	237,190
Segment results	**2,049**	(27,153)	**(832)**	(1,170)	**(44)**	6	**(2)**	(125)	**84**	174	**1,255**	(28,268)
Segment assets and liabilities												
Segment assets	**218,887**	239,271	**7,039**	8,710	**3,952**	3,255	**(949)**	(949)	**(4,178)**	(4,294)	**224,751**	245,993
Segment liabilities	**196,374**	218,808	**4,387**	5,226	**1,818**	1,077	**4**	4	**(9)**	(12)	**202,574**	225,103

 # 15

Cash and cash equivalents

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

Cash and bank balances

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Cash in hand	**161**	31	**168**	39
Bank balances with current accounts	**11,118**	2,506	**11,924**	4,331
	11,279	2,537	**12,092**	4,370

There are no restrictions on bank balances at the time of approval of the financial statements.

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

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Cash and bank balances	**11,279**	2,537	**12,092**	4,370
Deposit with banks (within 3 months maturity)	**1,056**	491	**1,056**	491
Bank overdrafts	**(1,217)**	(1,313)	**(1,444)**	(1,313)
	11,118	1,715	**11,704**	3,548

Movement of expected credit loss on bank balances are as follows:

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
At the beginning of the year	**3**	5	**3**	5
Charge for the year	**15**	2	**15**	2
Written back during the year	**-**	(4)	**-**	(4)

At the end of the year	**18**	3	**18**	3

16

Term deposits

Term deposits are carried on the statement of financial position at their principal amount.

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Term deposits (net of allowance for ECL)	**4,899**	2,311	**4,899**	2,311
Margin deposits	**-**	-	**488**	109
	4,899	2,311	**5,387**	2,420

The term deposits carry interest rates of 0.9% to 4.25% (2020: 0.9% to 3.0%) per annum and are kept for a period more than three months from the date of placement.

Movement of expected credit loss on deposit with banks is as follows:

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
At the beginning of the year	**3**	3	**3**	3
Charge for the year	**2**	-	**2**	-
At the end of the year	**5**	3	**5**	3

17

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss. The Group does not have any such instruments.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ""pass-through"" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

18

Contract and trade receivables

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Contract billed receivables	**84,303**	112,578	**85,158**	113,399
Trade receivables	**1,918**	2,476	**6,553**	7,253
Retention receivables - current	**17,522**	20,402	**18,560**	21,439
	103,743	135,456	**110,271**	142,091
Allowance for expected credit losses	**(15,658)**	(18,926)	**(16,696)**	(19,808)
	88,085	116,530	**93,575**	122,283
Retentions receivables				
Non-current portion (net of provisions)	**12,417**	11,060	**12,417**	11,060

All amounts are short-term. The net carrying value of contract and trade receivables is considered a reasonable approximation of fair value. All of the Group's contract and trade receivables have been reviewed for indicators of impairment.

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Movement on the allowance for expected credit losses against contract and trade receivables including current				

retentions is as follows:

At the beginning of the year	**18,926**	19,550	**19,808**	20,194
Charge for the year	**1,990**	6,488	**2,146**	6,726
Written back during the year	**(5,024)**	(5,087)	**(5,024)**	(5,087)
Written off during the year	**(234)**	(2,025)	**(234)**	(2,025)
At the end of the year	**15,658**	18,926	**16,696**	19,808

Movement on the allowance for expected credit losses against non-current retentions is as follows:

At the beginning of the year	**148**	119	**148**	119
Charge for the year	**11**	29	**11**	29
At the end of the year	**159**	148	**159**	148

Advances, prepayment and other receivables

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Advance on sub-contracts and supplies	**1,684**	2,091	**1,854**	2,173
Advances to employees	**93**	165	**93**	169
Prepaid expenses	**3,203**	3,069	**3,212**	3,179
Due from related parties - others (Note 36)	**10,886**	13,295	**7,369**	11,926
Insurance claims receivable	**2**	(1)	**2**	(1)
Deposits	**243**	254	**243**	254
Other receivables	**-**	-	**54**	4
	16,111	18,873	**12,827**	17,704
Allowance for expected credit losses against due from related parties	**(1,991)**	(2,037)	**(2,049)**	(2,095)
Provision for others	**(3)**	(3)	**(3)**	(3)
	14,117	16,833	**10,775**	15,606

Movement on the allowance for expected credit losses against due from related parties and others are as follows:

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
At the beginning of the year	**2,040**	1,853	**2,098**	1,937
Charge for the year	**7**	189	**7**	189
Written back during the year	**(53)**	(2)	**(53)**	(28)
At the end of the year	**1,994**	2,040	**2,052**	2,098

 # 19

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. The Group does not have any such instruments.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

 # 20

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost include contract and trade receivables, bank balances, other receivables and deposits.

 # 21

Investments in associates

The Group's investments in its associates are accounted for under the equity method of accounting. In the Parent Company's financial statements, the investment in an associate is carried at cost less impairment. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post- acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment. After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the associate. The statement of comprehensive income reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associates are prepared for the same reporting period as the Parent Company using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

Investment in associates

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Galfar Engineering & Contracting Kuwait KSC (GEC)	**6,966**	6,966	**4,965**	5,099
International Water Treatment LLC (IWT)	**4,144**	4,144	**-**	-
	11,110	11,110	**4,965**	5,099
Provision for impaired investments	**(5,644)**	(5,644)	**-**	-
	5,466	5,466	**4,965**	5,099

Provision for impairment in associates comprise:
(i) RO 4,144 (2020: RO 4,144) thousand for investment in IWT, being Parent Company's share in cumulative loss of IWT till 2016, as IWT is unable to recover the loss from their future business.
(ii) RO 1,500 (2020: RO 1,500) thousand for investment in GEC, based on capitalisation of earning method with discounted cash flow of next five years considering weighted average of capital cost at 13% per annum.

Information on shareholding of associates is summarised below:

Name of the associate	Principal activity	Place	Year of incorporation
Galfar Engineering & Contracting Kuwait KSC (i)	Construction	Kuwait	2010
International Water Treatment LLC (ii)	Construction	Oman	2013

Name of the associates	Shares acquired by Parent Company		Shares acquired by the Group	
	2021	2020	**2021**	2020
Galfar Engineering & Contracting Kuwait KSC (i)	26%	26%	26%	26%
International Water Treatment LLC (IWT) (ii)	30%	30%	30%	30%

(i) The Parent Company holds 26% shareholding in this company (earlier known as 'Shaheen Al Ghanim Contracting Co. KSC'). The company is engaged in construction activities.

(ii) The Parent Company has 30% shareholding in this company in partnership with VA Tech Wabag Ltd. of India and Cadagua SA of Spain with 32.5% and 37.5% shareholding respectively. This company has completed "Ghubrah independent water desalination" project. The project maintenance period has completed by end of 2020 and the liquidation under process.

The following table illustrates summarised information of the Group's investment in its associates:

Particulars	Consolidated	
	2021	2020
Share of associates' financial position:		
Current assets	**4,897**	5,326
Non - current assets	**3,308**	3,396
Current liabilities	**(2,106)**	(2,567)

Non - current liabilities	**(1,134)**	(1,056)
Net assets and carrying amount of the investment	**4,965**	5,099
Share of associates' comprehensive income:		
Revenue	**2,355**	3,593
Costs of revenue	**(2,521)**	(3,419)
Net loss/profit for the year	**(166)**	174

Share of loss of the group for the year comprises of loss from GEC Kuwait RO 166 (2020: profit RO 174) thousand and IWT RO Nil (2020: Loss RO Nil) thousand.

The summarised financial information of major associate company is as stated below:

Particulars	**GEC, Kuwait**	
	2021	2020
Statement of financial position:		
Current assets	**17,273**	18,923
Non-current assets	**12,720**	13,056
Current liabilities	**(6,538)**	(8,312)
Non-current liabilities	**(4,362)**	(4,062)
Net assets	**19,093**	19,606
Reconciliation of carrying amount:		
Net assets at the beginning of the year	**19,606**	19,012
Loss/profit for the year	**(640)**	669
Currency translation impact	**127**	(75)
Net assets at the end of the year	**19,093**	19,606
Group's share in %	**26%**	26%
Carrying amount	**4,965**	5,099
Statement of comprehensive income:		
Revenue	**9,058**	13,818
Less: costs of revenue	**(9,698)**	(13,143)
Loss/profit before tax	**(640)**	675
Less: tax	**-**	6
Loss/profit after tax	**(640)**	669

 # 22

Property, plant and equipment

All items of property, plant and equipment held for the use of Group's activities are recorded at cost less accumulated depreciation and any identified impairment. Land is not depreciated. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed; its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred.

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

Buildings : 15 years
Camps : 4 years
Plant & machinery : 7 - 10 years
Motor vehicles & equipment : 7 - 10 years
Furniture & equipment : 6 years
Project equipment & tools : 6 years

Items costing less than RO 100 are expensed out in the year of purchase.

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

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

The Parent Company has availed term loan from a local commercial bank against mortgage of its land and buildings. Outstanding term loan amount is RO 5,083 (2020: RO 6,083) thousand. Vehicles and equipment with an Insurance value of RO 58,171 (2020: RO 37,088) thousand have been jointly registered with banks / finance companies to obtain term loans.

Capital workin progress

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

 # 23

Leases

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

Group as a lessee

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

Right of use assets

The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. *[Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term]*, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

Right-of-use assets

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

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

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Costs				
Balance at beginning of the year	**2,204**	2,019	**2,731**	2,546
Additions during the year	**2,272**	185	**2,272**	185
Balance at end of the year	**4,476**	2,204	**5,003**	2,731
Depreciation				
Balance at beginning of the year	**1,403**	579	**1,627**	684
Charge for the year (Note 30)	**554**	824	**670**	943
Balance at end of the year	**1,957**	1,403	**2,297**	1,627
	2,519	801	**2,706**	1,104

The Group has leases for the land. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected in the statement of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group's sales) are excluded from the initial measurement of the lease liability and asset.

 # 24

Intangible assets - Computer software:

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

The amortisation period and amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

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

Intangible assets

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Costs				
Balance at beginning of the year	**3,214**	3,080	**3,327**	3,162
Additions during the year	**52**	134	**53**	165
Balance at end of the year	**3,266**	3,214	**3,380**	3,327
Amortisation				
Balance at beginning of the year	**2,874**	2,797	**2,955**	2,868
Charge for the year (Note 31)	**100**	77	**108**	87
Balance at end of the year	**2,974**	2,874	**3,063**	2,955
Net book value	**292**	340	**317**	372

Intangible assets comprise of computer software RO 292 (2020: RO 340) thousand in Parent Company and computer software RO 317 (2020: RO 372) thousand in consolidation.

25

Share capital

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

Where any Group company purchases its equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Parent company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Parent company's equity holders.

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Authorised:				
500,000,000 (2020: 500,000,000) ordinary shares of par value RO 0.100 (2020: RO 0.100) each	**50,000**	50,000	**50,000**	50,000
Issued and fully paid:				
Balance at beginning of the year	**41,522**	41,522	**41,522**	41,522
Reduction during the year	**(12,457)**	-	**(12,457)**	-
Balance at end of the year	**29,065**	41,522	**29,065**	41,522

The issued and fully paid share capital comprises of 290,650,946 (2020: 415,215,637) shares having a par value of RO 0.100 (2020: RO 0.100) each. Pursuant to the terms of its IPO, the share capital of the Parent Company has been divided into two classes comprising of 202,986,446 (2020: 289,980,637) ordinary shares and 87,664,500 (2020: 125,235,000) preferential voting rights shares. The preferential voting rights shares are held by the promoting shareholders and carry two votes at all general meetings while otherwise ranking pari-passu with ordinary shares in all rights including the receipt of dividend.

Pursuant to the Capital Market Regulations, Muscat Stock Exchange regulations and as approved by the Shareholders in the Extra Ordinary General Meeting held on 01 Jun 2021, share capital has been reduced from OMR 41,521 thousand by 30% to OMR 29,065 thousand to extinguish part of the accumulated losses to the amount of OMR 12,457 thousand. The number of shares has been reduced from 415,215,637 to 290,650,946 shares.

26

Share premium

Pursuant to the Capital Market Regulations, Muscat Stock Exchange regulations and as approved by the Shareholders in the Extra Ordinary General Meeting held on 01 Jun 2021, the entire share premium of OMR 18,337 thousand of the Parent Company has been utilized to extinguish part of the accumulated losses.

Statutory reserve

Pursuant to the Capital Market Regulations, Muscat Stock Exchange regulations and as approved by the Shareholders in the Extra Ordinary General Meeting held on 01 Jun 2021, the entire legal reserve of OMR 13,840 thousand of the Parent Company has been utilized to extinguish part of the accumulated losses. During the year, RO 464 thousand has been transferred to statutory reserve (2020: RO Nil).

Foreign currency translation

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

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

As at the reporting date, the assets and liabilities of group entities are translated into the functional currency of the Group financial statements (the Rial Omani) at the rate of exchange ruling at the reporting date and its statements of comprehensive income is translated at the average exchange rates for the year. Exchange differences arising on equity accounting of foreign subsidiary are taken directly to the foreign currency translation reserve. Foreign currency translation reserve is recognised in equity under cumulative changes in fair value. On disposal of the foreign operations, such exchange differences are recognised in the statement of comprehensive income as part of the profit or loss on sale. A write down of the carrying amount of a foreign operation does not constitute a disposal.

Foreign currency translation reserve represents impact of translation of associate company's (Galfar Kuwait) financial statements figures in foreign currency to functional currency of the Parent Company as required under IAS 21.

Dividend
No dividend was proposed and paid in 2021 (2020: RO Nil).

27

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28

Trade payables

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Trade payables	**34,291**	42,981	**41,784**	50,973
Provision for purchases and sub-contracts	**34,242**	27,817	**34,327**	28,439
	68,533	70,798	**76,111**	79,412

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

Other payables and provisions

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Provision for employees' leave pay and passage	**5,611**	6,187	**5,682**	6,271
Advance from customers - current	**22,009**	29,614	**22,051**	29,655

Due to customers for construction contracts (Note 9)	**3,738**	3,429	**3,738**	3,464
Provision for future loss on contracts	**2,706**	3,943	**2,706**	3,943
Retention on sub-contracts	**5,035**	5,470	**5,075**	5,470
Accrued expenses	**6,378**	9,965	**7,425**	11,100
Due to related parties (Note 36)	**4,896**	7,707	**2,388**	4,200
Statutory dues payable	**6,101**	480	**6,127**	480
Other payables	**965**	961	**1,172**	965
	57,439	67,756	**56,364**	65,548
Advance from customers				
Non-current portion	**6,743**	5,530	**6,743**	5,530

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

 # 29

Provision for employees' benefits

Termination benefits for Omani employees are contributed in accordance with the terms of the Social Securities Law.

End of service benefits are accrued in accordance with the terms of employment of the Group's employees at the reporting date, having regard to the requirements of the applicable labour laws of the countries in which the Group operates. Employee entitlements to annual leave and leave passage are recognised when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the reporting date. These accruals are included in current liabilities, while that relating to end of service benefits is disclosed as a non-current liability.

Employees' end of service benefits

Particulars	**Parent Company**		**Consolidated**	
	2021	2020	**2021**	2020
Balance at beginning of the year	**12,940**	14,818	**13,154**	15,025
Charge for the year	**1,545**	2,033	**1,600**	2,089
Paid during the year	**(2,520)**	(3,911)	**(2,542)**	(3,960)
Balance at end of the year	**11,965**	12,940	**12,212**	13,154

 # 30

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in- substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities are increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., a change in future payments resulting from a change in index or rate used to determine such lease payments) or a change in the assessment to purchase the underlying asset.

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

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

Lease liabilities

Particulars	**Parent Company**		**Consolidated**	
	2021	2020	**2021**	2020
At the beginning of the year	**846**	1,317	**1,834**	1,932
Additions during the year	**2,272**	191	**2,272**	666
Finance cost	**50**	95	**64**	125
Adjustment to lease liability	**-**	99	**-**	99
Payments	**(2,248)**	(856)	**(2,020)**	(988)
Balance at the end of the year	**920**	846	**2,150**	1,834
Current portion	**431**	527	**815**	886
Non-current portion	**489**	319	**1,335**	948
	920	846	**2,150**	1,834

31

Term loans

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Term loans:				
- from banks	**22,083**	16,254	**22,170**	16,402
- finance companies	**1,781**	3,224	**1,781**	3,467
	23,864	19,478	**23,951**	19,869
Current portion:				
- from banks	**11,264**	6,981	**11,318**	7,042
- finance companies	**1,072**	1,765	**1,072**	2,008
	12,336	8,746	**12,390**	9,050
Non-current portion:				
- from banks	**10,819**	9,273	**10,852**	9,360
- finance companies	**709**	1,459	**709**	1,459
	11,528	10,732	**11,561**	10,819
The term loans are repayable as follows:				
Within one year	**12,336**	8,746	**12,390**	9,050
In the second year	**3,146**	4,412	**3,179**	4,434
From third year onwards	**8,382**	6,320	**8,382**	6,385
	23,864	19,478	**23,951**	19,869

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

The interest on term loans from banks and financial institutions having interest rates ranges between 6.25% to 8.5% (2020: 5.75% to 8.5%) per annum.

Short term loans

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
- from banks	**16,200**	27,896	**16,200**	27,896

Short term loans from banks are repayable in one year and are secured against the contract assignments and/or joint registration of vehicle/equipment. The interest rates on these loans vary between 5.75% to 7.75% (2020: 5.0% to 7.75%) per annum.

Bankborrowings

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Bank overdrafts	**1,217**	1,313	**1,444**	1,313
Loan against trust receipts	**3,827**	5,721	**3,827**	5,721
Bills discounted	**1,805**	3,035	**1,805**	3,035
	6,849	10,069	**7,076**	10,069

Bank borrowings are repayable on demand or within one year. The interest rates on bank borrowings vary between 4.5% to 7.25% (2020: 4.5% to 7.0%) per annum. Bank borrowings are secured against the assignment of contract receivables.

32

Financial instruments

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowings

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss. This category generally applies to interest-bearing loans and borrowings.

Trade and other payables and due to related parties

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

Derecognition

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

 # 33

Interest income

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

Dividend income

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

 # 34

Other income

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Gain on disposal of assets	**470**	465	**587**	526
Miscellaneous income	**4,644**	3,314	**4,729**	3,484
	5,114	3,779	**5,316**	4,010

 # 35

Revenue

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, customer returns and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(a) Contract revenue and revenue from sale of goods

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

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

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

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

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

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

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

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

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

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

A loss is recognised in the statement of comprehensive income when the expected contract costs exceed the total anticipated contract revenue.

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

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

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

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

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

Contract revenue

(a) Disaggregation of revenue from contracts with customers

Parent Company - 2021

Particulars	Construction	Total
Revenue recognised over time	**174,020**	**174,020**

Parent Company - 2020

Particulars	Construction	Total
Revenue recognised over time	194,075	194,075

Consolidated - 2021

Particulars	Construction	Other	Total
Revenue recognised over time	**174,020**	**1,121**	**175,141**

Consolidated - 2020

Particulars	Construction	Other	Total
Revenue recognised over time	194,075	858	194,933

(b) Assets and liabilities related to contracts with customers

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

Particulars	**Parent Company**		**Consolidated**	
	2021	2020	**2021**	2020
Contract receivables	**84,303**	112,578	**85,158**	113,399
Current contract asset relating to project revenue (receivable)	**62,384**	57,477	**64,265**	58,515
Loss allowance	**(35,930)**	(42,246)	**(37,238)**	(43,128)
Total contract assets	**110,757**	127,809	**112,185**	128,786

Particulars	**Parent Company**		**Consolidated**	
	2021	2020	**2021**	2020
Contract liabilities relating to project revenue (unearned, advance)	**28,752**	35,144	**28,794**	35,185
Total current contract liabilities	**28,752**	35,144	**28,794**	35,185

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

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

Sales and services income

Particulars	**Parent Company**		**Consolidated**	
	2021	2020	**2021**	2020
Sales and services - recognised at a point in time	**3,319**	2,574	**11,155**	12,406
Hiring services - recognised at a point in time	**43**	291	**1,653**	1,578

Training services - recognised at a point in time	**-**	-	**-**	5
	3,362	2,865	**12,808**	13,989

36

Manpower costs

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Salary and wages	**64,665**	82,896	**67,429**	84,226
Employees' end of service benefits	**1,545**	2,033	**1,600**	2,071
Camp and catering expenses	**8,369**	11,912	**8,369**	11,912
Hired salary and wages	**1,335**	3,040	**1,335**	3,040
Other expenses	**397**	915	**737**	1,482
	76,311	100,796	**79,470**	102,731
Less: Pertaining to cost of contract and services (Note 30)	**72,229**	96,117	**73,453**	96,091
Pertaining to general and administration expenses (Note 31)	**4,082**	4,679	**6,017**	6,640

37

General and administrative expenses

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Manpower costs (Note 32)	**4,082**	4,679	**6,017**	6,640
Sub-contract expenses	**27**	(342)	**27**	(342)
Rent	**461**	491	**538**	631
Electricity and water charges	**2,687**	3,627	**2,802**	3,745
Professional and legal charges	**440**	1,635	**454**	1,670
Insurance charges	**1,938**	2,283	**1,986**	2,356
Bank guarantee and other charges	**945**	1,227	**951**	1,235
Communication expenses	**291**	395	**320**	423
Repairs and maintenance - others	**330**	376	**347**	393
Traveling expenses	**120**	113	**125**	133
Printing and stationery expenses	**133**	160	**142**	167
Business promotion expenses	**4**	11	**5**	17
Tender fees	**55**	129	**55**	131
Directors' sitting fees	**58**	118	**58**	118
Corporate social responsibility expenses	**1**	-	**1**	-
Other general expenditure	**609**	53	**710**	98
Depreciation and amortisation (Notes 3 and 4)	**988**	967	**1,026**	1,043
	13,169	15,922	**15,564**	18,458
Less: Pertaining to cost of contract and services (Note 30)	**7,143**	9,904	**8,321**	10,876
	6,026	6,018	**7,243**	7,582

38

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

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Cost of contract and sales (Note 30)	**8,803**	10,634	**10,007**	11,947
General and administrative expenses (Note 31)	**888**	890	**918**	956
	9,691	11,524	**10,925**	12,903

39

Finance Costs

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Interest expense	**3,507**	4,892	**3,641**	5,008
Interest on lease liability	**50**	95	**64**	165
	3,557	4,987	**3,705**	5,173

 # 40

Provisions

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

 # 41

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The loss arising on impairment of an asset is recognised immediately in the statement of comprehensive income. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the Group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the statement of income.

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

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

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. For the concession business, each of the concession arrangements is considered to be a CGU. The fair value less costs to sell calculation is based on available data from binding sales transactions conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years, or, in the case of concession arrangements, for the concession period and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Impairment of financial assets

IFRS 9 requires the Group to record an allowance for ECLs for all debt financial assets not designated at FVTPL and FVOCI (equity instruments).

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

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

The credit risk on a financial instrument is considered low, if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. An external rating of 'investment grade' is an example of a financial instrument that may be considered as having low credit risk. They should, however, be considered to have low credit risk from a market participant perspective taking into account all of the terms and conditions of the financial instrument.

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

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

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

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

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

 # 42

Contract costs

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

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

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

Cost of contract and services

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Materials	**23,673**	31,558	**30,640**	39,354
Manpower costs (Note 32)	**72,229**	96,117	**73,453**	96,091

Sub-contracting costs	**38,482**	37,893	**38,044**	37,900
Plant and equipment repair and maintenance	**6,135**	6,940	**7,079**	7,873
Plant and equipment hiring costs	**3,665**	6,931	**4,064**	7,465
Fuel expenses	**10,652**	12,025	**11,474**	12,856
Training expenses	**118**	139	**118**	151
Depreciation on right of use assets (Note 5)	**554**	824	**671**	944
Depreciation (Note 3)	**8,803**	10,634	**10,007**	11,947
General and administrative expenses (Note 31)	**7,143**	9,904	**8,321**	10,876
	171,454	212,965	**183,871**	225,458

 # 43

Taxation

Taxation is provided for based on relevant tax laws of the respective countries in which the Group operates. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
Deferred tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts.

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

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

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

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

Particulars	**Parent Company**		**Consolidated**	
	2021	2020	**2021**	2020
Tax charge	**-**	-	**26**	48
Deferred tax charge for the year	**-**	-	**(2)**	40
	-	-	**24**	88

As per the Sale Purchase Agreement entered with M/s PMA International LLC any tax liability that may accrue shall be borne by the buyer.

The reconciliation between tax on accounting profit and tax profit is as follows:

Particulars	**Parent Company**		**Consolidated**	
	2021	2020	**2021**	2020
Accounting profit before tax from continuing operations	**4,634**	(26,111)	**1,279**	(28,237)
Tax as per law of respective country	**397**	-	**402**	71
Tax adjustments	**(397)**	-	**(378)**	17
	-	-	**24**	88
Income tax expense reported in the statement of comprehensive income	**-**	-	**24**	88

Provision for taxation

The Parent Company's income tax assessment up to the year 2017 has been completed by the tax authority. The income tax assessments of the subsidiaries are at various stages of completion. The management believes that the amount of additional taxes, if any, that may become payable on fainalisation of the unassessed tax years would not be material to the Group's financial position. The movement of tax provision is as follows:

Particulars	**Parent Company**		**Consolidated**	
	2021	2020	**2021**	2020
Balance at beginning of the year	**1,340**	1,402	**1,428**	1,508
Tax Charge	**-**	-	**(26)**	48
Tax adjustment/paid	**-**	(62)	**4**	(128)
Balance at end of the year	**1,340**	1,340	**1,406**	1,428

Deferred tax liability

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

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Balance at beginning of the year	**-**	-	**363**	323
Tax charge	**-**	-	**(2)**	40
Balance at end of the year	**-**	-	**361**	363

 # 44

Related parties transactions and balances

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

The Group maintains balances with these related parties which arise in the normal course of business from commercial transactions, and are entered into at terms and conditions which are approved by the management.

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

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Contract income				
- with other related parties	**18**	4,021	**18**	4,021
Sales and services				-
- with subsidiaries	**1,343**	274	**-**	-
- with other related parties	**898**	14	**1,578**	1,096
Purchase of goods and services				-
- with subsidiaries	**5,398**	6,778	**-**	-
- with other related parties	**1,553**	2,713	**1,553**	3,267
- with shareholders	**-**	129	**-**	129
Director's sitting fees	**58**	118	**58**	118

Balances of related parties recognised and disclosed in notes 11 and 25 respectively are as follows:

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Due from subsidiary and associate companies	**4,774**	2,634	**1,257**	1,265
Due from other related parties	**6,112**	10,661	**6,112**	10,661
Allowance for expected credit losses against due from related parties	**(1,991)**	(2,037)	**(2,049)**	(2,095)
	8,895	11,258	**5,320**	9,831
Due to Shareholders	**10**	102	**10**	102
Due to subsidiary and associate companies	**3,532**	4,552	**1,020**	4,501
Due to other related parties	**1,354**	3,053	**1,358**	(403)
	4,896	7,707	**2,388**	4,200

The amounts outstanding are unsecured and will be settled. During the year, RO 7 thousand (2020: RO Nil) has been recognised towards doubtful debts pertaining to related parties.

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).

The remuneration of key management personnel is as follows:

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Salaries	**612**	551	**953**	808
End of service benefits	**24**	18	**50**	35
Directors' sitting fees	**58**	118	**58**	118
	694	687	**1,061**	961

45

Credit risk

Credit risk primarily arises from credit exposures to customers, including outstanding receivables and committed transactions. The Group has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

Exposure to credit risk

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

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Contract work in progress, contract and trade receivables	**148,605**	172,531	**155,976**	179,167
Retention receivables	**29,939**	31,462	**30,977**	32,499
Other receivables	**11,131**	13,548	**7,668**	12,183
Deposits with banks	**4,899**	2,311	**5,387**	2,420
Cash and bank balances	**11,279**	2,537	**12,092**	4,370
	205,853	222,389	**212,100**	230,639

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

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Government customers	**98,302**	107,278	**98,302**	107,278
Petroleum Development Oman	**21,912**	34,480	**21,912**	34,480
Other private customers	**28,391**	30,773	**35,762**	37,409
	148,605	172,531	**155,976**	179,167

The Group has established credit policies and procedures that are considered appropriate for the Parent Company and its subsidiaries. The Group's business is conducted mainly by participating in tenders/bids. On acceptance of a tender/bid it enters into a detailed contract with the customer. This contract specifies the payment and performance terms as well as the credit terms. Also refer to note 41 for key sources of estimation of uncertainty for the impairment of contract work in progress, contract and trade receivables.

The age of contract work in progress, contract and trade receivables at the reporting date was:

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Not past due	**16,580**	31,112	**18,402**	31,820
Past due 1- 180 days	**60,564**	70,874	**63,099**	73,520
Past due 181 - 365 days	**14,250**	17,979	**15,601**	19,523
More than 365 days	**57,211**	52,566	**58,874**	54,159
	148,605	172,531	**155,976**	179,022
Allowance for expected credit loss	**(35,930)**	(42,246)	**(36,968)**	(43,128)

46

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the nature of the underlying business through the Group maintains adequate bank balances and credit facilities to fund its operations.

Management monitors the forecast of the Group's liquidity position on the basis of expected cash flows.

The Group is currently financed from shareholder's equity and bank borrowings. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows:

The following are the financial liabilities:

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020

Term loans	**23,864**	19,478	**23,951**	19,869
Short term loans	**16,200**	27,896	**16,200**	27,896
Bank borrowings	**6,849**	10,069	**7,076**	10,069
Trade and other payables	**144,680**	157,024	**151,430**	163,644
	191,593	214,467	**198,657**	221,478

The contractual maturities of above financial liabilities are:
Term loans: (principle+future interest)

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Up to 90 days	**1,367**	2,225	**1,521**	2,361
91 - 180 days	**1,361**	3,987	**1,471**	4,079
181 - 365 days	**2,656**	5,303	**2,488**	5,421
More than 365 days	**25,062**	12,194	**25,135**	12,321
	30,446	23,709	**30,615**	24,182

Short term loans: (principle+future interest)

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Up to 90 days	**13,581**	19,078	**13,581**	19,078
91 - 180 days	**2,780**	5,684	**2,780**	5,684
181 - 365 days	**-**	3,605	**-**	3,605
	16,361	28,367	**16,361**	28,367

Bank borrowings: (principle+future interest)

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Up to 90 days	**5,975**	5,710	**6,202**	5,710
91 - 180 days	**724**	4,772	**724**	4,772
181 - 365 days	**201**	364	**201**	364
	6,900	10,846	**7,127**	10,846

Trade and other payables:

Particulars	Parent Company		Consolidated	
	2021	2020	**2021**	2020
Up to 90 days	**77,937**	64,099	**82,757**	67,738
91 - 180 days	**20,473**	39,422	**23,747**	41,254
181 - 365 days	**27,562**	35,033	**25,971**	35,968
More than 365 days	**18,708**	18,470	**18,955**	18,684
	144,680	157,024	**151,430**	163,644

 # 47

Financial instruments and related risk management

The Group's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to raise finances for the Group's operations. The Group's financial assets include contract and trade receivables, and cash and bank and short-term deposits that arrive directly from its operations.

The Group's activities expose it to various financial risks, primarily being, market risk (including currency risk, interest rate risk, and price risk), credit risk and liquidity risk. The Group's risk management is carried out internally in accordance with the policies approved by the Board of Directors.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments at fair value through comprehensive income.

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

As at 31 December 2021, the Group does not hold any financial asssets or financial liabilities subject to variable interest rate. Therefore, the Group is not exposed to any interest rate risk.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The management has set up a policy to require the Group to manage its foreign exchange risk against their functional currency. The Group operates in international markets and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Euros, Pound Sterling and all GCC currencies. As the exchange rate of the Rial Omani is pegged against the US Dollar and most of the GCC currencies, the Group is not subject to any significant currency risk.

Equity price risk
The Group does not hold any quoted investment.

 # 48

Financial instruments and related risk management

Changes in liabilities arising from financing activities

Parent Company	**1 Jan 2021**	**Cash flows**	**Others**	**31 Dec 2021**
Current interest-bearing loans and borrowings	46,711	(14,820)	3,494	35,385
Non-current interest-bearing loans and borrowings	10,732	4,386	(3,590)	11,528
Total liabilities from financing activities	57,443	(10,434)	(96)	46,913

Parent Company	**1 Jan 2020**	**Cash flows**	**Others**	**31 Dec 2020**
Current interest-bearing loans and borrowings	74,965	(21,113)	(7,141)	46,711
Non-current interest-bearing loans and borrowings	11,321	(5,554)	4,965	10,732
Total liabilities from financing activities	86,286	(26,667)	(2,176)	57,443

Changes in liabilities arising from financing activities

Group	**1 Jan 2021**	**Cash flows**	**Others**	**31 Dec 2021**
Current interest-bearing loans and borrowings	47,015	(14,820)	3,471	35,666
Non-current interest-bearing loans and borrowings	10,819	4,442	(3,700)	11,561
Total liabilities from financing activities	57,834	(10,378)	(229)	47,227

Group	**1 Jan 2020**	**Cash flows**	**Others**	**31 Dec 2020**
Current interest-bearing loans and borrowings	75,729	(21,113)	(7,601)	47,015
Non-current interest-bearing loans and borrowings	11,713	(5,594)	4,700	10,819
Total liabilities from financing activities	87,442	(26,707)	(2,901)	57,834

The 'Others' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings, including lease liabilities to current due to the passage of time.

At 31 December 2021, the exposure to letter of credit facilities stood at RO 13,028 (2020: RO 16,223) thousand for the purchase of goods.

 # 49

Financial instruments

Financial assets

Initial recognition and measurement
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified into four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

Fair value of financial instruments

Fair values

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of bank balances, contract work in progress, contract receivables, trade and other receivables and investments at fair value through other comprehensive income. Financial liabilities consist of term loans, bank borrowings, trade and other payables.

The fair value of financial assets and financial liabilities approximate to their carrying values.

 # 50

Earnings per share (EPS)

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

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

Earning/(Loss) per share

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

Particulars	**Parent Company**		**Consolidated**	
	2021	2020(Restated)	**2021**	2020(Restated)
Profit/(Loss) attributable to equity shareholders of the Parent Company:	**4,634**	(26,111)	**1,279**	(28,269)
Number of shares in '000 (Note 14)	**342,554**	290,650	**342,554**	290,650
Basic and diluted earning/(loss) per share for the year	**0.014**	(0.090)	**0.004**	(0.097)

Number of shares for the comparative figures has been restated on account of capital reduction during the year.

 # 51

Net assets per share

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

Particulars	**Parent Company**		**Consolidated**	
	2021	2020	**2021**	2020
Net assets	**23,270**	18,636	**21,294**	19,983
Number of shares in '000 (Note 14)	**290,650**	415,220	**290,650**	415,220
Net assets per share (RO)	**0.080**	0.045	**0.073**	0.048

52

Commitments and contingencies

Particulars	Parent Company 2021	Parent Company 2020	Consolidated 2021	Consolidated 2020
Bonds and guarantees	**72,370**	73,734	**72,622**	73,933
Letter of credit	**13,028**	16,223	**13,138**	16,344
Corporate guarantees	**4,118**	4,138	**4,118**	4,138
Capital commitments	**1,075**	223	**1,075**	223
Legal cases	**722**	152	**722**	152
	91,313	**94,470**	**91,675**	**94,790**

The Parent Company has provided corporate guarantees for subsidiaries and associates and does not anticipate any material liability to arise from these guarantees.

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

Penalties
Penalties amounting to RO 2,044 (2020: RO 3,737) thousand have been levied on the Parent Company. Though the penalties are countered by the extension of time claims from the Parent Company, cases are under various stages of negotiations/arbitration and expected to be settled in due course, moreover the same has been recorded in the books of account.

Further imposable penalties on account of expected completion delays amounting to RO 6,993 (2020: RO 20,315) thousand on certain projects are not considered in the books of the Parent Company as the management believes that the delay in these projects are majorly due to the delay from the customer's side and based on their recent discussions with these customers these penalties are not expected to be levied on the Company.

CMA Investigation
During the prior years, the Capital Market Authority (CMA) had carried out investigative audits relating to Parent Company's certain transactions for the years from 2010 to 2014. Based on the draft investigation audit reports received from independent auditors appointed by the CMA, the management has taken corrective actions and had filed responses to the clarifications sought by the CMA. No adjustment to the financial statements in respect of such years is anticipated in the Parent Company. Parent company has not received any further communication from the CMA in respect of this matter.

53

Transactions with non-controlling interests

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

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

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Inventories

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

Particulars	Parent Company 2021	Parent Company 2020	Consolidated 2021	Consolidated 2020
Materials and consumables	**10,432**	10,770	**12,383**	12,913
Allowance for non-moving inventories	**(423)**	(421)	**(862)**	(496)
	10,009	10,349	**11,521**	12,417
Movement in allowance for non-moving inventories is as follows:				
At the beginning of the year	**421**	439	**496**	539
Charge for the year	**99**	-	**503**	(25)
Written back during the year	**(97)**	(18)	**(97)**	(18)
Written off during the year	**-**	-	**(40)**	-
At the end of the year	**423**	421	**862**	496

Offsetting of financial instruments

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

Dividend on ordinary shares

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

Contract workin progress

Work in progress on long term contracts is calculated at cost plus attributable profit, to the extent that this is reasonably certain after making provision for contingencies, less any losses foreseen in bringing contracts to completion and less amounts received and receivable as progress payments. These are disclosed as 'Due from customers on contracts'. Cost for this purpose includes direct labour, direct expenses and an appropriate allocation of overheads. For any contracts where receipts plus receivables exceed the book value of workdone, the excess is included as 'Due to customers on contracts' in accounts payable and accruals. For impairment on contract workin progress, refer note 2.15(a).

Particulars	Parent Company 2021	Parent Company 2020	Consolidated 2021	Consolidated 2020
Work-in-progress on long term contracts at cost plus attributable profit considered as receivables	**62,384**	57,477	**64,265**	58,515
Allowance for expected credit losses	**(20,272)**	(23,320)	**(20,542)**	(23,320)
	42,112	34,157	**43,723**	35,195
Movement on the allowance for expected credit losses against contract work in progress is as follows:				
At the beginning of the year	**23,320**	22,074	**23,320**	22,074
Charge for the year	**4,690**	4,574	**4,960**	4,574
Written back during the year	**(5,064)**	(3,328)	**(5,064)**	(3,328)
Written off during the year	**(2,674)**	-	**(2,674)**	-
At the end of the year	**20,272**	23,320	**20,542**	23,320
Due from customers for construction contracts:				
Revenue recognised at cost plus attributable profit	**1,013,960**	826,042	**1,013,960**	826,042
Less: Progress billings	**951,576**	768,565	**949,695**	767,527
	62,384	57,477	**64,265**	58,515
Due to customers for construction contracts:				
Amounts due to customers under construction contracts recorded as billings in excess of work done (Note 25)	**3,738**	3,429	**3,738**	3,464
Progress claims received and receivable	**291,514**	517,032	**291,514**	517,067
Less: Revenue recognised at cost plus attributable profit	**287,776**	513,603	**287,776**	513,603
	3,738	3,429	**3,738**	3,464

Directors' remuneration

The Parent Company follows the Commercial Companies Law (as amended), and other latest relevant directives issued by CMA, in regard to determination of the amount to be paid as Directors' remuneration. Directors' remuneration is charged to the statement of comprehensive income in the succeeding year to which they relate.

Investment in subsidiaries

Particulars	Parent Company 2021	Parent Company 2020	Consolidated 2021	Consolidated 2020
Galfar Aspire Readymix LLC	**2,898**	2,898	**-**	-
Al Khalij Heavy Equipment & Engineering LLC	**600**	600	**-**	-
Aspire Projects & Services LLC	**250**	250	**-**	-
Galfar Mott MacDonald LLC	**163**	163	**-**	-
Galfar Training Institute LLC	**149**	149	**-**	-
Galfar Oman Engg. & Contg. S.P.C., Kuwait	**12**	12	**-**	-
	4,072	4,072	**-**	-
Provision for impaired investments	**(399)**	(149)	**-**	-
	3,673	3,923	**-**	-

During the year 2021, the Parent Company has created RO 250 thousand provision related to Aspire Projects & Services LLC.

Information about activities and incorporation of subsidiaries are summarised below:

Name of the subsidiaries	Principal activity	Place	Year of incorporation
Galfar Aspire Readymix LLC	Manufacturing	Oman	2012
Aspire Projects & Services LLC	Construction	Oman	2011
Galfar Training Institute LLC	Training	Oman	2009
Al Khalij Heavy Equipment & Engineering LLC	Hiring Equipment	Oman	2006

Galfar Mott MacDonald LLC	EPC consultancy	Oman	2013
Galfar Oman General Contracting for Building Company	Construction	Kuwait	2018

Information on shareholding in subsidiaries are summarised below:

Name of the subsidiaries	Shares acquired by Parent Company		Shares acquired by the Group	
	2021	2020	**2021**	2020
Galfar Aspire Readymix LLC	100%	100%	100%	100%
Aspire Projects & Services LLC	100%	100%	100%	100%
Galfar Training Institute LLC	99%	99%	100%	100%
Al Khalij Heavy Equipment & Engineering LLC	52%	52%	52%	52%
Galfar Mott MacDonald LLC	65%	65%	65%	65%
Galfar Oman General Contracting for Building Company	100%	100%	100%	100%

Key sources of estimation uncertainty

Estimates and assumptions

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

(a) Revenue recognition

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

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

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

(b) Impairment of claims recognised in contract workin progress and contract receivables

(i) The Group has filed certain claims with its Government and Quasi Government customers and made an assessment of the recoverable amount of claims based on ongoing negotiations at the reporting date, which in some cases involve arbitration and litigation. In accordance with the Group's accounting policy on revenue recognition, after considering the advanced stage of negotiations with customers and the independent third-party consultants reports and the internal assessments, a portion of such claims has been recognized in these financial statements based on management's assessment of the amount of claims that will be recoverable from customers.

The claims raised by the Group against the customers are mainly in relation to variations from the originally agreed contract scope, changes in costs incurred due to the effects of royal decrees issued after the commencement of contracts and additional costs incurred due to extension of the project completion time. Claims are determined mostly based on evaluation by third party consultants appointed by the Group and the Group's internal experts. The determination of claims to be recovered requires the use of estimates based on the evaluation performed by third party consultants and stage of negotiations of these claims with customers. The amount of claims which will be accepted by the customers after negotiations may be different from the amount claims recognized in the financial statements. Management is of the view that the amount of claims to be recovered from customers will not be less than the amount recognized in these financial statements.
Other estimates that involve uncertainties and judgments which have significant effect on the financial statements include whether any liquidated damages will apply when there has been a delay in completion of contracts.

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

At the reporting date, the Group's contract billed receivables were RO 85,158 (2020: RO 113,399) thousand, most of these receivables were from Government and quasi Government entities. This balance includes value of RO 33,591 (2020: RO 50,158) thousand certification in process, which is in the normal course of business activity in the construction industry. At 31 Dec 2021, the provision for expected credit losses against contract receivables and work in progress was RO 37,238 (2020: RO 43,128) thousand. Management believes the balance amounts are fully recoverable. In addition to this, the Groups' trade receivables were RO 6,553 (2020: RO 7,253) thousand.

(iii) The Parent Company had four arbitration proceedings against Haya Water, relating to the Seeb Sewage Network Project. These were all awarded in favour of the Parent Company, three of the proceeding are closed and status of outstanding proceedings is as follows:
The Second Arbitration: This was awarded on 15th February 2018, and was towards - Extension of Time Cost - amounting to RO 18.28 million with an applicable interest of 7% on the award amount.
Haya Water filed a case to the Appeal Court for an annulment of this arbitration award, and this appeal was rejected on 25th November 2018. Haya then appealed before the Supreme Court and this was accepted on 24th December 2019. The Supreme Court referred the case back to the Appeal Court for further proceedings. The Parent Company received RO 4.63 million as part of the award amount.
The second Appeal Court accepted Haya's nullification on 9th April 2020. Galfar submitted a petition before Supreme Court on 18th May 2020 as a last attempt. Galfar's second petition was rejected by Supreme Court on 16th February 2021. Galfar Appealed on 31 October 2021 and court procedure suspended.
Galfar will be considering all available options to recover the abovementioned amounts including settlement talks with Haya Water.

(iv) The Parent Company had lodged arbitration cases against Haya towards recovery of penalty deducted by Haya towards Al Ansab STP project. Arbitration was awarded in favour of Galfar on 28 June 2018 for RO 2.63 million plus legal cost of RO 0.14 million. Haya had filed an appeal to nullify the arbitration award. On 21 Jan 2019 Court had rejected Haya's nullity case. Haya submitted appeal before the Supreme Court against this judgment and Court accepted Haya challenge on 31 Dec 2019 and referred the case back to the Appeal Court for further proceedings. On 31 May 2020 Galfar started the enforcement procedure. The Second Appeal court accepted HAYA's nullification on 17th Sep'2020 and Galfar submitted the second petition before Supreme Court on 25th Oct 2020. Awaiting decision from Supreme Court on Galfar's 2nd Petition final judgement.

(v) Modern Chanel Services had filed an arbitration case against Galfar for an compensation of RO 0.5 million towards a consortium agreement related to Duqm fishery harbor project. A three arbitrator's panel was appointed to foresee the case, and the case has been held for judgment after exchange of memos.
Award issued on 8 Jun 2020 for RO 0.5 million plus 6.5% interest from date of award till full payment in favor of Modern Channels Services. On 30 Aug 2020 Galfar filed nullification case and it was rejected on 4 Jan 2021, Galfar submitted 1st Petition before Supreme Court and requested for suspension of enforcement procedure but Supreme Court rejected to issue suspension of enforcement. On 9 Feb 2021 Modern Channels started the Enforcement procedure and Galfar submitted the objection, and the same was rejected. Galfar had appealed against the rejection of the execution. However, the appeal got rejected on 21 Apr 2021. Galfar settled the amounts as at 31st Oct 2021 and the case is closed.

(c) Impairment of 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 through physical verification of inventories carried out annually. As majority of the inventories are at ongoing project sites these are considered as usable in nature by management as these are closely monitored by the respective project teams. Dedicated project teams also monitors surplus inventories on closed/completed jobs for assessing their usability to consider necessary provisions. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence. Management believes that provision of RO 862 (2020: RO 496) thousand for the Group is adequate (refer Note 8).

(d) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates (refer Note 3).

(e) Impairment of intangible assets

The Group follows the guidance of IAS 36 to determine when an intangible asset recognised 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 intangible assets and the future free cash flows from the operations of these entities which are based on the project feasibility reports and long-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and the operational and financing cash flow.

The management tests annually whether these intangible assets of the Group have suffered any impairment in accordance with IAS 36, 'Impairment of Assets' which require the use of the above estimates (refer Note 4).

(f) Impairment of investments in subsidiaries and associates

The Group reviews its investments in associates and subsidiaries periodically and evaluates for objective evidence of impairment. Objective evidence includes the performance of associates and subsidiaries, significant decline in carrying value below its costs, the future business model, local economic conditions and other relevant factors. Based on objective evidences the Group determines the need for impairment loss on investment in associates and subsidiaries (refer Notes 6 and 7).

(g) Taxes

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments of respective Group companies. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.(refer Note 26)

(h) Leases

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

Leases – Estimating the incremental borrowing rate

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

01/01/2021-31/12/2021									Thousands/Omani Rial/Audited		
Gross Carrying Amount	**Land**	**Building**	**Mining assets**	**Motor Vehicles**	**Furniture and Equipment**	**Computer equipment**	**Leasehold Improvements**	**Office Equipment**	**Capital Workin Progress**	**Others**	**Total**
GROSS CARRYING AMOUNT : CONSOLIDATED											
PARTICULARS											
At the beginning of the period	1,278	36,779		53,408	10,410				114	126,428	228,417
Additions		10		43	78				1	2,146	2,278
Disposals		436		3,148	16					2,952	6,552
At the end of the period	1,278	36,353		50,303	10,472				115	125,622	224,143
GROSS CARRYING AMOUNT : STANDALONE											
PARTICULARS											
At the beginning of the period	1,278	36,606		48,981	10,027				114	111,846	208,852
Additions		8		27	42				1	1,026	1,104
Disposals		436		2,918	16					2,371	5,741
At the end of the period	1,278	36,178		46,090	10,053				115	110,501	204,215

01/01/2020-31/12/2020									Thousands/Omani Rial/Audited		
Gross Carrying Amount	**Land**	**Building**	**Mining assets**	**Motor Vehicles**	**Furniture and Equipment**	**Computer equipment**	**Leasehold Improvements**	**Office Equipment**	**Capital Workin Progress**	**Others**	**Total**
GROSS CARRYING AMOUNT : CONSOLIDATED											
PARTICULARS											
At the beginning of the period	1,278	36,349		55,153	10,195				77	127,453	230,505
Additions		430		152	262				61	939	1,844
Disposals				1,897	47				24	1,964	3,932
At the end of the period	1,278	36,779		53,408	10,410				114	126,428	228,417
GROSS CARRYING AMOUNT : STANDALONE											
PARTICULARS											
At the beginning of the period	1,278	36,179		50,611	9,825				53	113,437	211,383
Additions		427		116	247				61	239	1,090
Disposals				1,746	45					1,830	3,621
At the end of the period	1,278	36,606		48,981	10,027				114	111,846	208,852

01/01/2021-31/12/2021									Thousands/Omani Rial/Audited		
Accumulated Depreciation, Amortisation And Impairment	**Land**	**Building**	**Mining assets**	**Motor Vehicles**	**Furniture and Equipment**	**Computer equipment**	**Leasehold Improvements**	**Office Equipment**	**Capital Workin Progress**	**Others**	**Total**
ACCUMULATED DEPRECIATION, AMORTISATION AND IMPAIRMENT : CONSOLIDATED											
PARTICULARS											
At the beginning of the period		30,123		44,425	9,437					108,510	192,495
Charge for the period		1,465		2,598	409					6,453	10,925
Disposals		436		3,062	14					2,893	6,405
At the end of the period		31,152		43,961	9,832					112,070	197,015
ACCUMULATED DEPRECIATION, AMORTISATION AND IMPAIRMENT : STANDALONE											
PARTICULARS											
At the beginning of the period		30,006		41,242	9,129					97,618	177,995
Charge for the period		1,460		2,249	373					5,609	9,691
Disposals		436		2,834	14					2,317	5,601
At the end of the period		31,030		40,657	9,488					100,910	182,085

01/01/2020-31/12/2020									Thousands/Omani Rial/Audited		
Accumulated Depreciation, Amortisation And Impairment	**Land**	**Building**	**Mining assets**	**Motor Vehicles**	**Furniture and Equipment**	**Computer equipment**	**Leasehold Improvements**	**Office Equipment**	**Capital Workin Progress**	**Others**	**Total**
ACCUMULATED DEPRECIATION, AMORTISATION AND IMPAIRMENT : CONSOLIDATED											
PARTICULARS											
At the beginning of the period		27,952		43,278	9,010					103,233	183,473
Charge for the period		2,171		3,035	472					7,225	12,903
Disposals				1,888	45					1,948	3,881
At the end of the period		30,123		44,425	9,437					108,510	192,495
ACCUMULATED DEPRECIATION, AMORTISATION AND IMPAIRMENT : STANDALONE											
PARTICULARS											

At the beginning of the period		27,847		40,350	8,736					93,137	170,070
Charge for the period		2,159		2,633	437					6,295	11,524
Disposals				1,741	44					1,814	3,599
At the end of the period		30,006		41,242	9,129					97,618	177,995

31/12/2021											Thousands/Omani Rial/Audited
Net Book Value	**Land**	**Building**	**Mining assets**	**Motor Vehicles**	**Furniture and Equipment**	**Computer equipment**	**Leasehold Improvements**	**Office Equipment**	**Capital Work in Progress**	**Others**	**Total**
NET BOOK VALUE : CONSOLIDATED											
PARTICULARS											
Net Book Value	1,278	5,201		6,342	640				115	13,552	27,128
NET BOOK VALUE : STANDALONE											
PARTICULARS											
Net Book Value	1,278	5,148		5,433	565				115	9,591	22,130

31/12/2020											Thousands/Omani Rial/Audited
Net Book Value	**Land**	**Building**	**Mining assets**	**Motor Vehicles**	**Furniture and Equipment**	**Computer equipment**	**Leasehold Improvements**	**Office Equipment**	**Capital Work in Progress**	**Others**	**Total**
NET BOOK VALUE : CONSOLIDATED											
PARTICULARS											
Net Book Value	1,278	6,656		8,983	973				114	17,918	35,922
NET BOOK VALUE : STANDALONE											
PARTICULARS											
Net Book Value	1,278	6,600		7,739	898				114	14,228	30,857

01/01/2021-31/12/2021				Thousands/Omani Rial/Audited
Gross Book Value	**Licence**	**Computer Software**	**Other**	**Total**
GROSS BOOK VALUE : CONSOLIDATED				
PARTICULARS				
At the beginning of the period		3,327		3,327
Additions		53		53
At the end of the period		3,380		3,380
GROSS BOOK VALUE : STANDALONE				
PARTICULARS				
At the beginning of the period		3,214		3,214
Additions		52		52
At the end of the period		3,266		3,266

01/01/2020-31/12/2020				Thousands/Omani Rial/Audited
Gross Book Value	**Licence**	**Computer Software**	**Other**	**Total**
GROSS BOOK VALUE : CONSOLIDATED				
PARTICULARS				
At the beginning of the period		3,162		3,162
Additions		165		165
At the end of the period		3,327		3,327
GROSS BOOK VALUE : STANDALONE				
PARTICULARS				
At the beginning of the period		3,080		3,080
Additions		134		134
At the end of the period		3,214		3,214

01/01/2021-31/12/2021				Thousands/Omani Rial/Audited
Accumulated Amortisation And Impairment	**Licence**	**Computer Software**	**Other**	**Total**
ACCUMULATED AMORTISATION AND IMPAIRMENT : CONSOLIDATED				
PARTICULARS				
At the beginning of the period		2,955		2,955
Amortisation		108		108
At the end of the period		3,063		3,063
ACCUMULATED AMORTISATION AND IMPAIRMENT : STANDALONE				
PARTICULARS				
At the beginning of the period		2,874		2,874
Amortisation		100		100
At the end of the period		2,974		2,974

01/01/2020-31/12/2020				Thousands/Omani Rial/Audited
Accumulated Amortisation And Impairment	**Licence**	**Computer Software**	**Other**	**Total**
ACCUMULATED AMORTISATION AND IMPAIRMENT : CONSOLIDATED				
PARTICULARS				
At the beginning of the period		2,868		2,868
Amortisation		87		87
At the end of the period		2,955		2,955
ACCUMULATED AMORTISATION AND IMPAIRMENT : STANDALONE				
PARTICULARS				
At the beginning of the period		2,797		2,797
Amortisation		77		77
At the end of the period		2,874		2,874

31/12/2021				Thousands/Omani Rial/Audited
Net Book Value	**Licence**	**Computer Software**	**Other**	**Total**
NET BOOK VALUE : CONSOLIDATED				
PARTICULARS				
Net book value		317		317
NET BOOK VALUE : STANDALONE				
PARTICULARS				
Net book value		292		292

ANNUAL FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF DIRECTORS ON 10 Mar 2022

31/12/2020		Thousands/Omani Rial/Audited		
Net Book Value	Licence	Computer Software	Other	Total
NET BOOK VALUE : CONSOLIDATED				
PARTICULARS				
Net book value		372		372
NET BOOK VALUE : STANDALONE				
PARTICULARS				
Net book value		340		340

ANNUAL FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF DIRECTORS ON 10 Mar 2022