Galfar

2024 ANNUAL REPORT

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Galfar Engineering
& Contracting SAOG
Al Omran Street, Ghala Industrial
P.O. Box 533, Post Code 100
Muscat, Sultanate of Oman

" We will continue to consult the same core principles and values in laying the foundation of the new stage, in which our dear country, God willing, will march confidently forward towards the lofty status it desires to achieve. It is the goal which we all aspire for, utilizing all our resources and capabilities in the quest to protect our national interests. "

His Majesty Sultan Haitham Bin Tarik
November 2020

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شركـــاء في التنميــة

Partner In Progress

Galfar Engineering & Contracting SAOG

P.O. Box 533, Post Code 100,
Muscat, Sultanate of Oman

Tel: + 968 24525000
Fax: + 968 24525226
Email: galfar@galfar.com
Website: www.galfar.com

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01
About Galfar

Vision, Mission and Values

Our Vision

To be the preferred and trusted partner in development whilst creating a value - based sustainable growth for all our stakeholders.

Our Mission

-Achieve world class performance in project delivery.
-Innovate in projects and services execution.
-Maximize client value and satisfactions.

Our Values

- Integrity
- Respect
- Quality
- Safety
- Simplicity
- Continuous improvement

Our Strategy

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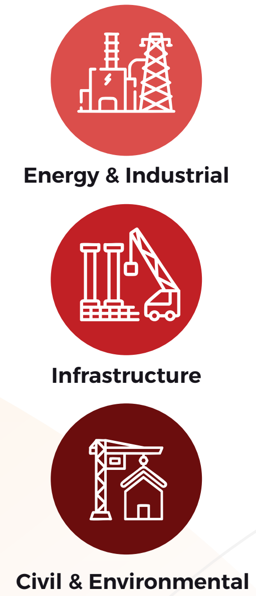
Galfar at a Glance

With remarkable growth over the past five decades, Galfar has contributed significantly to the development of Oman as a pioneer engineering and contracting firm.

By combining competence, competitiveness and timely delivery with the highest quality standards, Galfar has gained prominence in the field of construction and engineering.We have a longstanding tradition of serving our valued clients to their complete satisfaction through efficient management and excellent workmanship.

We are actively involved in three main business verticals, namely:



Across these three verticals, our Company strives to provide comprehensive and innovative solutions that address the challenges of today's rapidly evolving world.

We combine technical expertise, cutting-edge technologies, and a commitment to sustainability to deliver successful projects and contribute to the betterment of society.

Galfar is a trusted one-stop solution provider for our esteemed customers throughout the Sultanate because of its operational versatility and extensive logistical network, which rivals that of competitors.

Our company continuously strives to innovate and improve its efficiency in the era of advanced technologies and new techniques.

Recently and in collaboration with our partners we are pleased to have positioned Galfar firmly in the future of 3D Printing Technology and its growing application. Similarly, Galfar maintains a large base of employees working in various sectors in many geographical areas in Oman, where an average of 16,708 workers have been working on the company's projects over the past six years.

Our company strives to provide them with appropriate care in accordance with the laws and regulations of Oman and the International Labor Organization (ILO).

Goal Zero Approach

HSSE (Health, Safety, Security, and Environment) is a top priority within Galfar. Safety and security of our employees and stakeholders are of the utmost importance to us, as well as the protection of our environment.

Our vision is to achieve Goal Zero which encompasses our unwavering commitment to achieving zero harm, zero incidents, and zero environmental impact in all our operations and activities. It reflects our steadfast dedication to the highest standards of health, safety, and environmental stewardship. Moreover, this vision has been reflected into an actionable activity supported by frequent follow up meetings with agreed corrective actions.To maintain our commitment to HSSE, we have implemented strict guidelines, policies, and procedures for our employees and subcontractors to follow. We provide regular training and awareness programs to ensure that everyone is equipped with the knowledge and skills necessary to maintain their safety and wellbeing.

Our HSSE objectives include the prevention of accidents, incidents and occupational illness, and we strive to continuously improve our best practices and standards to achieve these goals. We believe that a strong focus on HSSE not only benefits our employees, but also our clients, the environment and the wider community at large. We remain committed to this priority and continue to make it an integral part of our company ethos.

HSSE Performance 2024

61
Total Man Hours Million

73
Total Kilometers Million

0.12
Lost Time Incident Frequency (LTIF)

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Energy & Industrial

We Laid over 10,000 Km Pipelines / Flowlines

We manage operations within the Oil and Gas sector, with an expanded scope covering Oil and Gas Plants (upstream and downstream), Petrochemical Plants, Manufacturing Plants, Industrial Plants, and projects encompassing both conventional and green energy sectors.

Galfar possesses the capability to deliver medium-sized EPC contracts within the Industrial sector, positioning us to fulfill both current and future industry demands. Our activities now encompass conventional and green energy projects as well. With a track record of several years demonstrating expertise in upstream service contracts—including Design, Civil, Mechanical, Electrical, and Instrumentation Services—we have successfully executed Oman's largest contract to date, valued at USD 2.19 billion. The unit boasts a formidable workforce of 5000 individuals, spanning a diverse range of expertise and skills. Our team manages service contracts from wellhead hook-up to delivery, including gathering stations, tailored to the needs of large, medium, and small-sized exploration and production companies. Our clients list includes prominent names such as Petroleum Development Oman, OQ, British Petroleum, Occidental Oman, Daleel, and others.

We have constructed more than 10,000 kilometers of flowlines and pipelines of varying diameters and materials both below and above ground including associated services. Partnering with multinational oil and gas companies, we carried out complex process requirements both in the upstream oil sector as well as upstream gas sector.

Recent works include the construction contract for the Salalah Liquified Petroleum Gas plant, Duqm Refinery and Yibal -Khuff Oil and Gas separation, processing and Sulphur recovery plant.Our projects portfolio includes several oil storages tanks (fixed and floating roof) gathering stations, compressor stations, and Enhanced Oil Recovery projects with complete controls and automation including DCS and SCADA control facilities, EPC of blast-proof buildings in the oil and gas sector. We have also designed and constructed power transmission systems from 11 kV to 220 kV , we're fully equipped to deliver power generation facilities.Our record in Health, Safety, Security and Environment (HSSE) is unbeatable by others in the sector. With a previous record of being honored with the British Safety Standards "Sword of Honour", we continue to excel in superior HSSE standards.

Infrastructure

We Constructed over 4,000 Km of Roads

With a strong track record of successfully executing both EPC and Construction projects, Galfar focuses on delivering high quality projects in various sectors such as Roads and Bridges, Airports and Seaports, Flood protection and recharge Dams, Water transmission and distribution networks, Operation and Maintenance of Water transmission networks, Infrastructure works of industrial parks and refineries, and large- scale earthmoving projects.

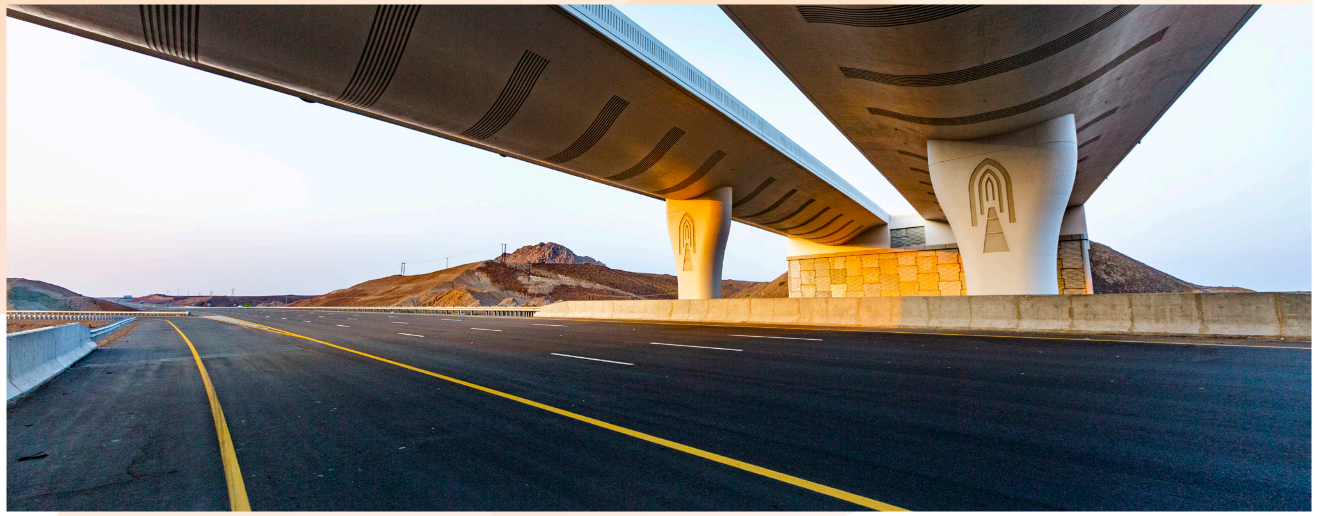
Galfar's Infrastructure team has played a significant role in the development of Oman's road infrastructure. With many years of experience, expertise, and innovative approaches, the team has constructed world-class roads and bridges that have contributed to the planned development across multiple governorates of Oman.

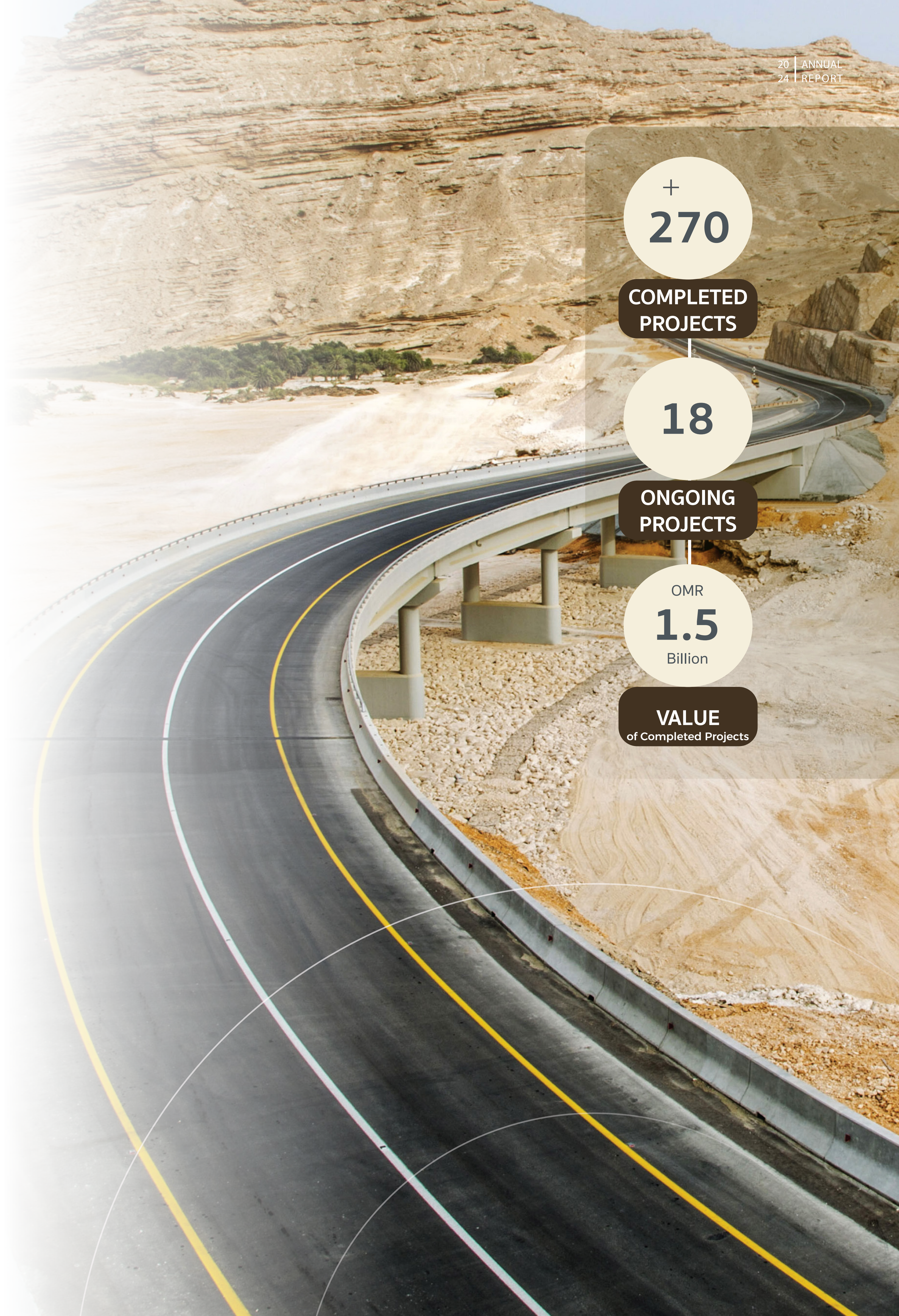
In fact, over the last three decades, Galfar's esteemed team has constructed nearly one third of Oman's roads. We take pride in our ability to undertake challenging projects and build landmark roads across Oman.

It is believed that, if you drive through any of the world-class roads and bridges in Oman, it is likely that Galfar's Infrastructure team has built it. Notable examples include the Muscat Expressway, Batinah expressway (Pkg 1 & 3), Jebel al Akhdar Road to Saiq, Bausher- Amerat Road, and Hasik Shuwaimiyah Road.

Galfar's Infrastructure team boasts significant achievements in constructing airports and ports, highlighting our versatility in infrastructure development. We've played a crucial role in building several airports across Oman, including leading all airside works at Salalah International Airport as a joint venture partner, and developing facilities for PDO ,OXY & Ras Al Hadd Airport.

In the marine sector, our projects span the construction of commercial and fishing harbors, reinforcing Oman's coastal infrastructure. Additionally, our contributions extend to dams, recharge structures, and large-scale water networks nationwide, underscoring our comprehensive expertise in enhancing Oman's infrastructure landscape.





+ 450
COMPLETED PROJECTS

6
ONGOING PROJECTS

OMR 1.6 Billion
VALUE
of Completed Projects

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Civil & Environmental

More than 50 years of Construction Excellence

Galfar has created benchmarks in the industry while delivering path breaking projects ,and has an excellent track record with regards to customer satisfaction. Being Galfar's first operating team, over the years, the Civil & Environment team has built several landmark projects including palaces, commercial establishments, housing complexes, educational institutions, hospitals, monuments, religious structures, stadia, showrooms, telephone exchanges and residences.

Being a company focused on safety and quality with ability to develop world class infrastructure, our civil and environment team has taken up large civil works for industrial facilities such as iron ore palletization plant, reservoirs, fertilizer plant, amongst others.

Our team has also constructed several hotels on turnkey basis across Oman. We undertook several medical facility projects, including the Medical City Hospital for Military & Security Services, Ibri, Nizwa, and Sur general hospitals. While the Ibri and Sur hospital projects were relatively modest in scope, the Nizwa Hospital project presented an opportunity for us to execute Mechanical, Electrical, Plumbing, and HVAC systems, thereby laying the foundation for larger projects such as the Salalah Extended Health Centre, National Heart Centre at Royal Hospital, Accident, Emergency & Burns unit, and Salalah Cardiac Centre.

In addition, we have executed several coveted projects for the Royal Court Affairs and other Statutory Authorities including guest complexes, office complexes, border posts, correctional facilities and other utility buildings. We are also involved in following sectors within overall Oman Complex Building such as Hotels, Hospitals and Airport Terminal Buildings Environmental Projects – STP and Sewage Networks, O&M of sewerage networks, and Building Facilities (Hospital / Educational facilities).

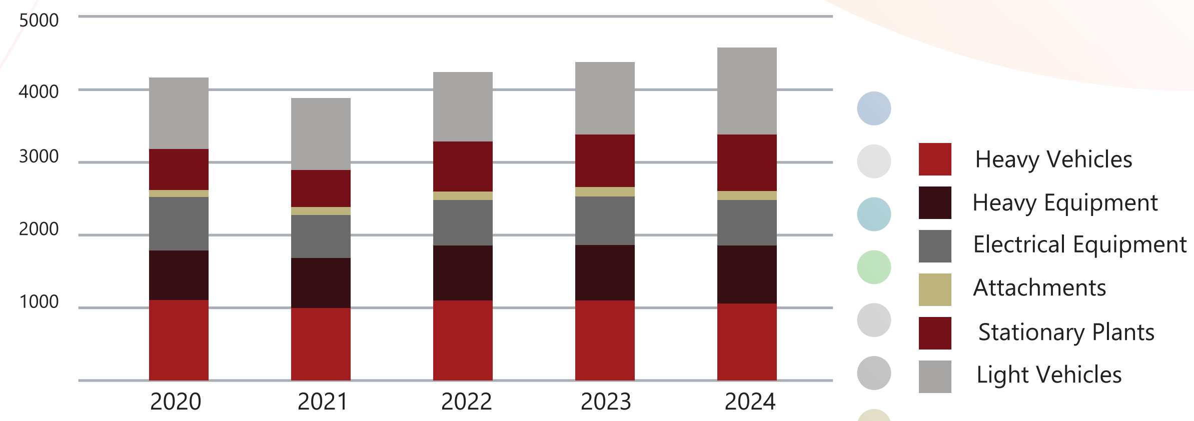
Galfar Integrated Facilities

As part of our effort to serve our clients, we have a huge fleet of construction Equipment and vehicles, ensuring that we are equipped to handle projects of any scale and complexity. Our diverse range of machinery includes excavators, bulldozers, loaders, cranes, dump trucks, concrete mixers, pavers, and more. These cutting-edge machines are sourced from renowned manufacturers and undergo regular maintenance to ensure optimal performance and reliability. This equipment are managed and maintained by the Plant Department through a well-experienced team of equipment engineers and technicians. Galfar has maintained a fleet capacity averaging to 4,340 equipment and machinery over the last five years. More than 50% of Galfar fleet includes heavy vehicles, equipment and Stationary plants. To assure availability and productivity, Galfar has it own dedicated state of the art workshop at Khazaen Economic City to maintain the company-owned machinery. This is to support the satellite workshop at project sites.

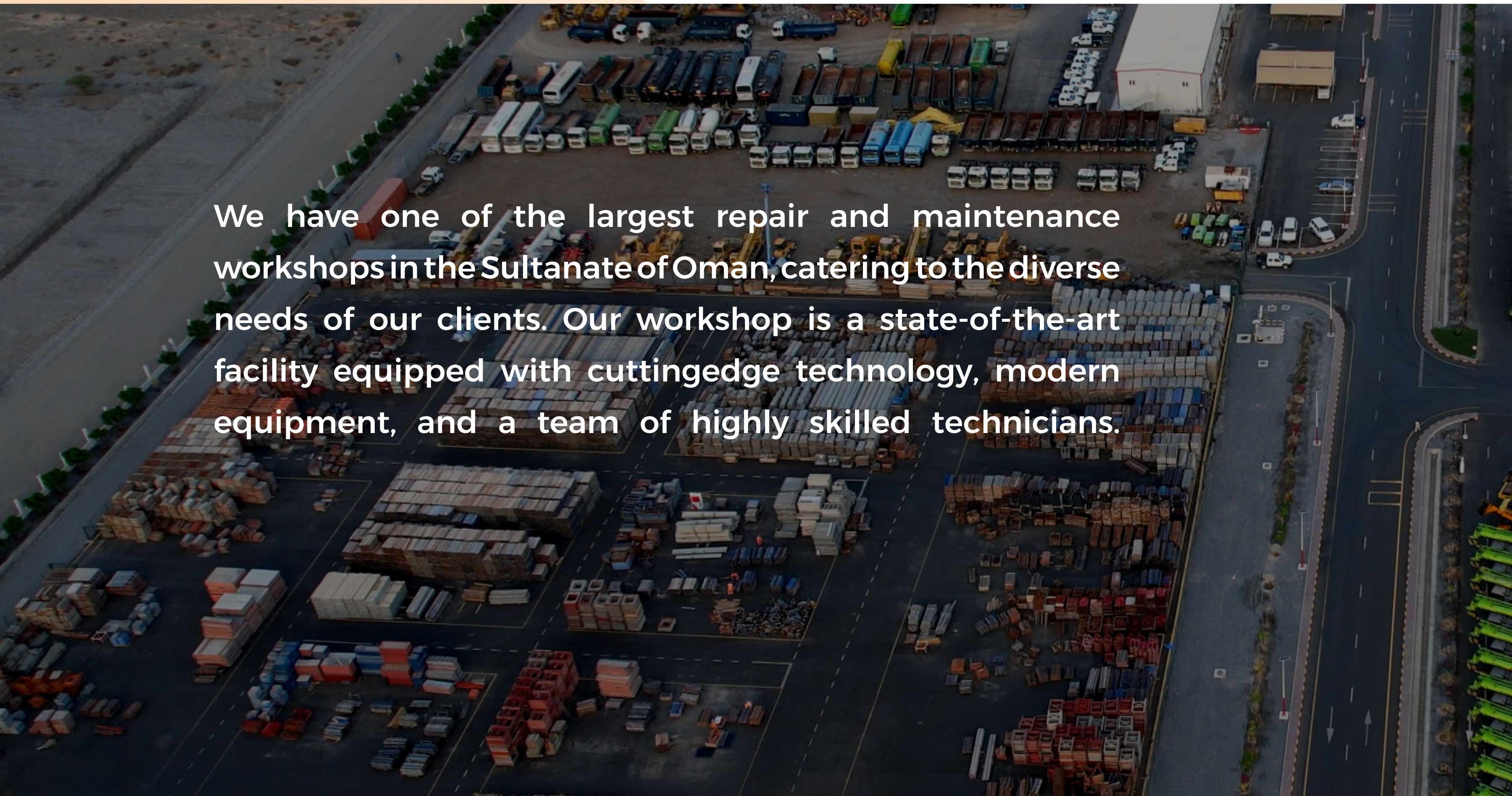
Industrial facility at Nizwa

Industrial facility was established in 2006 at Nizwa Industrial City of Madayn as a one stop shop to support the energy sector projects, process-oriented industries such as refineries, fertilizer plants, steel plants, power plants and general industrial sector with structural and piping (CSILTCS/SS/DSS/SDSS/Alloy) fabrication in compliance with contract requirements and specifications.

Galfar Fleet: Vehicles, Plant & Equipment



	2020	2021	2022	2023	2024
Grand Total	4233	3909	4277	4415	4558



We have one of the largest repair and maintenance workshops in the Sultanate of Oman, catering to the diverse needs of our clients. Our workshop is a state-of-the-art facility equipped with cuttingedge technology, modern equipment, and a team of highly skilled technicians.

Galfar Integrated Facilities

- **150 k** Area (sqm)
- **2500** Day (BWS) Man Hour
- **27%** Omanization Percentage
- **1.2 k** Average No of machines fixed per year
- **4.8 k** Total Fleet Holding
- **+250** Staff and workers accommodation

In-Country Value

We are proud that we are one of the largest publicly listed companies in Muscat Stock Exchange (MSX) since 2007 and have more than 3500 shareholders. The majority (>85%) of these shareholders, whether they are individuals or establishments like local companies and pension funds, are Omanis. This suggests that the company is likely deeply rooted in the local economy and culture of Oman.

Furthermore, Galfar is already an ICV rich organization by way of being among the leader in the employment of Omanis in the Private Sector with ~ +4300 Omanis and evident utilization of the local supply chain by way of posting 97% of purchases in the local market. Additionally, we have strategies and policies in place to further sustain and enhance our ICV stance where practically possible.

ICV Pillars

Omanization & Nationals development
- Increase Omanization
- Enhance national's skills and competencies

Knowledge transfer & R&D
- Enhance local industries competitiveness
- Enhance Local Innovation and Research and Development
- Strengthening Collaboration with local and International Partners

Local Suppliers development
- Improve supplier's capabilities & competitiveness

Goods and Services
- Ensure Company contracts' goods sourced from the local market and the SMEs.
- Ensure Company contracts' services sourced by local suppliers and SMEs.
- Maximize the reliance on the made in Oman products.

Social Investment
- Improve Youth development, cultural preservation and heritage Programs
- Enhance Community development and Environmental sustainability programs
- Promote health and well-being across the society

We are committed to increasing In-Country-Value (ICV) in Oman through investing in people, goods, and services and closely followed the development & objective of the local content.

As this is an important for the company & the industry to fully understand the implications & compliances thereof Galfar has continuously improved its ICV stance.

Our ICV Achievements 2024

+4380 Nationals employed

97% Of local Order volume of the total annual purchase and subcon tract value.

890 Employees recruited in 2024

45% Of the Purchase Orders value is spent on (Made in Oman Products)

+160 Trainees in 2024

10% Of total Subcontract order value is awarded to SME/LCC

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Galfar Subsidiaries

Furthermore, Galfar leverages its specialized expertise across its subsidiaries to deliver unparalleled services on large-scale projects. Galfar Aspire Readymix Concrete SPC excels in providing concrete solutions spanning the entirety of the Sultanate, ensuring comprehensive coverage and reliability. Meanwhile, Aspire Projects and Services SPC offers a diverse range of specialized services, including HVAC, MEP, carpentry, joinery, aluminum windows and facades, Extra Low Voltage (ELV) systems (both active and passive), as well as LED lighting solutions encompassing design, development, and implementation for projects of various scales.

الطموح Aspire

- Founded in 2011
- Project Service
Civil
IOT Solutions
MEP
BMS, Security, SCADA, ELV
- Facilities management

جلفار Galfar الطموح ASPIRE ready mix

- Founded in 2011
- Supply of specialized concrete for construction projects in oman.
- Supply of Micro-Concrete for 3D Printing.

AK Al Khalij Heavy Equipment & Engineering Co. LLC,

- Founded in 2011
- A leading provider of specialist Logistics & Cranage services including.
Rig Move & Support functions in Oman Cranage & Heavy Lifta Clearing & Forwarding Transportation & Logistics Service.

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02 Board of Directors

Bord of Directors

Eng. Majid Salim Al Fannah Al Araimi

Chairman

Eng. Majid holds a BSc in Engineering Management from the University of Missouri, USA. He is one of the Directors who has played an active role in developing the business of a group of private companies and several reputed educational institutions in the Sultanate of Oman. He is the Chairman of National Drilling and Services Co. SAOC, United Gulf Energy Resources SAOC and the Travel Point Group and holds office as the Vice Chairman of several private companies.

Eng. Mohiuddin Mohamad Ali

Deputy Chairman

Eng. Mohiuddin holds a BSc Civil Engineering graduate from Carnegie Mellon University, Pittsburgh, USA. He is the Vice Chairman of PMA International LLC and MFAR Group of Companies . He is the Chairman & Managing Director of Alpha Fishco LLC. He is the member of Board of Directors and Board of Trustees of National University of Science & Technology.

Mr. Hamdan Ahmed Al Shaqsi

Member

Mr. Hamdan holds an MBA majoring in Financial Management, ACCA finalist 1989 and is a Certified SAP ERP Consultant on CO module. He served for 20 years in various senior roles, in PDO, Oman LNG. In 2007 he became a co-founder, promoter, developer, and CEO of Gulf International Pipe Industry LLC (GIPI).

Eng. Shihab Salem Al Barwani

Member

Eng. Shihab holds a BSc in Instrumentation and Control System Engineering. He has over 40 years of experience in the upstream oil & gas sector including refinery and petrochemical industry with specialisation in Project Management covering the entire scope of the project.

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Eng. Maqbool Hussein Al Zadjali

Member

Eng. Maqbool holds a BSc in Mechanical Engineering from University of Sunderland (UK). He has over 35 years of experience in the Oil and Gas sectors, with particular expertise in major pipeline projects, construction management as well as facilities projects.

Mr. Mohamed Taqi Al Jamalani

Member

Mr. Mohammed holds a Bachelors in Economics and Finance from the UK and has completed a postgraduate certificate in International Capital Markets Qualification from London Institute of Securities. He is an experienced and professional in regulatory, financial legal fields and capital markets industry with more than 29 years of practice. In addition, he has knowledge and experience in real estate development, construction and in trading businesses.

Eng. Said Salim Al Hajri

Member

Eng. Said graduated with honors from Imperial College with a dual degree in Mechanical Engineering and a Master's Degree in Petroleum Engineering. He is also a graduate of The National CEO Program from IMD. He is an entrepreneur who has founded a few companies including Vision Advanced Petroleum Solutions (VAPS) and Local Line LLC.

Mr. Fazlin Anam

Secretary of the Board

Mr. Fazlin has over 28 years of experience in the Legal profession. He worked for seventeen years as an attorney and legal advisor in the Supreme Court of India before joining Galfar in 2012. He was appointed by the Board in the post of Board Secretary in November 2017.

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03
Executive Management

Executive Management

Dr. Hamoud Rashid Al Tobi

Chief Executive Officer

Dr. Hamoud holds a Ph.D. in Physical Sciences. He brings a wealth of experience from academiato the oil services sector, with notable leadership roles and substantial contributions at Petroleum Development Oman(PDO) , and as CEO of Al Shawamikh Oil Services Company. From 2020, as CEO of Galfar Engineering & Contracting, he continues to drive innovation and uphold quality standards, shaping the industry's trajectory.

Eng. Con Hickey

Chief Operations Officer

Eng. Con holds a Bachelor's in Civil Engineering and brings over 30 years of expertise inconstruction and project management, leading major projects across the globe. He has held keyroles, including Operations Director at IHCC Construction and Senior Project Director at DCKWorldwide, managing multi-billion-dollar projects and driving innovation in sustainable development and project execution.

Eng. Chandran Chinnakamu

Operations Director - Project Services Unit

Eng. Chandran holds a BSc in Engineering from Alagappa Chettiar Government College of Engineering & Technology . He has over 34 years of experience in infrastructure projects,including more than 12 years in executive management roles.

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Mr. Mohammed Humaid Al Yahyaei

Chief Finance Officer

Mr. Mohammed holds a Bachelor of Finance from Sultan Qaboos University and an MBA from The Executive Academy at Vienna University. He is an affiliate member of ACCA (UK) and ACPA certified. With over 20 years ofexperience. His leadership is instrumental in steering Galfar business transformation, growth strategies, and enhancing our financial and investment management frameworks.

Eng. Badar Hamed Al Abri

Vice President - Strategy & Business Development Unit

Eng. Badar has a BSc in Mechanical Engineering and an MBA from University of Strathclyde. He has over 21 years of experience in the oil & energy industry . His strategic approach includes financial forecasting, stakeholder management, and fostering community partnerships for sustainable growth. His focus on business development and innovation plays a key role in Galfar's ongoing success.

To Be Recruited

Vice President - Human Capital Unit

Mr. Praveen Kumar V

Vice President – Supply Chain Management Unit

Mr. Praveen holds a an MBA in Operations Management from Madurai Kamaraj University, India. With 23 years in Supply Chain Management, he's a PMP-certified professional known for his strategic leadership in procurement, subcontracts, and inventory.

Mr. Alizamin Syed

General Manager – QHSSE Unit

Mr. Ali Zamin has a Bachelor's degree in Science and holds over 23 years of professional experience, establishing himself as a seasoned expert in Quality, Health, Safety, Environment, and Security (QHSSE). His extensive expertise has been cultivated through hands-on roles in renowned construction, Oil & Gas, and Petrochemical projects across Oman, Kuwait, and India.

Eng. Mohammed Khalfan Al Ruzaiqi

Operations Director – Energy and Industrial Unit

Eng. Mohammed holds an MSc in Shell Master of Technology from Curtain University, Australia, and an MSc in Automation and Control Engineering from the University of Newcastle, UK. He has over 25 years of experience in the Oil & Gas sector. His extensive experience encompasses operations, engineering, project management, and contracts management.

Eng. Balaraaman Radhakrishnan

Operations Director – Infrastructure Unit

Eng. Balaraaman holds a Post-graduate Diploma in Construction Management. He has over 35 years experience encompasses pivotal projects across India, Malaysia, and Oman. He joined Galfar in 2011 as Project Director and later advancing to Unit Head in 2016.

Eng. Rami Saaifan

Operations Director – Infrastructure Unit

Eng. Rami, with 27 years of expertise in operations and construction, holds dual Bachelor's degrees in Civil Engineering and Business Management. He has served as Director – Operations for the last 9 years, excelling in strategic planning, resource management, and delivering high-profile projects.

Eng. Mahmoud Refaie

Operations Director - Civil & Environmental Unit

Eng. Mahmoud Refaie holds a BSC in Civil Engineering from Alexandria University , Egypt 1999 with 26 years of experience in multinational organisations 17 years UAE, 4 years KSA , 5 years Egypt.

04

Director’s Report

Director's Report

Eng. Majid Salim Al Fannah Al Araimi
Chairman

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the financial performance report of Galfar Engineering & Contracting SAOG ('the Parent Company') and its subsidiaries and associated companies (collectively 'the Consolidated Group') for the financial year ended 31 December 2024..

Overview:

	Parent Company (RO 000)		Consolidated (RO 000)	
	2024	2023	**2024**	2023
Revenue	**272,656**	238,811	**286,037**	249,854
EBITDA	**10,171**	10,039	**12,125**	11,171
Operating profit	**1,141**	3,725	**1,377**	3,866
Profit / (Loss) before tax	**(3,672)**	574	**(3,764)**	(49)
Net profit / (Loss) after tax	**(3,672)**	574	**(3,912)**	128

Overview of Financial Performance

Despite a challenging market landscape, Galfar has demonstrated resilience and strong revenue growth. The parent company reported revenue of OMR 272 million, marking a growth of 14.2% compared to the previous year. This growth in revenues reflects your company's ability to secure and execute strategic projects while maintaining a competitive market position.

Additionally, the company's order book grew by 70% from the previous year to reach a record level of approximately 1 billion worth of jobs in hand, hence, positioning us strongly for future sustainability and growth. This strengthening of the order book reflects our strategic success in securing high-value contracts, particularly within the Oil & Gas and Infrastructure sectors.

While we have achieved strong revenue growth and a robust order book, we acknowledge the reported net loss of OMR 3.6 million. This was primarily due to external market factors, cost pressures, and certain challenges that we are actively addressing. However, the positive revenue momentum and operational improvements provide a strong foundation for recovery and future profitability.

Our subsidiary companies have shown notable operational improvements, with key business units including Aspire Readymix, Aspire Projects, and Al Khalij Heavy Equipment making steady progress toward profitability. While these subsidiaries reported a combined loss of OMR 0.336 million, their turnaround strategies are delivering gradual improvements. Additionally, our associate company in Kuwait delivered a profit of OMR 0.096 million (Galfar Share), reflecting the strength of our regional operations.

The Parent Company continues to make-up 95% of the entire consolidated business.

Looking ahead, Galfar remains committed to strengthening profitability, optimizing costs, and enhancing operational efficiency. We have initiated strategic measures to improve cash flows, enhance working capital management, and drive efficiency in project execution. Our focus on innovation, digital transformation, and sustainable business practices will further position us for long-term success.

Outlook for the Future

Galfar is well-positioned to capitalize on its strong market position and drive sustainable growth. Our revisited strategic roadmap focuses on people & organization culture, operational excellence, financial resilience, and sustainability & diversification, ensuring that we continue to deliver value to our shareholders and stakeholders. Oman's economic expansion, fueled by government initiatives and private sector investments, provides a robust platform for our continued success. With a strong order book and a proactive approach to securing strategic projects, we are confident in maintaining momentum, enhancing profitability, and reinforcing leading position in the industry.

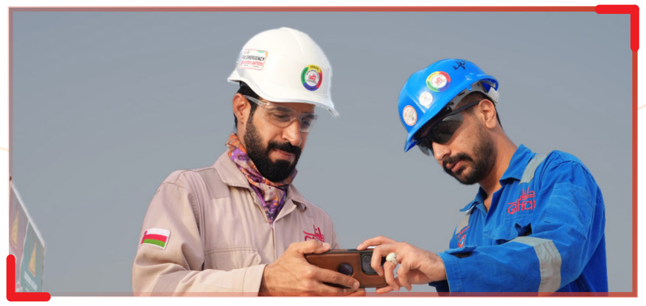
Aligned with Oman Vision 2040, we anticipate greater collaboration with the government and private sector through Public-Private Partnership (PPP) projects, reinforcing our role as a key contributor to national development. Our growing pipeline of projects in infrastructure, energy, utilities, and transportation presents significant opportunities to increase revenue and market share.

Furthermore, our commitment to innovation and sustainability positions Galfar as a future-focused industry leader, supporting Oman's net-zero emissions target by 2050. By leveraging technology, digital transformation, and efficiency-driven initiatives, we aim to enhance project execution and drive long-term competitiveness.

Diversification remains a core pillar of our long-term strategy, with a focus on emerging sectors such as Construction, Technology and Renewable Energy. Our strategic priorities include People & Culture, Innovation & technology, Operational excellence, Diversification, financial optimization, and enhanced stakeholder engagement, all of which are critical to our pathway toward sustainable growth.

At the heart of our success is our dedicated workforce, comprising over 4,400 capable Omani employees.

We are committed to investing in talent development, upskilling our workforce, and fostering a culture of excellence, ensuring we have the capabilities to meet future challenges and opportunities. As we build upon our strong foundation, Galfar remains steadfast in its mission as a flagship company in Oman's engineering and contracting sector. With strategic focus, operational discipline, and a forward-looking approach, we are confident in our ability to drive enhanced financial performance, strengthen shareholder value, and sustain long-term growth.



Gratitude & Appreciation

We express our sincere appreciation and gratitude to the Government under the wise leadership of His Majesty Sultan Haitham bin Tarik and for all the efforts taken by the Government to affirm the Country's fiscal position. Galfar has been instrumental in the development of Oman's infrastructure and various national objectives over the past five decades and is determined to continue so in the future.

As closing remarks, we would like to take the opportunity to thank all our esteemed stakeholders for their continued support and trust on Galfar. Our sincere appreciation and recognition also to the entire Galfar workforce who are driving the results achieved and the transformation being at the forefront of Galfar operations all across the Country.

Majid Salim Said Al Fannah Al Araimi
Chairman

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05
Corporate Governance Report

Corporate Governance Report

Board of Directors of Galfar and Management presents the Corporate Governance Report for the year ended 31 December 2024.

Company's Philosophy

Galfar Engineering and Contracting SOAG is committed to good corporate governance and healthy corporate practices. The concept of good governance envisages care of the Company to enhance the value of all its stakeholders by adhering to proper methods of management, internal controls, accountability, corporate governance rules and high level of transparency to the extent of not affecting the competitive position of the Company.

The Company follows principles of the Code of Corporate Governance for publicly listed companies, promulgated by the Capital Market Authority, wherein Transparency, Accountability, Fairness and Responsibility are the pillars of good Corporate Governance.

Board of Directors

The Board of Galfar comprises of 7 members, all of whom are non-executives and three of them are independent. Two Directors are deemed to be non-independent due to their membership in Subsidiary & Associate Companies. The Directors are well experienced in their diversified professional fields and have given great support to practice good governance, to supervise the performance of the Company's business with the view to ensuring its effectiveness and enhancement of shareholders value.

No Director is a member of more than 4 joint stock public companies whose shares are listed on the Muscat Stock Exchange (MSX) and no Director is chairman of more than 2 public companies whose principal office is in the Sultanate of Oman. None of the Directors are members of a Board of a joint stock public or closed company which carries out similar business and whose principal office is in the Sultanate of Oman.

Mission of Galfar Board is to lead the Company and achieve its objectives, short and long terms strategic plans, besides monitoring the Company's businesses and its operations.

In this context the Board gives support to Executive Management, without interfering in their day-to-day works, to perform their duties successfully and properly towards achieving the company's objectives.

The Board exercises its primary functions and duties in line with the principles provided for in the Code of Corporate Governance and other relevant laws of Sultanate of Oman and is assisted by various sub committees and the higher executive management of the Company.

Board of Directors

Sr. No	Name of Director	Designation	Category	Directorship in Other Joint Stock Companies
1.	Eng. Majid Salim Said Al Fannah Al Araimi	Chairman	Non-Independent Non - Executive	National Drilling Services & Co. SAOC United Gulf Energy Resource SAOC
2.	Eng. Mohiuddin Mohamad Ali	Deputy-Chairman	Non-Independent Non - Executive	National Drilling Services & Co. SAOC National University of Science & Technology SAOC United Gulf Energy Resource SAOC
3.	Mr. Hamdan Ahmed Hamood Al-Shaqsi	Director	Independent Non-Executive	
4.	Mr. Mohamed Taqi Ibrahim Al Jamalani	Director	Independent Non-Executive	National Life & General Insurance Co. SAOG Public Authority for Special Economic Zones and Free Zones. Oman Center for Governance and Sustainability
5.	Eng. Said Salim Ali Al Hajri	Director	Independent Non-Executive	Oman Shipping Company Minerals Development Oman SAOC Dhofar Tourism SAOG
6.	Eng. Maqbool Hussein Salih Al Zadjali	Director	Non-Independent Non - Executive	None Membership in Associate & Subsidiary
7.	Eng. Shihab Salem Amer Al Barwani	Director	Non-Independent Non - Executive	Al Jazeera Steel Products Co. SAOG Membership in Associate & Subsidiary

Board Meetings:

During the year 2024, the Board held 6 meetings. The dates of the meetings and the attendance details are given below:

Board Members	17 Jan	6 Mar	14 May	6 Jun	12 Aug	14 Nov
Eng. Majid Salim Al Fannah Al Araimi	✓	✓	✓	✓	✓	✓
Eng. Mohiuddin Mohamad Ali	✓	✓	✓	✓	✓	✓
Mr. Mohamed Taqi Al Jamalani	✓	✓	✓	✓	✓	✓
Eng. Said Salim Al Hajri	✓	X	✓	✓	✓	✓
Eng. Maqbool Hussein Salih Al Zadjali	✓	✓	✓	X	✓	✓
Mr. Hamdan Ahmed Hamood Al-Shaqsi	✓	✓	✓	✓	✓	✓
Eng. Shihab Salem Amer Al Barwani	✓	✓	✓	✓	✓	✓

√ (Attended) X (Regret)

Sub- Committees of the Board:

The following Sub-committees assist and support the Board in carrying out its responsibilities.

Executive Committee (EC)

The EC is a sub-committee of the Board which oversees operational matters. It is constituted to enable the Board to conduct and monitor the company's business and provides a mechanism for the Board to engage, within the limits granted to this sub-committee, in decision making, oversight, and communication on important organizational matters. It reviews the annual budget and business plan and monitors the performance of all Company's units.

Executive Committee Members	Designation	8 Jan	12 May	14 May	12 Aug	21 Aug	12 Nov	26 Dec
Eng. Majid Salim Al Fannah Al Araimi	Chairman	✓	X	✓	✓	✓	✓	✓
Eng. Mohiuddin Mohamad Ali	Member	✓	✓	✓	✓	✓	✓	✓
Eng. Shihab Salem Al Barwani	Member	✓	✓	✓	✓	✓	✓	✓
Eng. Maqbool Hussein Al Zadjali	Member	✓	✓	✓	✓	✓	✓	✓

Audit Committee (AC)

The AC comprises of 3 independent members. The primary function of AC is to assist the Board in fulfilling its responsibilities of monitoring and overseeing the adequacy and effectiveness of the internal control systems, procedures, financial reporting process, the effectiveness of the internal audit function and recommends the appointment of the external auditor. In performing its duties, the committee maintains effective working relationships with the board of directors, management, and the external and internal auditors. The Audit Committee held 5 meetings in the year 2024. The dates of the meetings and the attendance details are given below:

Audit Committee Members	Designation	4 Feb	3 Mar	12 May	11 Aug	6 Nov
Mr. Hamdan Ahmed Hamood Al-Shaqsi	Chairman	✓	✓	✓	✓	✓
Mr. Mohamed Taqi Ibrahim Al Jamalani	Member	✓	✓	✓	✓	✓
Eng. Said Salim Ali Al Hajri	Member	X	✓	✓	X	✓

Human Resource Nomination and Remuneration Committee (HRN&RC):

The Human Resource Nomination and Remuneration Committee (HRN&RC) comprises of 3 members. Other and was formed by the Board in accordance with the requirements of the Code of Corporate Governance for Public Listed Companies. The Committee scrutinizes Board candidate applications and assist the annual general meeting of the company in the nomination of proficient directors for election. It also assists the board in selecting the suitable executives to the executive management and oversee the succession planning for such key executives. The HRN&RC Committee held 2 meetings in the year 2024. The date of the meeting and the attendance details are given below:

Members of the Committee	Designation	4 Jun	17 Oct
Eng. Said Salim Ali Al Hajri	Chairman	✓	✓
Eng. Mohiuddin Mohamad Ali	Member	✓	✓
Eng. Shihab Salem Amer Al Barwani	Member	✓	✓

Sitting Fees & Remuneration to the Board of Directors:

The total sitting fees for board and sub-committee meetings held in 2024 is OMR 46,400.

Sr.	Name of Director	Sitting Fees	Remunerations	Total
1.	Eng. Majid Salim Said Al Fannah Al Araimi	6,600		6,600
2.	Eng. Mohiuddin Mohamad Ali	7,800		7,800
3.	Eng. Shihab Salem Amer Al Barwani	7,800		7,800
4.	Mr. Mohamed Taqi Ibrahim Al Jamalani	6,200		6,200
5.	Eng. Said Salim Ali Al Hajri	5,500		5,500
6.	Eng. Maqbool Hussein Salih Al Zadjali	6,300		6,300
7.	Mr. Hamdan Ahmed Hamood Al-Shaqsi	6,200		6,200
Total		46,400		46,400

Note: During 2024 the sitting fees dues of OMR. 7,900 from the earlier years has been paid.

The Annual General Meeting for the year 2023 was held on 28th March 2024 and was attended by all Board Members.

Corporate Social Responsibility (CSR):

In line with Principal 13 of the code of Corporate Governance, Galfar integrates its business values and operations to support and enhance the national socio-economic objective of Oman and to support community needs. Galfar is able to make a difference within its capabilities both monetarily and technically, by contributing to local communities wherever we deliver our projects. The Company is also active in supporting innovation and safety campaigns throughout the country and are always striving to improve stakeholder relationship and enhance reputation & standing.

Procedure for Standing as a Candidate for the Board:

The Company's Board of Directors comes up for election once in three years. The present board was elected in the Annual General Meeting held in 2023. The right to stand as a candidate for membership of the Board of Directors of the Company is open to shareholders and non-shareholders who satisfy the legal requirements provided for in the Commercial Company Law, the Articles of Associations of the Company and principles of the Code of Corporate Governance.

Any person who wishes to stand as a candidate for the Board and is eligible for the same as per the regulations as well as the Articles of association, is required to submit the candidacy form as prescribed by CMA. A candidate who stands for election to the Board is elected at the General Meeting by following the procedures laid down in the Commercial Companies Law, and rules and regulations issued by the CMA. The Company's Legal Advisor reviews the candidacy forms to ensure that all the required information is recorded and the candidates satisfy all the terms and conditions of the election process.

Key Management Remuneration:

Total remuneration during the financial year 2024 to key management staff was OMR 863,830/-

Non-Compliance:

The Company complies with the principles of Code of Corporate Governance and there were no penalties imposed on the Company in the year 2024.

Compliance with Rules and Regulations:

The Company has been following the applicable rules and regulations issued by MSX, CMA and those stipulated in the Commercial Companies Law and the Articles of Association of the Company. The Compliance with Rules and Regulations are monitored and ensured jointly by the Legal Department and Internal Audit in coordination with the other units.

The Company has in place internal regulations and control systems duly approved by the Board which includes Manual of Authority, policies for Whistle blowing, Code of conduct, Related Party Transactions, Revenue Recognition in addition to a Corporate Social Responsibility Policy. The Company follows the disclosure guidelines for Public Listed Companies issued by the Muscat Stock Exchange.

Communication with Shareholders and Investors:

The Company maintains good communication with shareholders and Investors and responds as much as possible to their queries and requests in line with the disclosures rules.

The Company publishes its un-audited financial results in MSX on a quarterly basis and the audited financial statements annually. Detailed financial statements are sent to shareholders on request. The Management discussion and analysis report forms an integral part of the Annual Report.

Statement on Market Price and distribution of Holdings:

Market High/Low price during each month of 2024:

Month	High	Low	Close	Month	High	Low	Close
Jan-24	0.170	0.150	0.155	Jul-24	0.170	0.148	0.148
Feb-24	0.166	0.140	0.154	Aug-24	0.150	0.130	0.132
Mar-24	0.165	0.140	0.163	Sep-24	0.136	0.120	0.120
Apr-24	0.174	0.133	0.159	Oct-24	0.126	0.101	0.108
May-24	0.175	0.160	0.164	Nov-24	0.112	0.088	0.092
Jun-24	0.174	0.163	0.165	Dec-24	0.097	0.076	0.076

Distribution of Ownership of Shares shareholders at 2024 (Including Shares preferential voting rights)

Sr.	Category	No. of Shareholders	No. of Shares	% of Shareholding
1.	Less than 5%	3,761	110,577,384	38.05%
2.	5% to 10%	3	57,552,775	19.80%
3.	Above 10%	3	122,520,787	42.15%
	Total	3,767	290,650,946	100.00%

There are no Securities / Convertible Financial Instruments as on the reporting date which will have an impact on the Shareholders' equity.

Profile of the Statutory Auditor

PWC is a network of firms with more than 370,393 people operating from 149 countries in 656 cities across the globe, making us the largest professional services provider in the world. We are committed to delivering quality services in Assurance, Tax and Advisory (which includes our Consulting, Deals and Strategy& practices) and Internal Firm Services. In doing so we help to build trust in society, enable our clients to make the most of opportunities and solve important business problems.

PWC has operated in the Middle East region for more than 40 years. Collectively, our Middle East network employs in the region of almost 12,000 people including over 499 partners and 766 directors working from 30 offices (in 22 locations) across 12 countries: Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, the Palestinian territories, Qatar, Saudi Arabia and the United Arab Emirates and 41% of our Middle East workforce is female. We are one of the fastest growing PwC member firms worldwide and the largest professional services firm in the Middle East.

PWC is strongly committed to Oman where we are recognised as one of the leading providers of quality business advisory services. We have had a local practice in Oman since 1971 and now have 9 partners, 1 of whom is Omani and 5 directors and approximately 144 members of staff operating from our office in Muscat. PWC refers to the PWC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.

Audit fees of the Company and Subsidiaries:

Audit Fees of Company and Subsidiaries and fees for other services paid to the Auditors for 2024

Amount (In RO)

Sr.	Particulars	Audit	Others
1.	Galfar Engineering and Contracting SOAG	65,500	2,000
2.	Al Khalij Heavy Equipment & Engineering LLC (Subsidiary)	3,000	
3.	Aspire Projects & Services LLC (Subsidiary)	3,000	
4.	Galfar Aspire Ready-mix SPC (Subsidiary)	3,500	

The Board of Directors acknowledges the preparation of financial statements in accordance with the applicable standards and rules. The internal control systems of the Company are efficient and adequate and that it complies with internal rules and regulations and there is no material matter that affects the continuation of the Company and its ability to continue its operations during the next financial year.

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Management Deliberation & Analysis Report

Management Deliberation and Analysis Report

Dr. Hamoud Rashid Al Tobi
Chief Executive Officer

General Overview

In 2024, the construction industry in Oman continued its robust performance, building on the momentum from previous years despite facing a range of global and local challenges. The sector witnessed steady growth, largely driven by the government's strategic focus on infrastructure development and economic diversification. Major projects across key areas like transportation, water infrastructure, residential developments, and tourism, remained pivotal in propelling the sector forward. Moreover, the increasing adoption of advanced technologies and sustainable practices contributed to improved operational efficiency and a reduced environmental footprint. Despite global economic uncertainties and fluctuating oil prices, Oman's construction sector demonstrated resilience, bolstered by strategic investments and the growing demand for urbanization and modernization. The sector's performance was further reinforced by government-led initiatives and continued investment in critical infrastructure.Aligned with Oman Vision 2040, the construction industry remains a key driver of the nation's economic diversification efforts. The government's continued focus on modernizing infrastructure and developing critical sectors is expected to foster long-term growth within the industry. By prioritizing sustainability, technological innovation, and efficient project execution, Oman is positioning its construction sector as a cornerstone of the broader vision for a diversified, sustainable, and prosperous economy in the years ahead.Oman's unwavering commitment to economic diversification continues to position the nation, and by extension the construction sector, for sustained growth and long-term prosperity. This trajectory ensures the sector's resilience, adaptability, and continued contribution to Oman's vision of becoming a diversified and sustainable economy.

Performance overview in 2024

The Group's financial results for the year ended 31 December 2024 reflect a turnover of RO 286 million, marking an increase from RO 250 million in 2023. The Group reported a loss after tax of RO 3.9 million, compared to a profit of RO 0.1 million in the previous year.The Parent Company recorded a turnover of RO 273 million (2023: RO 238 million) with a loss after tax of RO 3.7 million, compared to a profit of RO 0.6 million in 2023.

Subsidiary Performance

Galfar Aspire Ready-mix SPC, specializing in ready-mix concrete production, achieved a turnover of RO 16.1 million (2023: RO 14.3 million) with a profit after tax of RO 0.6 million (2023: RO 0.9 million).

Aspire Projects and Services SPC, a specialized engineering and services company, recorded a turnover of RO 4.4 million (2023: RO 1.6 million) and a loss of RO 0.8 million, consistent with 2023. Al Khalij Heavy Equipment & Engineering LLC, engaged in equipment rentals, reported a turnover of RO 3.0 million (2023: RO 2.4 million) and a loss of RO 0.1 million, the same as in 2023.

Key Considerations and Outlook

The financial performance for the year was influenced by external market factors, cost pressures, and legacy challenges, which are actively being addressed. Despite these challenges, the company has witnessed positive revenue momentum, supported by operational improvements that provide a strong foundation for future recovery and profitability. During the year, the company secured new orders worth RO 616 million, including RO 40 million in additional work within existing contracts. As a result, the total value of orders on hand as of 31 December 2024 exceeds RO 970 million, reinforcing confidence in the company's growth trajectory and future outlook.

Business Scenario

Galfar remains firmly committed to its transformation strategy, achieving significant results that strengthen our competitive edge. A core component of this strategy is Diversification and Sustainability, where we have made substantial progress over the past several years. Our sustainability efforts include implementing energy-saving measures across Galfar premises, and developing a comprehensive decarbonization strategy and plan. We have also taken tangible steps by executing an in-house renewable energy project. Underscoring this commitment, Galfar actively participates in ESG (Environmental, Social, and Governance) initiatives and reporting, supported by a dedicated team focused on these vital areas. In line with our strategic pillar of diversification, Galfar has successfully entered the railway sector through the Hafeet Rail project and is actively pursuing additional opportunities. We have also secured a Project Delivery Contract with Petroleum Development Oman and expanded our client portfolio by onboarding Grand Blue City and Hafeet Rail. Furthermore, we have achieved prequalification for DBOOM and PPP project tenders, reinforcing our commitment to diversified and sustainable growth.

At Galfar, our commitment to Project Delivery Excellence continues to drive our pursuit of delivering world-class solutions. Under the Brand Reputation pillar, we have amplified our positive societal impact through impactful CSR initiatives and robust ICV programs, contributing meaningfully to community development and national priorities. Our dynamic brand presence has extended beyond traditional boundaries, with a strong digital footprint characterized by active engagement on social media platforms and strategic participation in prominent local events. These initiatives have reinforced Galfar's position as a trusted and forward-thinking leader in the industry. Strategic partnerships remain central to our success as we prioritize strong relationships with both clients and partners. Despite market challenges, we have demonstrated consistent improvement in financial and liquidity performance, showcasing our resilience and adaptability.

Our commitment to the strategic pillar of Technology and Innovation drives excellence, creativity, and operational efficiency. By adopting advanced technologies and promoting digitization, we continue to enhance our project execution capabilities. Under the Restructuring and Capabilities pillar, we have optimized internal processes and bolstered in-house expertise, strengthening our ability to deliver complex projects efficiently.In response to the growing demand for sustainable energy, we recognize the increasing significance of hydro, wind, solar, and geothermal energy sources in the global energy mix. This trend aligns with Oman's Vision 2040, where Galfar plays a pivotal role in driving sustainability, fostering nationalization, and championing innovation. By leveraging our vast resources and infrastructure, Galfar remains well-positioned to capitalize on emerging opportunities and contribute meaningfully to the nation's development objectives.

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Moving Forward
with Confidence
رؤية عُـمـان
2040
OmanVision

Galfar's Pioneering Path to Net Zero
A pivotal highlight of 2024 was Galfar's remarkable contribution toward Oman's net-zero goals, achieving a carbon footprint reduction of 4,267 tonnes of CO_2. This achievement underscores the Company's unwavering commitment to embedding eco-friendly practices across its operations. As the global impact of climate change escalates, Galfar recognizes the urgent need to decarbonize and transition to cleaner energy solutions. In alignment with the Sultanate of Oman's net-zero target for 2050 under the visionary leadership of His Majesty Sultan Haitham bin Tarik, Galfar has embarked on a transformative journey to strategically address and reduce CO_2 emissions. This commitment is driven by a multifaceted approach grounded in regulatory compliance, environmental responsibility, and market competitiveness. Galfar views sustainability as a key differentiator, aiming not only to meet but to exceed industry standards, appealing to environmentally conscious clients while demonstrating leadership in sustainable practices. The Company's comprehensive Net Zero strategy involves setting emission baselines, identifying reduction initiatives, and implementing sustainable practices that prioritize operational efficiency.

Through continuous monitoring, transparent reporting, and stakeholder communication, Galfar ensures accountability and tracks its environmental progress.
By adopting systematic processes and maintaining a steadfast commitment to sustainability, Galfar is not only reducing CO_2 emissions but also setting a benchmark for sustainable business practices within its industry.

In-Country Value
Galfar is committed to fostering a comprehensive approach centered on key strategic pillars, including Goods & Services, Omanization, and National Development. The company prioritizes the transfer of knowledge and investment in Research & Development to drive innovation and enhance operational efficiency.

Galfar also places strong emphasis on the development of Small and Medium Enterprises (SMEs), contributing to a robust local supply chain. In alignment with its corporate social responsibility objectives, Galfar actively invests in social development initiatives to create sustainable value for communities and support the nation's growth aspirations. Our approach goes beyond construction, embracing a holistic strategy aimed at strengthening the nation's economic and social landscape.Central to our mission is a strong focus on the recruitment, development, and empowerment of Omani talent.We recognize the invaluable contributions of Omani nationals and prioritize their professional growth, fostering an environment where they can excel within our organization and the broader industry. We actively support local industries by prioritizing the procurement of "Made in Oman" goods and services. This commitment strengthens the national economy and bolsters economic self-reliance. Additionally, we are dedicated to empowering Small and Medium-sized Enterprises (SMEs) by creating opportunities for collaboration and sustainable growth. Innovation is a cornerstone of our operations. We invest in research and development initiatives to drive progress within the sector, continuously seeking new ways to enhance our capabilities and contribute meaningfully to Oman's development.As responsible corporate citizens, we fully embrace our Corporate Social Responsibility (CSR) obligations. We actively participate in initiatives that uplift communities and improve the quality of life for Oman's people.In every aspect of our operations, we are committed to exemplifying excellence and adhering to the principles of ICV. Our goal is not only to build infrastructure but also to contribute to a brighter, more prosperous future for Oman and its people.

Corporate Social Responsibility (CSR)

In 2024, Galfar reaffirmed its unwavering commitment to supporting local communities across Oman through a wide array of impactful Corporate Social Responsibility (CSR) initiatives. As a leading construction company, Galfar understands the importance of fostering community engagement and contributing to social, educational, and economic development, which form the bedrock of sustainable growth.

In the education sector, Galfar provided sponsorship to the Engineering Society at Sultan Qaboos University for the academic year 2023-2024. This support enabled the organization to conduct student development programs and events aimed at fostering innovation, creativity, and leadership skills among future engineers, thereby nurturing the next generation of Omani professionals. Galfar's commitment to preserving and promoting Oman's rich cultural heritage

was evident through its sponsorship of the "Barka Fort Nights" event during Eid Al-Adha. The event served as a vibrant platform to celebrate local traditions, attract tourism, and support local SMEs. Additionally, Galfar sponsored the 2024 Jabal Al Akhdhar Summer Event, which not only enhanced tourism in the region but also created valuable business opportunities for the local community, contributing to regional economic growth.As part of its ongoing CSR efforts to support community infrastructure and religious spaces, Galfar extended its support to SAY Masjid in Duqm by contributing to the purchase of a high-quality rug for the mosque. This initiative underscores Galfar's commitment to fostering spiritual well-being and creating comfortable spaces for worship within local communities. By investing in such meaningful contributions, Galfar continues to strengthen its ties with the communities it serves and promotes a sense of unity and shared values across the Sultanate.

Through these diverse initiatives, Galfar continues to demonstrate its role as a responsible corporate leader committed to empowering local communities. By addressing educational development, cultural preservation, tourism promotion, and sports engagement, Galfar reinforces its pledge to support the Sultanate's vision for sustainable growth and national development while fostering stronger, more resilient communities.

Quality, Health, Safety and Environment

At Galfar, we are committed to upholding the highest standards in Quality, Health, Safety, and Environment (QHSE), ensuring excellence across all facets of our operations. Our adherence to internationally recognized certifications—including ISO 9001:2015 & ISO/TS 29001:2010 for Quality Management, ISO 45001:2018 for Occupational Health & Safety, and ISO 14001:2015 for Environmental Management—continues to distinguish us as an industry leader. In 2023, we successfully navigated operational challenges amid increased work activities, workforce expansion, and integration of new subcontractors and vendors.

Our proactive approach, driven by the Goal Zero initiative, targeted HSE campaigns, hazard awareness programs, and rigorous L3 audits, ensured the safety and well-being of our workforce. Our unwavering focus on safety yielded exceptional results, with a lost time injury frequency (LTIF) of 0.05—well below the set threshold of 0.18—and a total recordable case frequency (TRCF) of 2.94, outperforming the industry benchmark of 4.0.We also undertook key safety initiatives, including near-miss reporting, hand and finger safety, and road safety campaigns, reinforcing our commitment to continuous improvement.These efforts were recognized with prestigious accolades in 2024, as Galfar was honoured with the British Safety Award. We were declared the Best Contractor by OXY—a testament to our steadfast dedication to QHSE excellence. As we move forward, our sustainable and smart QHSE performance indicators for 2024

will drive further enhancements to our business processes. Through continuous improvement, stringent compliance, and an unwavering commitment to safety, we remain confident in delivering operational excellence while instilling confidence among our stakeholders.

Human Capital

Galfar is committed to developing its resources and maintaining its Omanization targets. Galfar aims to accomplish employee development through transparent and harmonious human capital policies, maintain a motivating work environment, and retain talent. The goal is to be seen as one of the leading employers offering satisfying career opportunities and an environment that thrives with dedication, creativity, and innovation. Galfar continued its uncompromised commitment to the employment of nationals. In 2024, Galfar recruited 890 Omanis. With more than 4200 nationals, Galfar prides itself on being one of the largest employers of the national workforce in the private sector."

Galfar outlook for 2025

As Oman unveils its 2025 budget, which emphasizes strategic investments in infrastructure, energy, and public services, the construction sector is poised for dynamic growth. Galfar Engineering & Contracting stands at the forefront of this development with an impressive order book valued at over RO 970 million. This record-breaking backlog provides a strong foundation for operational stability and sets the stage for Galfar's journey toward profitability and sustained growth.Oman's budget priorities, which include infrastructure modernization and energy diversification, present abundant opportunities for Galfar. The company's strategic emphasis on the energy sector aligns perfectly with the country's focus on renewable and conventional energy investments. Galfar's extensive expertise positions it well to support these national development goals. Galfar remains deeply engaged across diverse sectors, including Energy & Industrial, Infrastructure, Civil & Environmental, and Operation & Maintenance. The company's operational versatility and robust logistical network enable it to handle diverse and challenging projects efficiently across the Sultanate. As a trusted one-stop solution provider, Galfar consistently delivers innovative and superior results that exceed client expectations.

As a responsible Public Joint Stock Company, Galfar is committed to maximizing returns from its substantial order book by rigorously executing strategic objectives outlined in its transformation strategy. The company remains proactive in securing new contracts across its specialized business units to diversify its portfolio and capitalize on emerging market opportunities. Galfar's strategic focus includes enhancing project delivery efficiency to drive profitability, adopting advanced technologies and green practices to meet evolving client and regulatory demands, and strengthening relationships with key stakeholders through superior service delivery. By leveraging its unmatched operational flexibility, strong market presence, and innovative mindset, Galfar is well-positioned to be a key contributor to Oman's national development while delivering long-term value to its stakeholders. As the country's construction landscape continues to evolve, Galfar stands ready to lead with purpose, resilience, and excellence.

Risks

The construction industry inherently involves numerous risks, and 2024 has presented its share of challenges. Galfar Engineering & Contracting remains committed to effectively managing these risks through a comprehensive and dynamic risk management framework deployed across all business units. This system aligns risk management with operational and strategic objectives, allowing the Company to proactively address uncertainties, mitigate potential threats, and seize emerging opportunities.

The continuous involvement of the management leadership team ensures regular assessments and discussions on risk factors and mitigation strategies, enabling the organization to respond swiftly to evolving market and operational challenges. Despite the inherent risks in the construction sector, Galfar holds a robust confirmed order book and a promising project pipeline, essential for business sustainability and growth. The Company continues to strengthen its position by leveraging its extensive resource base, including skilled personnel, advanced equipment, and a proven 50-year track record. Galfar's technical excellence and diversified portfolio across multiple sectors provide a strong foundation to navigate uncertainties and deliver value-driven solutions.As we move forward, Galfar remains unwavering in its commitment to delivering operational excellence, maintaining resilience, and driving value creation for its stakeholders in an evolving and competitive construction landscape.

Our gratitude and commitment

We extend our sincere gratitude and appreciation to the Board of Directors, management, and all employees of Galfar and its affiliated companies for their exceptional dedication and commitment throughout 2024. Your loyalty, adaptability, and unwavering support for the transformative changes implemented have been instrumental in navigating the year's challenges and achieving key milestones for the Galfar. We also express our deep thanks to the Government of the Sultanate of Oman, our valued shareholders, esteemed customers, financial institutions, and business partners for their continued trust, encouragement, and partnership. Your steadfast support remains a cornerstone of our success.

As we look forward, we reaffirm our commitment to supporting the Government's strategic initiatives and contributing to the realization of Oman Vision 2040 under the wise and visionary leadership of His Majesty Sultan Haitham bin Tarik.

Dr. Hamoud Rashid Al Tobi
Chief Executive Officer

07

Independent Audit Report

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Independent auditor's report to the shareholders of Galfar Engineering and Contracting SAOG

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements of Galfar Engineering and Contracting SAOG (the "Parent Company") and the consolidated financial statements of the Parent Company and its subsidiaries (together, the "Group") present fairly, in all material respects, the respective financial positions of the Parent Company and the Group as at 31 December 2024, and their respective financial performance and their respective cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The financial statements of the Parent Company and the consolidated financial statements of the Group (together "these financial statements") comprise their respective:

- statement of financial position as at 31 December 2024;
- statement of comprehensive income for the year then ended;
- statement of changes in equity for the year then ended;
- statement of cash flows for the year then ended; and
- notes to these financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of these financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of these financial statements in the Sultanate of Oman. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Overview

Key Audit Matter	• Revenue recognition from contracts with customers (Parent Company and the Group)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in these financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

PricewaterhouseCoopers LLC, Salam Square - South, 4th Floor, Suites 402-404, Madinat Al Sultan Qaboos
P.O. Box 3075, Ruwi, Postal Code 112, Muscat, Sultanate of Oman, T: +968 2 455 9110,
F: +968 2 456 4408, www.pwc.com/me

Chartered Accountants Licence No. L1065369, Management Consultants Licence No. L1065290,
Commercial Register No. 1230865 Tax Card No 8055889

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Independent auditor's report to the shareholders of Galfar Engineering and Contracting SAOG

Our audit approach (continued)

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on these financial statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls, and the industry in which the Group and the Parent Company operate

Key audit matters

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

Key audit matters	How our audit addressed the Key audit matter
Revenue recognition from contracts with customers (Parent Company and the Group) The Group and the Parent Company recognised revenue from long-term construction contracts of RO 264 million and RO 263 million respectively for the year ended 31 December 2024, as disclosed in Note 5 to the financial statements. Revenue is recognised in accordance with IFRS 15, "Revenue from Contracts with Customers", using both the input method (based on costs incurred relative to total estimated costs) and the output method (based on certified work done or milestones achieved). The selection of the appropriate method for each contract requires significant management judgment. The key areas of judgment include: • Selection of the measurement method - determining whether the input or output method best reflects progress toward completion for each contract. • Estimating total contract revenue, including contract modifications, variable consideration (e.g., variations and claims), and potential liquidated damages. • Estimating total contract costs, including contingencies for cost overruns and potential inefficiencies. • Assessing the stage of completion, particularly for contracts using the output method where external certifications or milestone assessments are required. • Determining provisions for onerous contracts when total estimated costs exceed expected contract revenue. Given the complexity, estimation uncertainty, and potential financial statement impact, revenue recognition on long-term construction contracts was identified as a key audit matter, with a particular focus on existence/occurrence and accuracy of revenue. Further details on the Group's and Parent Company's accounting policy for revenue recognition and significant estimates are provided in Note 2 and Not 4 to the financial statements.	Our audit procedures included, among others: – Evaluating the Group's and Parent Company's accounting policies for compliance with IFRS 15 (refer Note 2). – Testing the design and implementation of key controls over contract initiation, budgeting, and cost estimation. – Selecting a sample of contracts and: ▪ Reviewing contract terms, including performance obligations, variations, and claims. ▪ Assessing management's selection of either the input or output method for measuring progress, considering industry practice and contract terms. ▪ Testing revenue recognized under the input method by verifying costs incurred to supporting documentation and assessing the reasonableness of estimated total costs. ▪ Testing revenue recognized under the output method by verifying external certifications, milestone approvals, or internal progress assessments. – Evaluating contract margin adjustments and provisions for expected losses. – Comparing previous projected estimates with current year projected estimate to assess the accuracy of management's judgments. – Evaluating the adequacy of financial statement disclosures regarding revenue recognition policies, key estimates, and uncertainties.

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Independent auditor's report to the shareholders of Galfar Engineering and Contracting SAOG

Other information

The directors are responsible for the other information. The other information comprises the Director's Report, Management Deliberation and Analysis report and Corporate Governance Report (but does not include these financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date.

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

In connection with our audit of these financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with these financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors.

Responsibilities of the directors for these financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the relevant requirements of the Financial Services Authority of the Sultanate of Oman and the applicable provisions of the Commercial Companies Law of 2019, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, the directors are responsible for assessing the Parent Company and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Parent Company and the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of these financial statements

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

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

- Identify and assess the risks of material misstatement of these financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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Independent auditor's report to the shareholders of Galfar Engineering and Contracting SAOG

Auditor's responsibilities for the audit of these financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's and/or the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's and/or the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company and/or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of these financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Parent Company and/or the Group as a basis for forming an opinion on these financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

Further, as required by the relevant requirements of the Financial Services Authority of the Sultanate of Oman and the applicable provisions of the Commercial Companies Law of 2019, we report that these financial statements have been prepared and comply, in all material respects, with those requirements and provisions.

M. Lalwani

PricewaterhouseCoopers

PricewaterhouseCoopers LLC C.R. No 1230866

Mahesh Lalwani
Muscat, Sultanate of Oman
10 March 2025

The Board of Directors
Galfar Engineering & Contracting SAOG
P O Box 533
Postal Code 100
Muscat
Sultanate of Oman

Dear Sirs

Agreed-upon procedures report of factual findings in connection with the XBRL filing requirement of Galfar Engineering and Contracting SAOG ("the Parent Company") and its subsidiaries (together, the "Group")

Purpose of this Agreed-upon procedures report

This report is produced in accordance with the terms of our agreement dated 3 June 2024. The procedures were performed solely to assist the directors of Galfar Engineering and Contracting SAOG ("the Parent Company") in fulfilling its XBRL reporting obligations prescribed by the Financial Services Authority (FSA) of the Sultanate of Oman and may not be suitable for another purpose.

Your responsibilities

The directors of the Parent Company are responsible for the preparation of the financial statements of the Parent Company and the consolidated financial statements for the Group for the year ended 31 December 2024 and the related XBRL filing documents comprising the Auditor's Report, Statement of Financial Position, Statement of Comprehensive Income, Statement of changes in equity, Statement of cash flows and the notes to the financial statements (the "XBRL forms") and remain solely responsible for it and for the creation and maintenance of all accounting and other records supporting its contents. The Parent Company's directors are also responsible for identifying and ensuring that the Group complies with the XBRL filing requirements as issued by the FSA.

You are responsible for determining that the scope of the services is sufficient for your purposes and have confirmed that the procedures described herein are appropriate for the purpose for which the services were engaged.

Our responsibilities

We have performed the procedures agreed with you and listed below on the XBRL forms as prepared by the directors. Our work was performed in accordance with the International Standard on Related Services (ISRS) 4400 (Revised) 'Agreed-Upon procedures Engagements.'

We have complied with the ethical requirements in the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code).

An Agreed-upon procedures engagement involves performing the procedures that have been agreed with you, and reporting the findings, which are the factual results of the Agreed-upon procedures performed. We make no representation regarding the appropriateness of the Agreed-upon procedures.

Our firm applies the International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Agreed-upon procedures report of factual findings in connection with the XBRL filing requirement of Galfar Engineering and Contracting SAOG ("the Parent Company") and its subsidiaries (together, the "Group") (continued)

Procedures and findings

We performed the following procedures:

1. We obtained the XBRL filing documents comprising the XBRL forms and the audited financial statements of the Parent Company and the Group for the year ended 31 December 2024.

2. We agreed the financial information included in the XBRL forms to the audited financial statements of the Parent Company and the Group as at and for the year ended 31 December 2024 on which we have expressed an unmodified opinion dated 10 March 2025. In respect of the information which could not be directly derived from the audited financial statements, we agreed such information to the underlying schedules and groupings prepared by the management.

3. agreed the text of the Auditor's Report as stated in the XBRL forms with the signed Independent Auditor's Report as issued by the Group's auditor on the financial statements of the Parent Company and the Group for the year ended 31 December 2024.

Based on the above procedures, we did not find any exceptions.

Our procedures, as stated in our agreement, did not constitute an audit or assurance engagement made in accordance with generally accepted auditing or assurance standards, the objective of which would be the expression of assurance on the contents of the XBRL forms. We do not express such assurance. Had we performed additional procedures or had we performed an audit or assurance engagement on the XBRL forms, other matters might have come to our attention that we would have reported to you. This report relates only to the XBRL forms and does not extend to any financial statements of the Parent Company and the Group taken as a whole.

Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Parent Company and the Group or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Parent Company and the Group.

Restriction on distribution and use

This report is solely for your use in connection with the purpose specified above and as set out in our agreement and is not to be used for any other purpose. No part of this report is to be copied or distributed to any other party except as permitted under the terms of our agreement. We do not accept any liability or responsibility to any third party.

Yours faithfully,

PricewaterhouseCoopers

PricewaterhouseCoopers LLC
C.R. No 1230865

Muscat, Sultanate of Oman
10 March 2025

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Agreed-upon procedures report on factual findings in connection with the Corporate Governance report

To the Board of Directors of Galfar Engineering and Contracting SAOG

Purpose of this Agreed-upon Procedures Report

Our report is solely for the purpose of assisting the directors of Galfar Engineering and Contracting SAOG (the "Company") in determining whether their Corporate Governance Report is in compliance with the Code of Corporate Governance (the "Code") of the Financial Services Authority of the Sultanate of Oman ("FSA"), as prescribed in the FSA Circular No. E/10/2016 dated 1 December 2016 (together the "Governance Code") and may not be suitable for another purpose.

Responsibilities of the directors

The directors of the Company have prepared the Corporate Governance Report ("the Report") and remain solely responsible for it, and are also responsible for identifying and ensuring that the contents of the Report comply with the Code. The directors are also responsible for determining that the scope of the agreed-upon procedures is appropriate and sufficient for the purposes of the engagement.

Our Responsibilities

We have conducted the procedures agreed with the Company, and set out below, in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements.* An agreed-upon procedures engagement involves performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness or sufficiency of the agreed-upon procedures.

This agreed-upon procedure engagement is not an audit or assurance engagement made in accordance with generally accepted auditing or assurance standards, the objective of which would be the expression of assurance on the contents of the Report. Accordingly, we do not express such assurance.

Had we performed additional procedures, or had we performed an audit or assurance engagement on the Report, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have complied with the relevant ethical requirements, including International Independence Standards, in the International Code of Ethics for Professional Accountants (IESBA Code) issued by the International Ethical Standards Board for Accountants.

We apply the International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PricewaterhouseCoopers LLC, Salam Square - South, 4th Floor, Suites 402-404, Madinat Al Sultan Qaboos
P.O. Box 3075, Ruwi, Postal Code 112, Muscat, Sultanate of Oman, T: +968 2 455 9110,
F: +968 2 456 4408, www.pwc.com/me

Chartered Accountants Licence No. L1065369, Management Consultants Licence No. L1065290,
Commercial Register No. 1230865 Tax Card No 8055889

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Agreed-upon procedures report on factual findings in connection with the Corporate Governance report (continued)

Procedures and Findings

We have performed the procedures described below, which were agreed with the Company in the terms of our engagement letter dated 3 June 2024, on the compliance of the Report with the Code for the year ended 31 December 2024.

No.	Procedures	Findings
(a)	We obtained the Corporate Governance Report issued by the Board of Directors and compared its contents to the minimum requirements of the FSA as set out in Annexure 3 of the Code.	No exceptions noted.
(b)	We obtained from the Company details of the areas of non-compliance with the Code identified by the Company, as set out in its Board minutes and in its non-compliance checklist, and compared these with those included in the Report in the section "Details of non-compliance and penalties, together with the reasons for such non-compliance for the year ended 31 December 2024". Additionally, we obtained written representations from the directors that there were no areas of non-compliance with the Code for the year ended 31 December 2024, of which they were aware.	No exceptions noted.

Our report is intended solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose.

This report relates only to the accompanying Corporate Governance Report of the Company to be included in its annual report for the year ended 31 December 2024 and does not extend to the Company's financial statements taken as a whole.

PricewaterhouseCoopers

برايس ووترهاوس كوبرز ش م م
C.R. No 1230866
PricewaterhouseCoopers LLC

10 March 2025
Muscat, Sultanate of Oman

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Statement of Financial Position

As at 31 December 2024

Amount in RO '000s

Particulars	Notes	Parent Company		Consolidated		
		2024	2023	2024	2023 Restated *	1 Jan 23 Restated*
ASSETS						
Non-current assets						
Property, plant and equipment	11	**52,604**	34,287	**59,966**	41,327	27,785
Intangible assets	12	**134**	120	**139**	131	215
Right-of-use assets	13	**2,902**	3,449	**3,560**	4,766	3,345
Investment in subsidiaries	14	**3,763**	3,763	**-**	-	-
Investment in associates	15	**5,530**	5,530	**4,062**	4,052	4,496
Investments at fair value through other comprehensive income		**125**	125	**145**	145	145
Retentions receivables	18	**14,149**	13,365	**14,149**	13,365	11,551
		79,207	60,639	**82,021**	63,786	47,537
Current assets						
Inventories	16	**14,947**	19,704	**17,069**	21,094	13,785
Contract work in progress	17	**67,237**	70,571	**67,375**	72,143	57,686
Contract and trade receivables	18	**95,909**	92,074	**102,443**	97,733	73,793
Other current assets	19	**16,457**	17,623	**15,217**	11,417	13,230
Deposits with banks	20	**3,451**	3,456	**3,890**	3,939	4,240
Cash and cash equivalents	21	**7,408**	1,575	**8,694**	2,397	6,895
		205,409	205,003	**214,688**	208,723	169,629
Total assets		**284,616**	265,642	**296,709**	272,509	217,166
EQUITY AND LIABILITIES						
Equity						
Share capital	22	**29,065**	29,065	**29,065**	29,065	29,065
Statutory reserve	23	**984**	984	**1,714**	1,658	1,514
Foreign currency translation reserve	24	**-**	-	**(533)**	(448)	(440)
Accumulated losses		**(5,249)**	(1,577)	**(11,564)**	(7,651)	(7,675)
Equity attributable to owners of the Parent Company		**24,800**	28,472	**18,682**	22,624	22,464
Non-controlling interest		**-**	-	**767**	822	862
Total equity		**24,800**	28,472	**19,449**	23,446	23,326
Non-current liabilities						
Term loans	26	**18,768**	13,458	**21,077**	16,010	7,436
Lease liabilities	27	**446**	939	**1,036**	2,243	981
Provision for employees' end of service benefits	32	**12,347**	14,745	**12,829**	15,247	12,300
Advance from customers	31	**14,041**	3,956	**14,041**	3,956	7,542
Deferred tax liability	34	**-**	-	**365**	169	347
		45,602	33,098	**49,348**	37,625	28,606
Current liabilities						
Term loans	26	**10,260**	7,065	**11,660**	8,209	8,729
Lease liabilities	27	**622**	677	**753**	725	580
Short term loans	28	**20,600**	9,054	**20,974**	9,054	8,000
Bank borrowings	29	**33,115**	34,378	**33,755**	34,528	8,949
Trade and other payables	31	**107,704**	93,617	**118,832**	99,499	94,553
Provisions	33	**41,813**	59,181	**41,813**	59,298	44,298
Provision for taxation	34	**100**	100	**125**	125	125
		214,214	204,072	**227,912**	211,438	165,234
Total liabilities		**259,816**	237,170	**277,260**	249,063	193,840
Total equity and liabilities		**284,616**	265,642	**296,709**	272,509	217,166
Net assets per share (RO)	36	**0.085**	0.098	**0.064**	0.078	0.080

*See note 39 for details regarding the restatement as a result of error.
The financial statements were approved by the Board of Directors on 09 March 2025 and were signed on its behalf by **Deputy Chairman & Chief Financial Officer.**

The notes and other explanatory information on pages 79 to 124 form an integral part of these financial statements.
Independent auditor's report - page 64 - 71.

Statement of comprehensive income

For the year ended 31 December 2024

Amount in RO '000s

Particulars	Notes	Parent Company		Consolidated	
		2024	2023	2024	2023
Revenue from contracts with customers	5	**272,656**	238,811	**286,037**	249,854
Cost of sales	7	**(266,195)**	(232,546)	**(277,801)**	(241,799)
Gross profit		**6,461**	6,265	**8,236**	8,055
Other income	6	**2,733**	2,179	**3,103**	2,705
General and Administrative expenses	8	**(6,826)**	(7,487)	**(8,846)**	(9,400)
Net impairment losses on financial assets	17 18 19, 20 & 21	**(1,227)**	2,768	**(1,116)**	2,506
Impairment loss on investment in subsidiaries	14	**-**	(12)	**-**	-
Operating Profit		**1,141**	3,713	**1,377**	3,866
Finance costs	10	**(4,813)**	(3,139)	**(5,237)**	(3,481)
Share of profit/loss from associates	15	**-**	-	**96**	(434)
(Loss) / profit before income tax		**(3,672)**	574	**(3,764)**	(49)
Taxation	34	**-**	-	**(148)**	177
(Loss) / profit for the year		**(3,672)**	574	**(3,912)**	128
(Loss) / profit attributable to:		**(3,672)**	574	**(3,912)**	128
Owners of the Parent Company		**(3,672)**	574	**(3,857)**	168
Non-controlling interest		**-**	-	**(55)**	(40)
		(3,672)	574	**(3,912)**	128
Earnings per share for profit attributable to the ordinary equity holders of the company:		**(0.013)**	0.002	**(0.013)**	0.001
Basic and diluted earnings per share (baizas)		**(0.013)**	0.002	**(0.013)**	0.001
Other comprehensive loss:					
Items that will be reclassified to profit or loss:			-		-
Exchange differences on translation of foreign operations.		**-**	-	**(85)**	(8)
Other comprehensive income for the year, net of tax		**-**	-	**(85)**	(8)
Total comprehensive income for the year		**(3,672)**	574	**(3,997)**	120

The notes and other explanatory information on pages 79 to 124 form an integral part of these financial statements.
Independent auditor's report - page 64 - 71.

Statement of changes in equity - Parent Company

For the period ended 31 December 2024

Amount in RO '000s

Particulars	Share capital	Statutory reserve	Accumulated losses	Total
Balance as at 1 January 2023	29,065	927	(2,094)	27,898
Profit for the year	-	-	574	574
Transfer to statutory reserve	-	57	(57)	-
Balance as at 31 Dec 2023	29,065	984	(1,577)	28,472
Balance as at 1 January 2024	**29,065**	**984**	**(1,577)**	**28,472**
Loss for the year	**-**	**-**	**(3,672)**	**(3,672)**
Balance as at 31 Dec 2024	**29,065**	**984**	**(5,249)**	**24,800**

The notes and other explanatory information on pages 79 to 124 form an integral part of these financial statements.
Independent auditor's report - page 64 - 71.

Statement of changes in equity - Consolidated

For the period ended 31 December 2024

Amount in RO '000s

Particulars	Attributable to owners of the Parent Company						
	Share capital	Statutory reserve	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interest	Grand Total
Balance as at 1 January 2023	29,065	1,514	(440)	(7,675)	22,464	862	23,326
Profit/(loss) for the year	-	-	-	168	168	(40)	128
Transfer to statutory reserve	-	144	-	(144)	-	-	
Total comprehensive income/(loss) for the year	-		-	-	-	-	-
Foreign currency translation	-	-	(8)	-	(8)	-	(8)
Balance as at 31 December 2023	29,065	**1,658**	**(448)**	**(7,651)**	**22,624**	822	**23,446**
Balance as at 1 January 2024	**29,065**	**1,658**	**(448)**	**(7,651)**	**22,624**	**822**	**23,446**
(Loss) for the year	-	**-**	-	**(3,857)**	**(3,857)**	**(55)**	**(3,912)**
Transfer to statutory reserve	-	**56**	-	**(56)**	-	**-**	**-**
Total comprehensive income for the year	-	**56**	-	**(3,913)**	**(3,857)**	**(55)**	**(3,912)**
Foreign currency translation	-	-	**(85)**	-	**(85)**	**-**	**(85)**
Balance as at 31 Dec 2024	**29,065**	**1,714**	**(533)**	**(11,564)**	**18,682**	**767**	**19,449**

The notes and other explanatory information on pages 79 to 124 form an integral part of these financial statements.
Independent auditor's report - page 64 - 71.

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Statement of cash flows

For the period ended 31 December 2024

Amount in RO '000s

	Notes	Parent Company 2024	Parent Company 2023	Consolidated 2024	Consolidated 2023 Restated *
Operating activities					
(Loss)/Profit before tax		**(3,672)**	574	**(3,764)**	(49)
Adjustments for:					
Depreciation of property, plant and equipment	11	**8,177**	5,556	**9,643**	6,823
Amortisation of intangible assets	12	**51**	111	**60**	120
Depreciation of right-of-use assets	13	**802**	659	**949**	798
Provision/(reversal) for impairment of financial assets		**952**	(2,768)	**1,114**	(2,506)
Finance costs, net	10	**4,813**	3,139	**5,237**	3,481
Share of loss from associates	15	**-**	-	**(96)**	434
Gain on disposal of property, plant and equipment		**(1,588)**	(1,089)	**(1,901)**	(1,257)
Impairment loss for investment in subsidiaries	14	**-**	12	**-**	-
Provision for employees' end of service benefits	32	**1,651**	3,963	**1,757**	4,146
Working capital changes:					
Inventories		**4,757**	(7,103)	**4,025**	(7,309)
Contract, trade and other receivables		**(570)**	(34,069)	**(4,866)**	(34,167)
Trade and other payables, accruals and other liabilities		**(2,924)**	19,778	**2,060**	20,253
Retentions receivables		**(764)**	(1,739)	**(764)**	(1,739)
Advance from customers		**10,085**	(3,586)	**10,085**	(3,586)
Cash generated from/ (used in) operations		**21,770**	**(16,562)**	**23,539**	**(14,558)**
Employees' end of service benefits paid	32	**(4,049)**	(1,135)	**(4,175)**	(1,199)
Income tax paid		**-**	-	**48**	(1)
Net cash generated from / (used in) operating activities		**17,721**	(17,697)	**19,412**	(15,758)
Investing activities					
Additions to property, plant and equipment	11	**(26,520)**	(17,616)	**(28,338)**	(20,572)
Proceeds from disposal of property, plant & equipment		**1,614**	1,112	**1,957**	1,310
Additions to intangible assets	12	**(65)**	(33)	**(68)**	(35)
Investment in associates and subsidiaries		**-**	-	**(85)**	(8)
Foreign currency translation impact		**-**	-	**-**	-
Deposits encashed/(placed) with banks		**469**	19	**513**	(66)
Net cash used in investing activities		**(24,502)**	(16,518)	**(26,021)**	(19,371)
Financing activities					
Repayment of term loans		**(10,068)**	(3,184)	**(8,055)**	(4,334)
Proceeds from term loans		**18,573**	9,723	**16,573**	12,388
Repayment of short-term loans		**(21,730)**	(11,446)	**2,844**	(11,446)
Proceeds from short term loans		**33,276**	12,500	**9,076**	12,500
Net movement in bank borrowings		**(4,027)**	22,113	**(3,387)**	22,113
Proceeds from Bank borrowings		**-**	-	**-**	-
Lease payments		**(886)**	(801)	**(1,047)**	(958)
Interest paid		**(4,813)**	(3,139)	**(5,237)**	(3,481)
Net cash generated from financing activities		**10,325**	25,766	**10,767**	26,782
Net decrease in cash and cash equivalents		**3,544**	(8,449)	**4,158**	(8,347)
Cash and cash equivalents at the beginning of the year		**(2,092)**	6,357	**(1,420)**	6,927
Cash and cash equivalents at the end of the year		**1,452**	(2,092)	**2,738**	(1,420)

*See note 39 for details regarding the restatement as a result of error.

The notes and other explanatory information on pages 79 to 124 form an integral part of these financial statements.
Independent auditor's report - page 64 - 71.

1 Legal Status and principal activities

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

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

2 Summary of material accounting policies

2.1 Basis of preparation and presentation

These consolidated financial statements comprise the Parent Company and its subsidiaries (together referred to as "the Group"), the details of which are set out in note 14. The separate financial statements represent the financial statements of the Parent Company on a standalone basis. The consolidated and separate financial statements are collectively referred to as "the financial statements".

Statement of compliance

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

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

Historical cost convention

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

2.2 New and amended standards and interpretations

The Parent Company and the Group have applied the following amendments for the first time for their annual reporting period commencing 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1
- Lease liability in sale and leaseback – Amendments to IFRS 16
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

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

2.3 New standards and interpretations not yet adopted

The following standards, amendments and interpretations to existing standards have been published and are not mandatory for the 31 December 2024 reporting periods and have not been early adopted. The Parent Company and the Group is currently assessing the impact of these standards, amendments or interpretations on the future period:

- Amendments to IAS 21 -- Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025)
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027)
- IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

2 Summary of material accounting policies (continued)

2.4 Going concern

As at 31 December 2024, the Parent Company and the Group had a positive net equity of RO 24.8 million and RO 19.5 million respectively (2023: RO 28.4 million and RO 23.4 million respectively). The Parent company and the Group had net current liability position of RO 8.8 million and RO 13.2 million respectively (2023: net asset position of RO 0.9 million at the Parent Company level and net liability position of RO 2.7 million at the Group level).

Further, the Parent Company and the Group had accumulated losses of RO 5.2 million and RO 11.5 million respectively (2023: RO 1.5 million and RO 7.6 million respectively).
The Board of Directors have carried out their assessment of the going concern assumption and believe that the Parent Company and the Group has access to sufficient financial resources to continue to meet its financial commitments for the forceable future when they become due. The Board of Directors believe that the Parent Company and the Group will continue as a going concern for at least twelve months from the reporting date. The Board of Directors believe that the Parent Company and the Group will achieve its objectives in the short, medium, and long term. Hence, these financial statements have been prepared on a going concern basis.

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

- During the year 2025, 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 Group has also obtained waiver letters from banks whenever they have not been able to comply with a covenant and are currently in discussions with the banks to align the covenants to their future forecasts. Refer note 26 for further details. The Parent Company continues to have multiple avenues for raising both short term and long-term financing and the Parent Company has unutilised facilities of RO 16 million as at 31 December 2024. Further, the Parent Company regularly pays its employees and creditors;
- The Parent Company and the Group continues to build on its market position as one of the Oman's largest construction entities and have a strong order book of RO 970 million (2023: RO 589 million);
- 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 above, the Directors/ management continue to look at various sources of funding support and other long-term investment options to provide the working capital required for the business. Non-essential capital expenditure has been frozen and initiatives to reduce corporate overheads and improve cost control have been launched; and
- The Parent Company and the Group has prepared a detailed cash flow projection demonstrating how it will manage the cash requirements for the period **from January 2025 to March 2026** 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 on 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 64,732 thousand.

The Directors have performed a sensitivity analysis of the cash flow projections, including under stress test conditions, refer to note 3 (c). The above coupled with the investors and market confidence restored by way of additional projects being awarded to the Parent Company during 2024 which has allowed the directors 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 for the foreseeable future. Therefore, these financial statements are continued to be prepared on a going concern basis.

2.5 Consolidation

(a) Subsidiaries

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

2 Summary of material accounting policies (continued)

2.5 Consolidation (continued)

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

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

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

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

(b) Transactions with non-controlling interests

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

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

(c) Associates

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

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

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

2 Summary of material accounting policies (continued)

2.6 Property, plant and equipment

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

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

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

The lands are not depreciated as they have an indefinite useful life. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end. Where the carrying value of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

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

2.7 Capital work-in-progress

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

2.8 Intangible assets

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

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

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

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

2 Summary of material accounting policies (continued)

2.9 Inventories

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

2.10 Impairment of non-financial assets

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

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

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

2.11 Financial instruments

(a) Financial assets

(i) Classification

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

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

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

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

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

(ii) Recognition and derecognition

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

2 Summary of material accounting policies (continued)

2.11 Financial instruments (continued)

(a) Financial assets (continued)

(iii) Measurement

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

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

Debt instruments

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

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

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

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

Equity instruments

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

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

2 Summary of material accounting policies (continued)

2.11 Financial instruments (continued)

(a) Financial assets (continued)

Impairment of financial assets

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

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

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

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

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

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

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

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

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

(b) Financial liabilities

Initial recognition and measurement

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

2 Summary of material accounting policies (continued)

2.11 Financial instruments (continued)

(b) Financial liabilities (continued)

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

Term Loans and borrowings

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

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

Trade and other payables and due to related parties

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

Derecognition

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

2.12 Offsetting of financial instruments

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

2.13 Cash and cash equivalents

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

2.14 Leases

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

2 Summary of material accounting policies (continued)

2.14 Leases (continued)

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.

(a) Right-of-use assets

The Group recognises the right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, if any, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

(b) 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.

(c) 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 comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2 Summary of material accounting policies (continued)

2.15 Provisions

Provisions for 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.

2.16 Foreign currency translation

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

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

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

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

2.17 Provision for Employees' end of service benefits

Payment is made to Omani Government Social Security scheme under Royal Decree 72 / 91 for Omani employees.

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

Contributions to a defined contribution retirement plan for Omani employees in accordance with the Omani Social Insurances Law of 1991, are recognised as an expense in the consolidated statement of comprehensive income as incurred.

2 Summary of material accounting policies (continued)

2.18 Dividends on ordinary shares

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

2.19 Taxation

Taxation is provided based on relevant tax laws of the respective countries in which the Group operates. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

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

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

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

2.20 Revenue from contracts with customers

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

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

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.

2 Summary of material accounting policies (continued)

2.20 Revenue from contracts with customers (continued)

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

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

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

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

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

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

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

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.

2 Summary of material accounting policies (continued)

2.20 Revenue from contracts with customers (continued)

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

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

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

Financing component

In determining the transaction price, the Company adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract provides the customer with a significant benefit of financing the transfer of goods or services to the customer.
The Company evaluates the contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. The Contracts where the payment is received more than one year from the between the transfer of the promised goods or services to the customer is adjusted for financing component. Finance income/ finance expense from deferred payments/advance payments are presented separately from contract revenue in the statement of comprehensive income.

2.21 Interest income

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

2.22 Dividend income

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

2.23 Contract costs

Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise: site labour costs (including site supervision); costs of materials used in construction; depreciation of equipment used on the contract; costs of design, and technical assistance that is directly related to the contract.
The Group's contracts are typically negotiated for the construction of a single asset or a group of assets which are closely interrelated or interdependent in terms of their design, technology and function. In certain circumstances, the percentage of completion method is applied to the separately identifiable components of a single contract or to a group of contracts together in order to reflect the substance of a contract or a group of contracts.
Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract cost exceeds total contract revenue the expected loss is recognised as expense immediately.

2.24 Contract work in progress

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

2 Summary of material accounting policies (continued)

2.24 Contract work in progress (continued)

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

2.25 Directors' remuneration

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

2.26 Share capital

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

2.27 Operating segments

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

2.28 Earnings and net assets per share

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

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

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

2.29 Fair value measurement

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

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

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

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

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

2 Summary of material accounting policies (continued)

2.29 Fair value measurement (continued)

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

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

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

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

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

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

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

3 Financial risk management

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

(a) Market risk

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

(i) Foreign currency risk

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

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk

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

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

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

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

The short-term borrowing interest rates with banks are subject to change upon re-negotiation of the facilities which takes place on an annual basis in the case of overdrafts and at more frequent intervals in the case of short-term loans. The Group does not account for any fixed rate financial instruments at fair value through profit or loss and therefore a change in interest rate at the reporting date would not affect profit or loss. If the interest rate were to shift by 1%, there would be a maximum increase or decrease in the net interest expense of RO 0.875 million (2023: RO 0.678 million).

(iii) Equity price risk

The Group does not hold any quoted investment.

(b) Credit risk

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

Impairment of financial assets

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

- cash and cash equivalents
- contract work in progress
- contract and trade receivables
- other current assets (excluding advances and prepayments)
- Retention receivables

(i) Exposure to credit risk

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

	Parent Company		Consolidated	
	2024	**2023**	**2024**	**2023**
Contract work in progress, contract and trade receivables	**158,427**	157,267	**165,311**	165,858
Retentions receivables	**27,538**	30,970	**28,994**	32,008
Other current assets (excluding advances and prepayments)	**12,461**	11,604	**7,792**	4,847
Deposits with banks	**3,457**	3,463	**3,896**	3,946
Cash and bank balances	**7,421**	1,577	**8,707**	2,399
	209,304	204,881	**214,700**	209,058

3 Financial risk management (continued)

(b) Credit risk (continued)

(i) Exposure to credit risk (continued)

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

Cash and cash equivalents and deposits with banks are subject to the impairment requirements of IFRS 9, the identified impairment loss is presented in note 20 & 21.

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

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

Simplified approach

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period ranging from 2 to 5 years before 31 December 2024 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP, inflation rates and average consumer prices of the Sultanate of Oman in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
Government customers	**90,290**	97,110	**90,290**	97,110
Petroleum Development Oman	**22,969**	20,385	**22,969**	20,385
Other private customers	**45,168**	39,772	**52,052**	48,363
	158,427	157,267	**165,311**	165,858

The ageing of contract work in progress, contract and trade receivables and the identified impairment loss is presented in note 18 and 19.

(c) Liquidity risk

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

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

As disclosed in note 2.4 above, The Parent Company has prepared a detailed cash flow projection demonstrating how it will manage the cash requirements for a period of 18 months up to March 2026. The forecasts have been stress tested under various scenarios, including considering an overall risk factor of a reduction of 750 bps on the cash inflow from customers. Further, sensitivity analysis have been performed by the Directors on the risk adjusted cash flows, which includes a decrease in the risk adjusted forecasted cash inflow for each month by 250 bps, resulting in a closing cash position as at 31 March 2026 of RO 1.6 million. Alternatively, an increase the risk adjusted cash outflow each month by 250 bps, the closing cash position would result in positive balance of RO 1.7 million at 31 March 2026.

3 Financial risk management (continued)

(c) Liquidity risk (continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturities date. The amounts disclosed in the table are the contractual undiscounted cash flows. The contractual maturity profile of the liabilities as of 31 December 2024 is as follows:

Amount in RO '000s

Parent Company	Less than one year	Between 1 and 2 years	Between 2 to 5 years	Above 5 years	Total
At 31 December 2024					
Bank borrowings	**33,345**	**-**	**-**	**-**	**33,345**
Term Loans	**12,075**	**8,509**	**10,689**	**2,027**	**33,300**
Short term Loan	**20,891**				**20,891**
Lease liabilities	**107**	**54**	**82**	**129**	**372**
Trade and other payables	**107,711**	**22,613**	**18,416**	**777**	**149,517**
	174,129	**31,176**	**29,187**	**2,933**	**237,425**

Amount in RO '000s

Parent Company	Less than one year	Between 1 and 2 years	Between 2 to 5 years	Above 5 years	Total
At 31 December 2023					
Bank borrowings	34,608	-	-	-	34,608
Term Loans	11,053	5,316	5,170	-	21,539
Short Term Loan	10,081	-	-	-	10,081
Lease liabilities	207	107	109	156	579
Trade and other payables	109,489	25,600	17,011	698	152,798
	165,438	31,023	22,290	854	219,605

Amount in RO '000s

Group Company	Less than one year	Between 1 and 2 years	Between 2 to 5 years	Above 5 years	Total
At 31 December 2024					
Bank borrowings	**33,985**	**-**	**-**	**-**	**33,985**
Finance lease liabilities	**240**	**153**	**140**	**561**	**1,094**
Term Loans	**13,470**	**9,758**	**11,754**	**2,027**	**37,009**
Short term Loan	**21,265**	**-**	**-**	**-**	**21,265**
Trade and other payables	**115,534**	**24,380**	**19,903**	**828**	**160,645**
	184,494	**34,291**	**31,797**	**3,416**	**253,998**

Amount in RO '000s

Group Company	Less than one year	Between 1 and 2 years	Between 2 to 5 years	Above 5 years	Total
At 31 December 2023					
Bank borrowings	34,758	-	-	-	34,758
Term Loans	12,215	6,340	6,679	-	25,234
Short Term Loan	10,081	-	-	-	10,081
Lease liabilities	151	249	363	1,065	1,828
Trade and other payables	113,212	26,490	18,399	591	158,692
	170,417	33,079	25,441	1,656	230,593

Capital risk management

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

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

3 Financial risk management (continued)

Capital risk management (continued)

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

The gearing ratios at 31 December 2024 and 2023 were as follows:

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
Total borrowings (Including lease liabilities)	**83,811**	65,571	**89,255**	70,769
Less: cash and cash equivalents	**(7,408)**	(1,575)	**(8,694)**	(2,397)
Net debt	**76,403**	63,996	**80,561**	68,372
Total equity	**24,800**	28,472	**19,449**	23,446
Total capital employed	**101,203**	92,468	**100,010**	91,818
Gearing ratio	**75%**	69%	**81%**	74%

4 Critical accounting estimates and judgments

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

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

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

(a) Revenue recognition

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

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

4 Critical accounting estimates and judgments (continued)

(a) Revenue recognition (continued)

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

(b) Impairment of financial assets

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

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.

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

(c) 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 monitor surplus inventories on closed/completed jobs for assessing their usability to consider necessary provisions. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence. Management believes that provision of RO 828 (2023: RO 682) thousand for the Group is adequate (refer Note 16)

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

(e) Impairment of investments in subsidiaries and associates

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

4 Critical accounting estimates and judgments (continued)

(f) Taxes

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments of respective Group companies. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible tax authority (refer Note 34).

(g) Leases

Significant judgement in determining the lease term of contracts with renewal and termination options. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably

certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or to terminate (e.g., a change in business strategy, construction of significant leasehold improvements or significant customization to the leased asset).

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).

5 Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers:

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

Parent Company

Amount in RO '000s

Particulars	2024	2023
Timing of revenue recognition:		
Contract revenue - Over time	**263,390**	233,808
Sales and services - At a point in time	**9,266**	5,003
	272,656	238,811

Consolidated

Amount in RO '000s

Particulars	2024	2023
Timing of revenue recognition:		
Contract revenue - Over time	**263,771**	234,213
Sales and services - At a point in time	**22,266**	15,641
	286,037	249,854

5 Revenue from contracts with customers (continued)

(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:

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	2024	2023
Contract billed receivables (Note 18)	86,619	77,088	87,167	77,836
Contract work-in-progress (Note 17)	70,482	79,150	70,883	81,762
Allowance for expected credit losses (Note 17 & 18)	(8,670)	(12,227)	(10,338)	(14,625)
Total	148,431	144,011	147,712	144,973

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	2024	2023
Contract liabilities relating to project revenue (unearned advance) (Note 31)	36,547	25,144	36,547	25,144
Total	36,547	25,144	36,547	25,144

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.

The Group has recognised revenue amounting RO 11,440 thousand for the claims submitted during 2024, the management believes the scope of their claims is legally enforceable and that a significant reversal in the amount of revenue recognised will not occur. Post year end the management has obtained client approvals for an amount of RO 4,805 thousand against the RO 11,440 thousand claims recognised.

6 Other income

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	2024	2023
Gain on disposal of property, plant and equipment	1,588	1,089	1,901	1,257
Loss on foreign exchange	-	-	(10)	(5)
Miscellaneous income	1,145	1,090	1,212	1,453
	2,733	2,179	3,103	2,705

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7 Cost of contracts and services

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	2024	2023
Manpower costs (Note 9)	90,988	81,789	91,754	82,525
Materials	60,724	60,286	68,540	66,184
Sub-contracting costs	59,142	41,070	57,704	39,828
Fuel expenses	16,557	16,314	17,353	17,256
Plant and equipment hiring costs	7,719	7,091	7,938	7,283
Plant and equipment repair and maintenance expenses	7,426	8,581	8,444	9,446
Depreciation on property, plant and equipment (Note 11)	7,944	5,328	9,382	6,513
Training expenses	1,358	500	1,358	500
Depreciation on right-of-use assets (Note 13)	802	659	802	659
General and administrative expenses (Note 8)	13,535	10,928	14,526	11,605
	266,195	232,546	277,801	241,799

8 General and administrative expenses

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	2024	2023
Professional, legal and client deductions	5,080	1,873	5,129	1,957
Electricity and water charges	4,069	4,027	4,386	4,192
Manpower costs (Note 9)	4,226	4,243	6,373	6,088
Insurance charges	1,789	2,502	1,827	2,554
Bank guarantee and other charges	1,758	1,596	1,806	1,608
Sub-contract expenses	504	701	518	713
Rent	380	323	382	361
Communication expenses	394	364	421	393
Tender fees	288	245	288	245
Depreciation and amortization expenses (Notes 11 &12 and 13)	284	339	468	568
Repairs and maintenance - others	294	360	313	378
Printing and stationery expenses	153	231	166	243
Traveling expenses	185	184	190	188
Directors' sitting fee (Note 37)	46	162	46	162
Business promotion expenses	33	44	33	44
Corporate social responsibility expenses	7	84	7	84
Other general expenditure	871	1,137	1,019	1,227
	20,361	18,415	23,372	21,005
Less: Pertaining to cost of contracts and services (Note 7)	13,535	10,928	14,526	11,605
	6,826	7,487	8,846	9,400

9 Manpower costs

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
Salary and wages	**78,608**	72,076	**81,139**	73,707
Camp and catering expenses	**13,958**	8,928	**13,958**	8,928
Employees' end of service benefits (Note 32)	**1,651**	3,963	**1,757**	4,146
Hired salary and wages	**645**	532	**645**	532
Other expenses	**268**	386	**544**	1,153
Staff incentives	**84**	147	**84**	147
	95,214	86,032	**98,127**	88,613
Less: Pertaining to cost of contracts and services (Note 7)	**90,988**	81,789	**91,754**	82,525
Pertaining to general and administration expenses (Note 8)	**4,226**	4,243	**6,373**	6,088

10 Finance costs

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
Interest expense	**4,730**	3,038	**5,112**	3,279
Interest on lease liabilities	**83**	101	**125**	202
	4,813	3,139	**5,237**	3,481

11 Property, plant and equipment - Parent Company

Amount in RO '000s

Particulars	Lands	Buildings & camps	Plant & machinery	Motor vehicles & equipment	Furniture & equipment	Project equipment & tools	Capital work in - progress	Total
1 January 2024	1278	35,854	96,965	45,931	10,252	17,547	3,777	211,604
Additions during the year	-	5,441	7,579	8,499	1,208	408	3,385	26,520
Disposal during the year	-	(664)	(8,333)	(3,154)	(250)	(3)	-	(12,404)
Transfers	-	2,276	456	-	229	1	(2,962)	-
As at 31 Dec 2024	1,278	42,907	96,667	51,276	11,439	17,953	4,200	225,720
1 January 2024	-	30,722	83,355	38,157	9,712	15,371	-	177,317
Charge for the year	-	1,798	3,051	2,423	293	612	-	8,177
Related to disposal	-	(648)	(8,334)	(3,145)	(248)	(3)	-	(12,378)
As at 31 Dec 2024		31,872	78,072	37,435	9,757	15,980	-	173,116
Net book value As at 31 Dec 2024	1,278	11,035	18,595	13,841	1,682	1,973	4,200	52,604

Amount in RO '000s

*Particulars	Lands	Buildings & camps	Plant & machinery	Motor vehicles & equipment	Furniture & equipment	Project equipment & tools	Capital work in - progress	Total
Cost								
1 January 2023	1278	36,076	94,480	44,806	10,240	15,644	1,846	204,370
Additions during the year	-	907	8,023	4,607	228	1906	1,945	17,616
Disposal during the year	-	(1129)	(5552)	(3482)	(216)	(3)	-	(10,382)
Transfers	-	-	14	-	-	-	(14)	-
As at 31 December 2023	1,278	35,854	96,965	45,931	10,252	17,547	3,777	211,604
Depreciation								
1 January 2023	-	31,289	86,411	39,997	9,703	14,720	-	182,120
Charge for the year	-	559	2,481	1,641	220	655	-	5,556
Related to disposal	-	(1,126)	(5,537)	(3,481)	(211)	(4)	-	(10,359)
As at 31 December 2023	-	30,722	83,355	38.157	9,712	15,371	-	177,317
Net book value As at 31 December 2023	1,278	5,132	13,610	7,774	540	2,176	3,777	34,287

11 Property, plant and equipment - Consolidated

Amount in RO '000s

Description	Lands	Buildings & camps	Plant & machinery	Motor vehicles & equipment	Furniture & equipment	Project equipment & tools	Capital work in - progress*	Total
1 January 2024 (restated)	1,557	36,040	111,176	51,995	10,650	17,585	3,777	232,780
Additions during the year	-	5,447	7,994	9,864	1,239	409	3,385	28,338
Disposal during the year	-	(665)	(9,866)	(3,591)	(250)	(3)	-	(14,375)
Transfers	-	2,276	456	-	229	1	(2,962)	-
As at 31 Dec 2024	1,557	43,098	109,760	58,268	11,868	17,992	4,200	246,743
1 January 2024 (restated)	-	30,849	94,030	41,099	10,067	15,408	-	191,453
Charge for the year	-	1803	4,004	2,916	308	612	-	9,643
Related to disposal	-	(647)	(9,847)	(3,574)	(248)	(3)	-	(14,319)
As at 31 Dec 2024	-	32,005	88,187	40,441	10,127	16,017	-	186,777
Net book value								
As at 31 Dec 2024	1,557	11,093	21,573	17,827	1,741	1,975	4,200	59,966

Amount in RO '000s

Description	Lands	Buildings & camps	Plant & machinery	Motor vehicles & equipment	Furniture & equipment	Project equipment & tools	Capital work in - progress	Total
Cost								
1 January 2023 (restated)	1,278	36,251	108,941	50,110	10,631	15,682	1,846	224,739
Additions during the year	279	918	9,059	6,222	243	1,906	1,945	20,572
Disposal during the year	-	(1,129)	(6,838)	(4,337)	(224)	(3)	-	(12,531)
Transfers			14				(14)	-
As at 31 December 2023	1,557	36,040	111,176	51,995	10,650	17,585	3,777	232,780
Depreciation								
1 January 2023 (restated)	-	31,414	97,302	43,432	10,047	14,757	-	196,952
Charge for the year	-	561	3,424	1,946	237	655	-	6,823
Related to disposal	-	(1,126)	(6,696)	(4,279)	(217)	(4)	-	(12,322)
As at 31 December 2023	-	30,849	94,030	41,099	10,067	15,408	-	191,453
Net book value								
As at 31 December 2023 (restated)	1,557	5,191	17,146	10,896	583	2,177	3,777	41,327

11 Property, plant and equipment (continued)

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 2,083 (2023: RO 3,083) thousand. Vehicles and equipment with an insurance value of RO 63,742 (2023: RO 49,342) thousand have been jointly registered with banks / finance companies to obtain term loans.

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

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
Cost of contract and services (Note 7)	**7,944**	5,328	**9,382**	6,513
General and administrative expenses (Note 8)	**233**	228	**261**	310
	8,177	5,556	**9,643**	6,823

12 Intangible assets

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
Costs				
Balance at beginning of the year	**3,312**	3,279	**3,428**	3,394
Additions during the year	**65**	33	**68**	35
Written off during the year	**-**	-	**-**	(1)
Balance at end of the year	**3,377**	3,312	**3,496**	3,428
Amortisation				
Balance at beginning of the year	**3,192**	3,081	**3,297**	3,178
Charge for the year (Note 8)	**51**	111	**60**	120
Written off during the year	**-**	-	**-**	(1)
Balance at end of the year	**3,243**	3,192	**3,357**	3,297
Net book value	**134**	120	**139**	131

Intangible assets comprise of computer software RO 134 (2023: RO 120) thousand in Parent Company and computer software RO 139 (2023: RO 131) thousand in consolidated.

13 Right of use assets

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

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

13 Right-of-use assets (continued)

Amount in RO '000s

	Parent Company		Consolidated	
	2024	**2023**	**2024**	**2023 Restated**
Costs				
Balance at beginning of the year	**6,643**	5,805	**8,553**	6,333
Additions during the year	**255**	838	**(258)**	2,220
Balance at end of the year	**6,898**	6,643	**8,295**	8,553
Depreciation				
Balance at beginning of the year	**3,194**	2,535	**3,786**	2,988
Charge for the year (Note 7&8)	**802**	659	**949**	799
Balance at end of the year	**3,996**	3,194	**4,735**	3,787
	2,902	3,449	**3,560**	4,766

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 right-of-use assets.

14 Investment in subsidiaries

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

Amount in RO '000s

	Parent Company		Consolidated	
	2024	**2023**	**2024**	**2023**
Galfar Aspire Readymix SPC	**3,000**	3,000	-	-
Al Khalij Heavy Equipment & Engineering LLC	**600**	600	-	-
Aspire Projects & Services SPC	**250**	250	-	-
Galfar Mott MacDonald LLC	**163**	163	-	-
Galfar Training Institute LLC	**149**	149	-	-
Galfar Oman General Contracting for Building, Kuwait	**12**	12	-	-
	4,174	4,174	-	-
Provision for impaired investments	**(411)**	(411)	-	-
	3,763	3,763	-	-

During the year 2024, the Parent Company has created RO Nil (2023: RO 12 thousand) impairment provisions related to Galfar Oman General Contracting for Buildings, Kuwait.

As at 31 December 2024, Galfar Mott MacDonald LLC, Galfar Training Institute LLC and Galfar Oman General Contracting for Buildings, Kuwait are under liquidation process.

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14 Investment in subsidiaries (continued)

Information about activities and incorporation of subsidiaries are summarised below:

Name of the subsidiaries	Principal activity	Place	Year of incorporation
Galfar Aspire Readymix SPC	Manufacturing	Oman	2012
Aspire Projects and Services SPC	Construction	Oman	2011
Galfar Training Institute LLC	Training	Oman	2009
Al Khalij Heavy Equipment and Engineering LLC	Hiring Equipment	Oman	2006
Galfar Mott MacDonald LLC	EPC consultancy	Oman	2013
Galfar Oman General Contracting for Building Kuwait	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	
	2024	2023	**2024**	2023
Galfar Aspire Readymix SPC	**100%**	100%	**100%**	100%
Aspire Projects and Services SPC	**100%**	100%	**100%**	100%
Galfar Training Institute LLC	**99%**	99%	**100%**	100%
Al Khalij Heavy Equipment and Engineering LLC	**52%**	52%	**52%**	52%
Galfar Mott MacDonald LLC	**65%**	65%	**65%**	65%
Galfar Oman General Contracting for Building Kuwait	**100%**	100%	**100%**	100%

15 Investment in associates

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
Galfar Engineering & Contracting Kuwait KSC (GEC)	**7,030**	7,030	**4,062**	4,052
	7,030	7,030	**4,062**	4,052
Provision for impairment in associates	**(1,500)**	(1,500)	-	-
	5,530	5,530	**4,062**	4,052

Movement on the provision for impairment in investments is as follows:

Amount in RO '000s

	Parent Company	
	2024	2023
At the beginning of the year	**1,500**	1,500
Written off during the year	-	-
At the end of the year	**1,500**	1,500

15 Investment in associates (continued)

Information on shareholding in associates is summarised below:

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

Name of the associate	Shares acquired by Parent Company		Shares acquired by the Group	
	2024	2023	2024	2023
Galfar Engineering & Contracting Kuwait KSC (i)	25.49%	25.49%	25.49%	25.49%

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

Share of profit of the Group for the year comprises of profit from GEC Kuwait of RO 96 (2023: loss RO 434) thousand. The summarised financial information of the associate company is as stated below:

Amount in RO '000s

	GEC, Kuwait	
	2024	2023
Statement of financial position:		
Current assets	13,249	13,908
Non-current assets	11,696	11,905
Current liabilities	(4,165)	(5,095)
Non-current liabilities	(4,841)	(5,135)
Net assets	15,939	15,583
Reconciliation of carrying amount:		
Net assets at the beginning of the year	15,583	17,292
Loss for the year	375	(1,668)
Currency translation impact	(23)	(41)
Net assets at the end of the year	15,935	15,583
Group's share in %	25.49%	25.49%
Carrying amount	4,062	4,052
Statement of comprehensive income:		
Revenue	1,289	2,915
Costs of revenue	(914)	(4,583)
Loss before tax	375	(1,668)
Loss after tax	375	(1,668)

16 Inventories

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	2024	2023
Materials and consumables	15,590	20,177	17,897	21,776
Allowance for slow-moving inventories	(643)	(473)	(828)	(682)
	14,947	19,704	17,069	21,094

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16 Inventories (continued)

Movement in allowance for slow-moving inventories is as follows:

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	2024	2023
At the beginning of the year	473	255	682	689
Charge for the year	210	248	186	259
Written back during the year	(40)	(30)	(40)	(266)
At the end of the year	643	473	828	682

17 Contract work in progress

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	2024	2023
Work-in-progress on long term contracts at cost plus attributable profit considered as receivables	70,482	79,150	70,883	81,762
Allowance for expected credit losses	(3,245)	(8,579)	(3,508)	(9,619)
	67,237	70,571	67,375	72,143

Movement on the allowance for expected credit losses against contract work in progress is as follows:

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	2024	2023
At the beginning of the year	8,579	10,083	9,619	11,123
Charge for the year	672	376	672	376
Written back during the year	(2,014)	(1,803)	(2,791)	(1,804)
Written off during the year	(3,992)	(77)	(3,992)	(76)
At the end of the year	3,245	8,579	3,508	9,619

Due from customers for construction contracts:

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	2024	2023
Revenue recognized at cost plus attributable profit	1,093,680	1,304,097	1,093,680	1,304.097
Less: Progress billings	(1,023,198)	(1,224,947)	(1,022,797)	(1,222,335)
	70,482	79,150	70,883	81,762

Due to customers for construction contracts:

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	2024	2023
Amounts due to customers under construction contracts recorded as billings in excess of work done (Note 31)	3,460	5,111	3,460	5,111

17 Contract work in progress (continued)

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
Progress claims received and receivable	**275,953**	184,149	**275,953**	184,149
Less: Revenue recognised at cost plus attributable profit	**(272,493)**	(179,038)	**(272,493)**	(179,038)
	3,460	5,111	**3,460**	5,111

The Expected credit loss rate ('ECL') for the trade receivables based on their age profile is provided below.

Amount in RO '000s

Parent Company	**Not Past due**	**Past due 1-180 days**	**Past due 181-365 days**	**More than 365 days due**	**Total**
Expected loss rates	**0.00%**	**0.47%**	**27.76%**	**33.06%**	
Gross carrying amounts	**28,319**	**32,328**	**2,990**	**6,845**	**70,482**
Loss allowance	**-**	**152**	**830**	**2,263**	**3,245**
Expected loss rates	0.00%	0.40%	28.5%	33.3%	
Gross carrying amounts	21,256	31,421	5,735	20,468	79,150
Loss allowance	-	125	1,634	6,820	8,579

Amount in RO '000s

Group	**Not Past due**	**Past due 1-180 days**	**Past due 181-365 days**	**More than 365 days due**	**Total**
Expected loss rates	**0.00%**	**0.47%**	**27.61%**	**35.34%**	
Gross carrying amounts	**28,401**	**32,329**	**3,006**	**7,147**	**70,883**
Loss allowance	**-**	**152**	**830**	**2,526**	**3,508**
Expected loss rates	0.00%	0.40%	28.49%	34.06%	
Gross carrying amounts	21,526	31,421	5,735	23,080	81,762
Loss allowance	-	125	1,634	7,860	9,619

18 Contract and trade receivables

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
Contract billed receivables	**86,619**	77,088	**87,167**	77,836
Trade receivables	**1,326**	1,029	**7,261**	6,260
Retentions receivables – current	**13,389**	17,605	**14,845**	18,643
	101,334	95,722	**109,273**	102,739
Allowance for expected credit losses	**(5,425)**	(3,648)	**(6,830)**	(5,006)
	95,909	92,074	**102,443**	97,733
Retentions receivables	**14,209**	13,445	**14,209**	13,445
Non-current retention receivables (gross amount) Allowance for expected credit losses	**(60)**	(80)	**(60)**	(80)
Non-current portion (net of provisions)	**14,149**	13,365	**14,149**	13,365

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.

18 Contract and trade receivables (continued)

Movement on the allowance for expected credit losses against contract and trade receivables including current retentions is as follows:

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
At the beginning of the year	**3,648**	5,100	**5,006**	6,228
Charge for the year	**2,403**	555	**2,450**	785
Written back during the year	**(353)**	(1,993)	**(353)**	(1,993)
Written off during the year	**(273)**	(14)	**(273)**	(14)
At the end of the year	**5,425**	3,648	**6,830**	5,006

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

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
At the beginning of the year	**80**	155	**80**	155
Charge for the year	**11**	-	**11**	-
Written back during the year	**(31)**	(75)	**(31)**	(75)
At the end of the year	**60**	80	**60**	80

(i) Classification as contract and trade receivables (including receivables from related parties)

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

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

(ii) Carrying and fair values of contract receivables

The carrying amounts of the Group's contract receivables including receivable from related parties are denominated in Rial Omani. Due to the short-term nature of the current receivables, their carrying amount is approximate to their fair value.
The Expected credit loss rate ('ECL') for the contract and trade receivables based on their age profile is provided below.

Amount in RO '000s

Parent Company	**Not Past due**	**Past due 1-180 days**	**Past due 181-365 days**	**More than 365 days due**	**Total**
Expected loss rates	**0.00%**	**1.5%**	**2.8%**	**26.9%**	
Gross carrying amounts	**27,605**	**37.587**	**20,160**	**15,982**	**101,334**
Loss allowance	**-**	**562**	**557**	**4,306**	**5,425**
Expected loss rates	0.00%	0.95%	3.03%	28.90%	
Gross carrying amounts	28,702	38,813	18,834	9,373	95,722
Loss allowance	.	369	570	2,709	3,648

18 Contract and trade receivables (continued)

(ii) Carrying and fair values of contract receivables (continued)

Amount in RO '000s

Group	Not Past due	Past due 1-180 days	Past due 181-365 days	More than 365 days due	Total
Expected loss rates	**0.00%**	**1.53%**	**2.83%**	**28.53%**	
Gross carrying amounts	**30,007**	**39,102**	**20,343**	**19,821**	**109,273**
Loss allowance	**-**	**599**	**576**	**5,655**	**6,830**
Expected loss rates	-	0.92%	3.02%	32.78%	
Gross carrying amounts	30,156	41,032	19,197	12,354	102,739
Loss allowance	-	377	579	4,050	5,006

19 Other current assets

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
Advance on sub-contracts and supplies	**4,369**	5,477	**8,452**	6,099
Advances to employees	**130**	252	**130**	250
Prepaid expenses	**2,692**	2,958	**2,748**	2,967
Due from related parties - others (Note 37)	**9,781**	10,967	**5,112**	4,209
Advance Tax	**-**	-	**-**	13
Deposits	**683**	637	**683**	637
Other receivables	**1,997**	-	**1,997**	1
	19,652	20,291	**19,122**	14,176
Allowance for expected credit losses against due from related parties	**(3,185)**	(2,666)	**(3,830)**	(2,724)
Provision for others	**(10)**	(2)	**(75)**	(35)
	16,457	17,623	**15,217**	11,417

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

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
At the beginning of the year	**2,668**	2,482	**2,759**	2,540
Charge for the year	**527**	204	**1,146**	237
Written back during the year	**-**	(18)	**-**	(18)
At the end of the year	**3,195**	2,668	**3,905**	2,759

20 Deposits with banks

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
Term deposits (net of allowance for expected credit losses)	**3,451**	3,456	**3,890**	3,881
Margin deposits	**-**	-	**-**	58
	3,451	3,456	**3,890**	3,939

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20 Deposits with banks (continued)

The term deposits are kept for a period more than three months from the date of placement. Movement of expected credit losses on deposits with banks is as follows:

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
At the beginning of the year	**7**	5	**7**	5
Charge for the year	**(1)**	2	**(1)**	2
	6	7	**6**	7

21 Cash and cash equivalents

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
Cash in hand	**64**	125	**89**	141
Bank balances with current accounts	**7,357**	1,452	**8,618**	2,258
	7,421	1,577	**8,707**	2,399
allowance for expected credit losses	**(13)**	(2)	**(13)**	(2)
	7,408	1,575	**8,694**	2,397

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:

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
Cash and bank balances	**7,421**	1,577	**8,707**	2,399
Deposits with banks (within 3 months maturity) (Note 20)	**1,072**	608	**1,072**	608
Bank overdrafts (Note 29)	**(7,041)**	(4,277)	**(7,041)**	(4,427)
	1,452	(2,092)	**2,738**	(1,420)

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

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
At the beginning of the year	**2**	18	**2**	18
Charge for the year	**11**	-	**11**	-
Written Back during the year	**-**	(16)	**-**	(16)
At the end of the year	**13**	2	**13**	2

22 Share capital

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
Authorised:				
[500,000,000] (2023: 500,000,000) ordinary shares of par value RO **[0.100]** (2023: RO 0.100) each	**50,000**	50,000	**50,000**	50,000
Issued and fully paid:				
Balance at beginning of the year	**29,065**	29,065	**29,065**	29,065
Balance at end of the year	**29,065**	29,065	**29,065**	29,065

22 Share capital (continued)

The issued and fully paid share capital comprises of 290,650,946 (2023: 290,650,946) shares having a par value of RO 0.100 (2023: 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 (2023: 202,986,446) ordinary shares and 87,664,500 (2023: 87,664,500) preferential voting rights shares. The preferential voting rights shares are held by the promoting shareholders and carry two votes at all general meetings while otherwise ranking pari-passu with ordinary shares in all rights including the receipt of dividend. That detail of major Shareholders is published on the Muscat Stock Exchange.

23 Statutory reserve

In accordance with the Commercial Companies Law of the Sultanate of Oman, 2019, annual appropriations of 10% of the profit for the year are made to this reserve until the accumulated balance of the reserve is equal to one-third of the value of the Group's paid-up share capital. This reserve is not available for distribution to the Shareholders. During the period, RO Nil thousand for Parent has been transferred to statutory reserve (2023: RO 57).

24 Foreign currency translation reserve

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

25 Dividend

No dividend was proposed or paid in 2024 (2023: Nil).

26 Term loans

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	2024	2023 Restated
Term loans:				
- from banks	17,383	10,519	17,383	10,519
- finance companies	11,645	10,004	15,354	13,700
	29,028	20,523	32,737	24,219
Current portion:				
- from banks	4,894	3,916	4,894	3,916
- finance companies	5,366	3,149	6,766	4,293
	10,260	7,065	11,660	8,209
Non-current portion:				
- from banks	12,489	6,603	12,489	6,603
- finance companies	6,279	6,855	8,588	9,407
	18,768	13,458	21,077	16,010
The term loans are repayable as follows:				
Within one year	10,260	7,065	11,660	7,546
In the second year	7,409	5,353	7,409	5,362
From third year onwards	11,359	8,105	13,668	8,983
	29,028	20,523	32,737	21,891

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

Compliance with loan covenants

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

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27 Lease liabilities

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	2024	2023 Restated
At the beginning of the year	1,616	1,477	2,969	1,563
Additions during the year	255	838	(258)	2,220
Interest on lease liabilities	83	102	125	144
Payments during the year	(886)	(801)	(1,047)	(958)
Balance at the end of the year	1,068	1,616	1,789	2,969

	Parent Company		Consolidated	
	2024	2023	2024	2023 Restated
Current portion	622	677	753	725
Non-current portion	446	939	1,036	2,243
	1,068	1,616	1,789	2,968

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

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	2024	2023 Restated
Within one year	668	754	840	886
After one year but not more than five years	371	877	673	1,619
After five years	129	156	857	1,455
Total minimum lease payments	1,168	1,787	2,370	3,960
Amount representing finance charges	(100)	(171)	(581)	(992)
Present value of minimum lease payments	1,068	1,616	1,789	2,968

28 Short term loans

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	2024	2023
from banks	20,600	9,054	20,974	9,054

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

29 Bank borrowings

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	2024	2023
Bank overdrafts	7,041	4,277	7,041	4,427
Loan against trust receipts	17,830	17,614	17,830	17,614
Bills discounted	8,244	12,487	8,884	12,487
	33,115	34,378	33,755	34,528

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

30 Net debt reconciliation

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	2024	2023 Restated
Cash and bank balances (Note 21)	8,493	2,185	9,779	3,007
Borrowings (including bank overdraft) (Note 28 and 29)	(53,715)	(43,432)	(54,729)	(43,582)
Term loan	(29,028)	(20,523)	(32,737)	(24,219)
Lease liabilities	(1,068)	(1,616)	(1,789)	(2,968)
Net debt	(75,318)	(63,386)	(79,476)	(67,762)

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	2024	2023
Cash and bank balances	8,493	2,185	9,779	3,007
Net debt – variable interest rates	(54,783)	(45,048)	(56,518)	(46,550)
Net debt	(46,290)	(42,863)	(46,739)	(43,543)

Parent					
RO'000	Liabilities from financing activities			Other assets	
	Loans	Leases Note 20	Sub-total	Cash	Total
as at 1 January 2024	(63,955)	(1,616)	(65,571)	2,185	(63,386)
Payment of borrowing & Term loan	35,825	-	35,825		35,825
Proceeds from borrowings	(36,040)	-	(36,040)	-	(36,040)
Term loan	(18,573)	-	(18,573)	-	(18,573)
Others	-	-	-	6,308	6,308
Principal elements of lease payments	-	886	886	-	886
Acquisition of leases	-	(255)	(255)	-	(255)
Interest on lease liabilities	-	(83)	(83)	-	(83)
Interest expenses	-	-	-	(4,730)	(4,730)
Interest payment	-	-	-	4,730	4,730
Net debt as at 31 Dec 2024	(82,743)	(1,068)	(83,811)	8,493	(75,318)

RO'000	Liabilities from financing activities			Other assets	
	Loans	Leases Note 20	Sub-total	Cash	Total
as at 1 January 2023	(30,666)	(1,477)	(32,143)	7,051	(25,092)
Payment of borrowing & Term loan	14,630	-	14,630	-	14,630
Proceeds from borrowings	(38,196)	-	(38,196)	-	(38,196)
Term loan	(9,723)	-	(9,723)	-	(9,723)
Others	-	-	-	(4,866)	(4,866)
Principal elements of lease payments	-	801	801	-	801
New leases	-	(839)	(839)	-	(839)
Interest on lease liabilities	-	(101)	(101)	-	(101)
Interest expenses	-	-	-	(3,038)	(3,038)
Interest payment	-	-	-	3,038	3,038
Net debt as at 31 December 2023	(63,955)	(1,616)	(65,571)	2,185	(63,386)

30 Net debt reconciliation (continued)

Amount in RO '000s

Group					
	Liabilities from financing activities			Other assets	
	Loans	Leases Note 20	Sub-total	Cash	Total
as at 1 January 2024	(67,801)	(2,969)	(70,770)	3,007	(67,763)
Payment of borrowing & Term loan	11,442	-	11,442		11,442
Proceeds from borrowings	(23,052)	-	(23,052)	-	(23,052)
Term loan	(8,055)		(8,055)		(8,055)
Foreign currencies translation differences		-	-	-	-
Others	-	-	-	6,772	6,772
Principal elements of lease payments	-	1,047	1,047	-	1,047
Acquisition of leases	-	263	263	-	263
Interest on lease liablities	-	(130)	(130)	-	(130)
Interest expenses	-	-	-	(5,107)	(5,107)
Interest payment	-	-	-	5,107	5,107
Net debt as at 31 Dec 2024	(87,466)	(1,789)	(89,255)	9,779	(79,476)

RO'000	Liabilities from financing activities			Other assets	
	Loans	Leases Note 20	Sub-total	Cash	Total
as at 1 January 2023	(33,114)	(1,562)	(34,676)	7,888	(26,788)
Payment of borrowing & Term loan	15,780	-	15,780	-	15,780
Proceeds from borrowings	(54,800)	-	(54,800)	-	(54,800)
Term loan	4,334		4,334	-	4,334
Foreign currencies translation differences	-	-	-	-	-
Others		-	-	(4,881)	(4,881)
Principal elements of lease payments	-	958	958	-	958
New leases	-	(2,221)	(2,221)	-	(2,221)
Interest on lease liablities	-	(144)	(144)		(144)
Interest expenses	-	-	-	(2,995)	(2,995)
Interest payment				2,995	2,995
Net debt as at 31 December 2023	(67,801)	(2,969)	(70,770)	3,007	(67,763)

31 Trade and other payables

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	2024	2023
Trade payables	56,921	48,941	69,068	55,556
Advance from customers - current	22,506	21,188	22,506	21,188
Accrued expenses	12,079	7,980	14,023	8,815
Due to customers for construction contracts (Note 17)	3,460	5,111	3,460	5,111
Retentions on sub-contracts	5,321	4,510	5,354	4,539
Due to related parties (Note 37)	4,465	2,916	1,178	1,166
Statutory dues payable	1,888	1,986	1,993	2,030
Other payables	1,064	985	1,250	1,094
	107,704	93,617	118,832	99,499

31 Trade and other payables (continued)

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

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
Advance from customers:	**RO '000**	RO '000	**RO '000**	RO '000
Non-current portion	**14,041**	3,956	**14,041**	3,956
Current portion	**22,506**	21,188	**22,506**	21,188
	36,547	25,144	**36,547**	25,144

Advances from customers are secured by bank guarantees.

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

32 Provision for employees' end of service benefits

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
Balance at beginning of the year	**14,745**	11,917	**15,247**	12,300
Charge for the year (Note 9)	**1,651**	3,963	**1,757**	4,146
Paid during the year	**(4,049)**	(1,135)	**(4,175)**	(1,199)
Balance at end of the year	**12,347**	14,745	**12,829**	15,247

In accordance with the provisions of IAS 19, the management has carried out an exercise to assess the present value of its obligations as at 31 December 2024 and 2023, using the projected unit credit method, in respect of employees' end of service benefits payable under the Oman Labour Law. Under this method an assessment has been made of an employee's expected service life with the Company and the expected basic salary at the date of leaving the service. Management has assumed average increment / promotion costs in line with the operating performance of the Company and expected future outlook. The expected liability at the date of leaving the service has been discounted to net present value using a discount rate of 6% (2023 - 6%).

33 Provisions

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
Provision for employees' leave pay and passage	**5,186**	5,173	**5,186**	5,290
Provision for purchases and sub-contracts	**32,454**	50,941	**32,454**	50,941
Provision for future loss on contracts	**4,173**	3,067	**4,173**	3,067
	41,813	59,181	**41,813**	59,298

34 Taxation

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

Income tax expense

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
Tax (credit)/charge - Prior year	**-**	-	**(48)**	1
Deferred tax charge/(credit) for the year	**-**	-	**196**	(178)
	-	-	**148**	(177)

34 Taxation (continued)

The Parent company has incurred taxable losses of RO 6.6 million (2023: RO 4.5 million) for the current year. Accordingly, no tax expense has been recognized. No tax asset has been recognized on carried forward taxable losses of RO 15.8 million (2023: 11.2 million.)

Provision for taxation

The Parent Company's income tax assessment up to the year 2020 has been completed by the tax authority. The income tax assessments of the subsidiaries are at various stages of completion. The management believes that the amount of additional taxes, if any, that may become payable on finalisation of the unassessed tax years would not be material to the Group's financial position. The movement of tax provision is as follows:
The movement of tax provision is as follows:

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
Balance at beginning of the year	**100**	100	**125**	125
Tax (adjustment)/charge	**-**	-	**(48)**	1
Tax adjustment/paid	**-**	-	**50**	(1)
Balance at end of the year	**100**	100	**127**	125

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.

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
Balance at beginning of the year	**-**	-	**169**	347
Tax charge/(adjustment)	**-**	-	**196**	(178)
Balance at end of the year	**-**	-	**365**	169

35 Earning per share

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

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
Profit attributable to equity shareholders of the Parent Company:	**(3,672)**	574	**(3,857)**	168
Number of shares in '000 (Note 22)	**290,650**	290,650	**290,650**	290,650
Basic and diluted earning per share (RO)	**(0.013)**	0.002	**(0.013)**	0.001

36 Net assets per share

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

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
Net assets	**24,800**	28,472	**18,681**	22,624
Number of shares in '000 (Note 22)	**290,650**	290,650	**290,650**	290,650
Net assets per share (RO)	**0.085**	0.098	**0.064**	0.078

37 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/Audit Committee.
The following is a summary of significant transactions with related parties which are included in the financial statements:

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
Contract income				
Sales and services				
- with subsidiaries	**1,564**	1,754	**-**	-
- with other related parties	**274**	-	**274**	-
Purchase of goods and services				
- with subsidiaries	**8,863**	5,973	**-**	-
- with other related parties	**2,976**	64	**2,976**	64
Directors' sitting fees	**46**	162	**46**	162

Balances of related parties recognised and disclosed in notes 19 and 31 respectively are as follows:

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
Due from subsidiaries and associated companies	**7,283**	7,710	**2,615**	952
Due from other related parties	**2,498**	3,257	**2,497**	3,257
Allowance for expected credit losses against due from related parties	**(3,185)**	(2,666)	**(3,830)**	(2,724)
	6,596	8,301	**1,282**	1,485
Due to Shareholders		-		-
Due to subsidiaries and associated companies	**4,292**	2,699	**1,070**	935
Due to other related parties	**173**	217	**108**	231
	4,465	2,916	**1,178**	1,166

The amounts outstanding are unsecured and will be settled. During the year, net RO 527 (2023: recognised net RO 186) thousand has been recognised towards expected credit losses 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).

37 Related parties' transactions and balances (continued)

The remuneration of key management personnel is as follows:

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
Salaries	**834**	744	**1,151**	1,113
Employees' end of service benefits	**30**	27	**128**	144
Directors' sitting fees (Note 8)	**46**	162	**46**	162
	910	963	**1,325**	1,419

38 Commitments and contingencies

Amount in RO '000s

	Parent Company		Consolidated	
	2024	2023	**2024**	2023
Bonds and guarantees	**145,718**	133,457	**148,875**	136,503
Letter of credit	**32,859**	29,673	**32,859**	29,716
Corporate guarantees	**4,750**	3,775	**4,750**	3,775
Capital commitments	**15,449**	15,098	**15,449**	15,098
Legal cases	**896**	774	**1,151**	819
	199,672	182,777	**203,084**	185,911

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

38.1 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.

(i) The Parent Company had lodged arbitration cases against Haya towards recovery of penalty deducted by Haya towards Al Ansab STP project. Arbitration Award obligated Haya to pay RO 2.8 million and Supreme Court (2nd time) nullified the arbitration award due to procedural reasons. Galfar filed the commercial case to recover penalties recovered by Haya claiming RO 2.8 million along with the interest and case expenses. Muscat appeal court cancelled the Primary court judgement which dismissed the case due to the existence of a clause of Arbitration in the Contract and referred the case back to Primary Court for issue the new judgement on the subject of dispute. The case is ongoing.

ii) he Parent Company has filed a Commercial Case against Petrofac Samsung JV for the project 'EPC Building Works-Packages 1 & 3' claiming USD 3.4 million (RO 1.3 million) along with compensation and the case expenses due to PS-JV's breach of the settlement agreement. The case is ongoing.

iii)The Parent Company filed commercial case against Saipem claiming to pay the outstanding payment of RO 0.665 million along with interest for the project 'Site Preparation works at Ras Markaz - Duqm Refinery Package -3' from eligibility date to full payment date for the works executed. The case is ongoing.

38 Commitments and contingencies (continued)

38.1 Legal cases (continued)

(iv) The Parent Company had served a 'Notice of Dispute' against M/s. Petrofac towards recovery of extension of time with associated costs, unapproved variations and unagreed back charges with M/s. Petrofac for USD 13.8 million (RO 5.3 million) for the project 'Sub-contract for EPC of Building Works-Salalah LPG Project' and USD 42.9 million (RO 16.5 million) for the project 'Sub-contract for CMEI Works E&F Area-Salalah LPG Project'. Arbitration proceedings are ongoing.

(v) The Parent Company had served a 'Notice of Dispute' against M/s. Saipem S.P.A. towards the entitlement of extension of time with associated costs, unapproved variations and unagreed back charges with M/s. Saipem S.P.A. for USD 58.1 million (RO 22.3 million) for the project 'Sub-contract of Mechanical, Electrical, Instrumentation and Piping Fabrication Works for sub-package A&C-Duqm Refinery Package 3 Offsite Facilities' project. Since amicable settlement of dispute was not achieved, the Parent Company issued the 'Request for Arbitration'. The arbitration proceedings are ongoing.

38.2 Penalties

Penalties amounting to RO 252 (2023: RO 3,926) 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 recognised as a liability..

Further imposable penalties on account of expected completion delays amounting to RO 1,722 (2023: RO 1,753) 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.

39 Restatement note in the consolidated financial statements

In the prior year, for two of Oman based subsidiaries, certain contractual arrangements with suppliers and banking institution were disclosed as finance lease arrangements in accordance with IFRS 16 – Leases with a corresponding right-of-use assets and lease liabilities being recorded. During the year, management reassessed these arrangements and determined that the contractual arrangements represented a financing arrangement to purchase the underlying property plant and equipment instead of lease arrangement. Accordingly, these arrangements should have been accounted for in accordance with IAS 16 – Property, plant and equipment and IFRS 9 – Financial Instruments.

As such, the amounts were reclassified from right-of-use asset and lease liabilities and presented as property, plant and equipment and term loans. This resulted in decrease in the amortisation of right-of-use asset' with a corresponding increase in 'depreciation of property, plant and equipment' without any impact on the net profits in the statement of comprehensive income as there was no change on the useful life of these assets. Refer to details in Note 7.

The Group restated the consolidated financial statements, and the adjustments are reflected in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8"), in the consolidated statement of financial position as of 31 December 2023 and 31 December 2022 as detailed below

39. Restatement note in the consolidated financial statements (continued)

Galfar Engineering and Contracting SAOG Consolidated Statement of Financial Position	31 December 2023	Increase/ (Decrease)	31 December 2023 Restated	31 December 2022	Increase/ (Decrease)	1 January 2023 Restated
Right to use of assets	9,460	(4,874)	4,766	6,197	(2,852)	3,345
Property, plant and equipment	36,453	4,874	41,327	24,933	2,852	27,785
Total non-current assets	**63,785**	-	**63,785**	**47,537**	-	**47,537**
Lease liabilities current	1,753	(1,028)	725	1,149	(569)	580
Term loan current	7,134	1,075	8,209	8,160	569	8,729
Total current liabilities	**211,391**	**47**	**211,438**	**165,234**	-	**165,234**
Lease liabilities non-current	4,753	(2,510)	2,243	2,449	(1,468)	981
Term loan non-current	13,547	2,463	16,010	5,968	1,468	7,436
Total non-current liabilities	**37,672**	**(47)**	**37,625**	**28,606**	-	**28,606**

The reclassification from lease liabilities to term loans has resultant impact on the statement of cash flows to disclose the payments made as 'repayments of term loans' instead of 'lease payments' within the cashflow from financing activities.

Consolidated - Galfar Engineering and Contracting SAOG Consolidated Statement of Cashflows	31 December 2023	Increase / (Decrease)	31 December 2023
Cashflow from Financing activities:			
Lease payments	(2,122)	1,164	(958)
Repayment of term loans	(3,170)	(1,164)	(4,334)

40 Operating segments

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:

Amount in RO '000s

	Construction		Manufacturing		Hiring		Inter segments		Consolidated	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Segment revenue and expenses										
Segment revenue	**277,083**	240,404	**16,102**	14,333	**3,067**	2,411	**(10,215)**	(7,294)	**286,037**	249,854
Segment expenses	**281,549**	240,646	**15,529**	13,455	**3,182**	2,495	**(10,311)**	(6,870)	**289,949**	249,726
Segment results	**(4,466)**	(242)	**573**	878	**(115)**	(84)	**96**	(424)	**(3,912)**	128
Segment assets and liabilities										
Segment assets	**286,780**	264,113	**10,995**	9,117	**5,516**	5,474	**(6,182)**	(6,195)	**296,709**	272,509
Segment liabilities	**266,021**	238,888	**8,121**	6,812	**3,222**	3,467	**(104)**	(104)	**277,260**	249,063

Inter-segment revenues are eliminated upon consolidation and reflected in the 'Inter segments' column.

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Partner In Progress