RAYSUT CEMENT COMPANY SAOG
AND ITS SUBSIDIARIES

Consolidated and separate financial statements

31 December 2017

Registered address and principal place of business:
P.O. Box 1020
Postal code 211
Salalah
Sultanate of Oman
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent auditor’s report</td>
<td>1a – 1e</td>
</tr>
<tr>
<td>Consolidated and separate statement of financial position</td>
<td>2</td>
</tr>
<tr>
<td>Consolidated and separate statement of profit or loss and other</td>
<td>3</td>
</tr>
<tr>
<td>comprehensive income</td>
<td></td>
</tr>
<tr>
<td>Consolidated and separate statement of changes in equity</td>
<td>4 - 5</td>
</tr>
<tr>
<td>Consolidated and separate statement of cash flows</td>
<td>6</td>
</tr>
<tr>
<td>Notes to the consolidated and separate financial statements</td>
<td>7 – 52</td>
</tr>
</tbody>
</table>
# Consolidated and separate statement of financial position

**As at 31 December**

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
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<tr>
<td><strong>ASSETS</strong></td>
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</tr>
<tr>
<td>Non-current assets</td>
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<td></td>
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<tr>
<td>Goodwill</td>
<td>12</td>
<td>RO</td>
<td>RO</td>
<td>45,798,586</td>
<td>45,798,586</td>
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<tr>
<td>Property, plant and equipment</td>
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<td>64,141,185</td>
<td>66,305,169</td>
<td>93,825,513</td>
<td>96,207,892</td>
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<tr>
<td>Investment in associates</td>
<td>10</td>
<td>113,343</td>
<td>2,037,430</td>
<td>225,369</td>
<td>4,677,933</td>
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<tr>
<td>Investment in subsidiaries</td>
<td>11</td>
<td>66,641,735</td>
<td>66,641,735</td>
<td>-</td>
<td>-</td>
<td></td>
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<tr>
<td>Available-for-sale financial assets</td>
<td>14</td>
<td>125,000</td>
<td>125,000</td>
<td>125,000</td>
<td>125,000</td>
<td>125,000</td>
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<tr>
<td>Long term deferred expenses</td>
<td>18</td>
<td>18,900</td>
<td>27,000</td>
<td>88,898</td>
<td>185,979</td>
<td></td>
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<tr>
<td>Long term deposits</td>
<td>19</td>
<td>-</td>
<td>7,000,000</td>
<td>-</td>
<td>7,000,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td>131,040,163</td>
<td>142,136,334</td>
<td>140,063,366</td>
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<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>15</td>
<td>18,007,304</td>
<td>12,838,427</td>
<td>27,289,216</td>
<td>20,226,002</td>
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<tr>
<td>Trade receivables</td>
<td>16</td>
<td>4,349,817</td>
<td>7,053,962</td>
<td>6,160,904</td>
<td>8,610,739</td>
<td></td>
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<tr>
<td>Advances to subsidiaries</td>
<td>13</td>
<td>3,234,000</td>
<td>3,911,000</td>
<td>-</td>
<td>-</td>
<td></td>
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<tr>
<td>Financial assets at fair value through profit or loss</td>
<td>17</td>
<td>3,684,702</td>
<td>1,982,715</td>
<td>4,343,505</td>
<td>2,411,315</td>
<td></td>
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<tr>
<td>Prepayments, advances and other receivables</td>
<td>18</td>
<td>5,000,000</td>
<td>7,000,000</td>
<td>8,366,400</td>
<td>10,892,400</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>19</td>
<td>3,248,601</td>
<td>6,530,676</td>
<td>5,130,895</td>
<td>8,412,113</td>
<td></td>
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<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td>41,541,374</td>
<td>43,221,947</td>
<td>55,098,870</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td></td>
<td></td>
<td>172,581,537</td>
<td>185,358,281</td>
<td>195,162,236</td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>21</td>
<td>20,000,000</td>
<td>20,000,000</td>
<td>20,000,000</td>
<td>20,000,000</td>
<td></td>
</tr>
<tr>
<td>Share premium</td>
<td>23</td>
<td>13,456,873</td>
<td>13,456,873</td>
<td>13,456,873</td>
<td>13,456,873</td>
<td></td>
</tr>
<tr>
<td>Legal reserve</td>
<td>24</td>
<td>6,666,667</td>
<td>6,666,667</td>
<td>6,666,667</td>
<td>6,666,667</td>
<td></td>
</tr>
<tr>
<td>Asset replacement reserve</td>
<td>25</td>
<td>3,647,566</td>
<td>3,647,566</td>
<td>3,647,566</td>
<td>3,647,566</td>
<td></td>
</tr>
<tr>
<td>Voluntary reserve</td>
<td>26</td>
<td>6,352,434</td>
<td>6,352,434</td>
<td>6,352,434</td>
<td>6,352,434</td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>27</td>
<td>83,775,779</td>
<td>90,505,654</td>
<td>101,441,560</td>
<td>108,626,825</td>
<td></td>
</tr>
<tr>
<td><strong>Equity attributable to owners of the Company</strong></td>
<td></td>
<td></td>
<td></td>
<td>133,899,319</td>
<td>140,629,194</td>
<td>151,639,989</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td></td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td>74,847</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td></td>
<td></td>
<td></td>
<td>133,899,319</td>
<td>140,629,194</td>
<td>151,639,989</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term loans - non-current portion</td>
<td>28</td>
<td>16,562,500</td>
<td>22,437,500</td>
<td>16,562,500</td>
<td>22,437,500</td>
<td></td>
</tr>
<tr>
<td>Deferred taxation</td>
<td>29</td>
<td>4,073,000</td>
<td>3,279,000</td>
<td>4,381,750</td>
<td>3,514,640</td>
<td></td>
</tr>
<tr>
<td>End of service benefits</td>
<td>30</td>
<td>829,853</td>
<td>837,071</td>
<td>1,412,967</td>
<td>1,371,053</td>
<td></td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td>21,465,353</td>
<td>26,553,571</td>
<td>22,357,217</td>
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<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term loans – current portion</td>
<td>28</td>
<td>5,875,000</td>
<td>5,875,000</td>
<td>5,875,000</td>
<td>5,875,000</td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>31</td>
<td>10,027,865</td>
<td>10,992,516</td>
<td>13,976,030</td>
<td>14,221,721</td>
<td></td>
</tr>
<tr>
<td>Taxation</td>
<td>41</td>
<td>1,314,000</td>
<td>2,208,000</td>
<td>1,314,000</td>
<td>2,208,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td>17,216,865</td>
<td>18,175,516</td>
<td>21,165,030</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td>38,682,218</td>
<td>44,729,087</td>
<td>43,522,247</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td>172,581,537</td>
<td>185,358,281</td>
<td>195,162,236</td>
</tr>
<tr>
<td><strong>Net assets per share</strong></td>
<td></td>
<td></td>
<td></td>
<td>0.670</td>
<td>0.703</td>
<td>0.758</td>
</tr>
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</table>

The financial statements were approved and authorized for issue on ______ and were signed on behalf of the Board of Directors by:

**Ahmed Bin Yousuf Bin Alawi Al Ibrahim**  
**Chairman**

**Ghose Jotirmoy Pratul Krishna**  
**Chief Executive Officer**

The notes on pages 7 to 52 form an integral part of the financial statements.

The report of the independent auditors is set forth on pages 1a-1e.
## Consolidated and separate statement of profit or loss and other comprehensive income

*For the year ended 31 December*

<table>
<thead>
<tr>
<th>Note</th>
<th>Parent</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RO</td>
<td>RO</td>
</tr>
</tbody>
</table>

### Revenue
- 2017: 49,887,277 RO
- 2016: 65,797,306 RO

### Cost of sales
- 2017: (36,475,558) RO
- 2016: (38,810,948) RO

### Operating profit
- 2017: 13,411,719 RO
- 2016: 26,986,358 RO

### Profit before tax
- 2017: 8,409,949 RO
- 2016: 18,810,232 RO

### Income tax
- 2017: (2,139,824) RO
- 2016: (2,171,652) RO

### Total profit and comprehensive income for the year
- 2017: 6,270,125 RO
- 2016: 16,638,580 RO

<table>
<thead>
<tr>
<th>Owners of the Company</th>
<th>6,270,125</th>
<th>16,638,580</th>
<th>5,814,735</th>
<th>20,710,308</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Non-controlling interest</th>
<th>-</th>
<th>-</th>
<th>42</th>
<th>(23,706)</th>
</tr>
</thead>
</table>

**Total profit and comprehensive income attributable to:**

<table>
<thead>
<tr>
<th>Basic and diluted earnings per share</th>
<th>0.031</th>
<th>0.083</th>
<th>0.029</th>
<th>0.104</th>
</tr>
</thead>
</table>

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RAYSUT CEMENT COMPANY SAOG AND ITS SUBSIDIARIES

Separate statement of changes in equity
*For the year ended 31 December 2017*

<table>
<thead>
<tr>
<th>Note</th>
<th>Share capital (RO)</th>
<th>Share premium (RO)</th>
<th>Legal reserve (RO)</th>
<th>Asset replacement reserve (RO)</th>
<th>Voluntary reserve (RO)</th>
<th>Retained earnings (RO)</th>
<th>Total (RO)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
<td></td>
</tr>
<tr>
<td>At 1 January 2016</td>
<td>20,000,000</td>
<td>13,456,873</td>
<td>6,666,667</td>
<td>3,647,566</td>
<td>6,352,434</td>
<td>83,867,074</td>
<td>133,990,614</td>
</tr>
<tr>
<td>Total comprehensive income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>16,638,580</td>
<td>16,638,580</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Transactions with owners:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend paid during the year</td>
<td>22</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 December 2016</td>
<td>20,000,000</td>
<td>13,456,873</td>
<td>6,666,667</td>
<td>3,647,566</td>
<td>6,352,434</td>
<td>90,505,654</td>
<td>140,629,194</td>
</tr>
<tr>
<td>At 1 January 2017</td>
<td>20,000,000</td>
<td>13,456,873</td>
<td>6,666,667</td>
<td>3,647,566</td>
<td>6,352,434</td>
<td>90,505,654</td>
<td>140,629,194</td>
</tr>
<tr>
<td>Total comprehensive income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>6,270,125</td>
<td>6,270,125</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transactions with owners:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend paid during the year</td>
<td>22</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 December 2017</td>
<td>20,000,000</td>
<td>13,456,873</td>
<td>6,666,667</td>
<td>3,647,566</td>
<td>6,352,434</td>
<td>83,775,779</td>
<td>133,899,319</td>
</tr>
</tbody>
</table>

The notes on pages 7 to 52 form an integral part of the financial statements.

The report of the independent auditors is set forth on pages 1a-1e.
## Consolidated statement of changes in equity

*For the year ended 31 December 2017*

<table>
<thead>
<tr>
<th>Consolidated</th>
<th>Attributable to owners of the Parent Company</th>
<th>Non controlling interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note</td>
<td>Share capital RO</td>
<td>Share premium RO</td>
<td>Legal reserve RO</td>
</tr>
<tr>
<td>At 1 January 2016</td>
<td>20,000,000</td>
<td>13,456,873</td>
<td>6,666,667</td>
</tr>
<tr>
<td><strong>Total comprehensive income:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Transactions with owners:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjustment of non-controlling interest</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital contribution by non-controlling interest</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividend paid for 2015</td>
<td>22</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December 2016</td>
<td>20,000,000</td>
<td>13,456,873</td>
<td>6,666,667</td>
</tr>
<tr>
<td>At 1 January 2016</td>
<td>20,000,000</td>
<td>13,456,873</td>
<td>6,666,667</td>
</tr>
<tr>
<td><strong>Total comprehensive income:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Transactions with owners:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend for 2016</td>
<td>22</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December 2017</td>
<td>20,000,000</td>
<td>13,456,873</td>
<td>6,666,667</td>
</tr>
</tbody>
</table>

The notes on pages 7 to 52 form an integral part of the financial statements.

The report of the independent auditor is set forth on pages 1a – 1e.
## RAYSUT CEMENT COMPANY SAOG AND ITS SUBSIDIARIES

### Consolidated and separate statement of cash flows

*For the year ended 31 December*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
</tr>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash generated from operations (Note 46)</td>
<td>5,371,107</td>
<td>20,400,949</td>
<td>8,601,821</td>
<td>27,368,280</td>
</tr>
<tr>
<td>Income tax refunds</td>
<td>-</td>
<td>628,808</td>
<td>-</td>
<td>628,808</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(2,239,824)</td>
<td>(3,894,560)</td>
<td>(2,239,824)</td>
<td>(3,920,754)</td>
</tr>
<tr>
<td><strong>Net cash from operating activities</strong></td>
<td>3,131,283</td>
<td>17,135,197</td>
<td>6,361,997</td>
<td>24,076,334</td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of subsidiary (net of cash acquired)</td>
<td>-</td>
<td>(102,000)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from sale of investment in associate</td>
<td>5,500,000</td>
<td>-</td>
<td>5,500,000</td>
<td>-</td>
</tr>
<tr>
<td>Dividend Income received on financial assets at fair value through profit or loss</td>
<td>167,259</td>
<td>168,948</td>
<td>167,259</td>
<td>168,948</td>
</tr>
<tr>
<td>Dividends received from associate</td>
<td>359,428</td>
<td>-</td>
<td>359,428</td>
<td>-</td>
</tr>
<tr>
<td>Advances repaid by subsidiary</td>
<td>677,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Acquisition of financial assets at fair value through profit or loss</td>
<td>-</td>
<td>(291,656)</td>
<td>(291,656)</td>
<td>(291,656)</td>
</tr>
<tr>
<td>Deferred costs</td>
<td>-</td>
<td>(40,533)</td>
<td>(190,904)</td>
<td>(636,705)</td>
</tr>
<tr>
<td>Proceeds from term deposits – net</td>
<td>9,000,000</td>
<td>(496,219)</td>
<td>9,526,000</td>
<td>(2,284,619)</td>
</tr>
<tr>
<td>Interest received</td>
<td>297,897</td>
<td>399,196</td>
<td>374,488</td>
<td>451,355</td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(2,538,084)</td>
<td>(3,960,282)</td>
<td>(5,502,628)</td>
<td>(9,263,212)</td>
</tr>
<tr>
<td><strong>Net cash generated from/ (used in) investing activities</strong></td>
<td>13,463,500</td>
<td>(4,322,546)</td>
<td>10,233,643</td>
<td>(11,855,889)</td>
</tr>
<tr>
<td><strong>Financing activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayment of long term loans</td>
<td>(5,875,000)</td>
<td>(6,750,000)</td>
<td>(5,875,000)</td>
<td>(6,750,000)</td>
</tr>
<tr>
<td>Capital contribution by non-controlling interest</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>98,000</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(13,000,000)</td>
<td>(10,000,000)</td>
<td>(13,000,000)</td>
<td>(10,000,000)</td>
</tr>
<tr>
<td>Interest and finance costs paid</td>
<td>(1,001,858)</td>
<td>(771,491)</td>
<td>(1,001,858)</td>
<td>(771,491)</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td>(19,876,858)</td>
<td>(17,521,491)</td>
<td>(19,876,858)</td>
<td>(17,423,491)</td>
</tr>
<tr>
<td><strong>Net decrease in cash and cash equivalents</strong></td>
<td>(3,282,075)</td>
<td>(4,708,840)</td>
<td>(3,281,218)</td>
<td>(5,203,046)</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at beginning of the year</strong></td>
<td>6,530,676</td>
<td>11,239,516</td>
<td>8,412,113</td>
<td>13,615,159</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the year</strong></td>
<td>3,248,601</td>
<td>6,530,676</td>
<td>5,130,895</td>
<td>8,412,113</td>
</tr>
</tbody>
</table>

(Note 20)

The notes on pages 7 to 52 form an integral part of the financial statements.

The report of the independent auditor is set forth on pages 1a -1e.
NOTES TO THE CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1 Legal and principal activities

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

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

The principal activities of the subsidiary and associate companies are set out below:

<table>
<thead>
<tr>
<th>Subsidiary companies</th>
<th>Country of incorporation</th>
<th>Shareholding percentage</th>
<th>Principal activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pioneer Cement Industries LLC ('Pioneer')</td>
<td>United Arab Emirates</td>
<td>99.99% 99.99%</td>
<td>Production and sale of cement</td>
</tr>
<tr>
<td>Raysea Navigation SA ('Raysea')</td>
<td>Panama</td>
<td>100% 100%</td>
<td>Shipping transport company</td>
</tr>
<tr>
<td>Raybulk Navigation SA ('Raybulk')</td>
<td>Marshall Islands</td>
<td>100% 100%</td>
<td>Shipping transport company</td>
</tr>
<tr>
<td>Pioneer Cement Industries Georgia Limited*</td>
<td>Georgia</td>
<td>100% 100%</td>
<td>Limestone quarry</td>
</tr>
<tr>
<td>Raysut Cement Company S.A.O.G. (Branch) **</td>
<td>United Arab Emirates</td>
<td>100% 100%</td>
<td>Limestone quarry</td>
</tr>
<tr>
<td>Raysut Burwaqo Cement Company LLC ('RBCC')</td>
<td>Oman</td>
<td>51% -</td>
<td>Wholesale of cement &amp; plastic</td>
</tr>
</tbody>
</table>

Associate companies

<table>
<thead>
<tr>
<th>Subsidiary companies</th>
<th>Country of incorporation</th>
<th>Shareholding percentage</th>
<th>Principal activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mukalla Raysut Trading and Industrial Company ('MRTIC')</td>
<td>Republic of Yemen</td>
<td>49% 49%</td>
<td>Importing, exporting, packing and marketing of cement products</td>
</tr>
<tr>
<td>Oman Portuguese Cement Products LLC ('OPCP') ***</td>
<td>Sultanate of Oman</td>
<td>- 50%</td>
<td>Production and sale of ready mix concrete, blocks and interlocks</td>
</tr>
</tbody>
</table>

One share out of 55,000 shares of Pioneer Cement Industries LLC is held by a third party.

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

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

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

*** During the year, the Company has sold investment in Oman Portuguese Cement Products LLC.

In 2016, the Company, along with Oman Cement Company SAOG, has registered a new Company, Al Wusta Cement Company LLC and proposes to set up a new cement manufacturing plant.

2 Statement of compliance

These consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), applicable provisions of the requirements of the Commercial Companies Law of 1974, as amended, and the disclosure requirements of the Capital Market Authority of the Sultanate of Oman.

3 Basis of preparation

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

3.1 Use of judgments and estimates

The preparation of consolidated and separate financial statements in conformity with IFRSs requires the Management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.
3 Basis of preparation (continued)

3.1 Use of judgments and estimates (continued)

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

4 Functional and presentation currency

These separate and consolidated financial statements have been presented in Rial Omani which is the Parent Company’s and the Group’s functional and reporting currency.

5 Basis of consolidation

(a) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

(b) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(c) Non-controlling interest

NCI are measured initially at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(d) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(e) Transactions eliminated on consolidation

Intra-group balances and transactions, and any recognized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealized losses are eliminated in the same way as recognized gains, but only to the extent that there is no evidence of impairment.
5  Basis of consolidation (continued)

(f)  Non-controlling interest

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

6  Summary of significant accounting policies

6.1  Revenue recognition

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

Revenue from sale of goods in the ordinary course of business is measured at the fair value and represents the invoice price of products delivered to the customers at the point of delivery net of discounts, at which point the significant risk and rewards of ownership of the product passes to and vests in the customers.

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

6.2  Interest income and expense

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

6.3  Leases

At inception of an arrangement, the Group determines whether the arrangement is to or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

6.4  Foreign currency

(a)  Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.
6 Summary of significant accounting policies (continued)

6.4 Foreign currency (continued)

(a) Foreign currency transactions (continued)

However, foreign currency differences arising from the translation of the following items are recognised in OCI:
- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss)
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective); and
- qualifying cash flow hedges to the extent that the hedges are effective

(b) Foreign operations

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

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

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

(c) Discontinued operations

A discontinued operation is a component of the Group’s business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:
- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

(d) Group companies

The accounting records of a subsidiary, Pioneer Cement Industries LLC are maintained in UAE Dirhams (AED). The Rial Omani amounts included in the consolidated financial statements have been translated at an exchange rate of 0.1052 (2016 - 0.1052) Omani Rial to each AED for the statement of comprehensive income and the statement of financial position items, as the AED to RO exchange rate has effectively remained fixed during the year, as both currencies are pegged to the US Dollar.

6.5 Income tax

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

Interest and penalties related to income taxes, including uncertain tax treatments, are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.
6.5 Income tax (continued)

(a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

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

(b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill

6.6 Earnings and net assets per share

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

6.7 Directors’ remuneration

Directors’ remuneration has been computed in accordance with the Article 101 of the Commercial Companies Law of 1974, as per the requirements of Capital Market Authority.

6.8 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, except for land and capital work-in-progress which are carried at cost less impairment losses.

Costs include expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

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

The cost of replacing part of an item of property, plant and equipment is capitalized in the carrying amount of an item if it is probable that future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of profit or loss and other comprehensive income as incurred.
6.8 Property, plant and equipment (continued)

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

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

- Buildings and civil works: 5 - 30 years
- Plant and machinery: 25 years
- Ships: 15 years
- Ship un-loader and Blow pump: 10 years
- Motor vehicles: 5 years
- Furniture and fixtures: 5 years
- Office equipment: 5 years
- Plant vehicles, equipment and tools: 3 - 10 years

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

6.9 Capital work-in-progress

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

6.10 Impairment

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

The loss arising on an impairment of an asset is determined as the difference between the recoverable amount and carrying amount of the asset and is recognised immediately in the consolidated and Parent Company’s statement of comprehensive income.

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

6.11 Intangible assets

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

Intangible work-in-progress is not depreciated until it is transferred into intangible assets category, which occurs when the asset is available for intended use.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.
6 Summary of significant accounting policies (continued)

6.12 Investments in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

6.13 Investments in subsidiaries

(a) Classification

Subsidiaries are all entities over which the parent company has control. The parent company controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(b) Valuation

Investments in subsidiaries are carried in the financial statements of the Parent Company at cost less any impairment.

6.14 Inventories

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

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

6.15 Financial instruments

The Group classifies its financial assets in the following categories: held-to-maturity financial assets, financial assets at fair value through profit or loss, available-for-sale financial assets and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

6.15.1 Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

RAYSUT CEMENT COMPANY SAOG AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

6 Summary of significant accounting policies (continued)

6.15 Financial instruments (continued)

(a) Non-derivative financial assets – Measurement

Financial assets at FVTPL

A financial asset is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at FVTPL are measured at fair value and changes therein, including any interest and dividend income, are recognised in profit or loss.

Held to maturity financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Available-for-sale financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

(b) Non-derivative financial liabilities - Measurement

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

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

Borrowings

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

Trade and other payables

Payables with no stated interest rate are measured at the original invoice amount, in cases where the imputed interest is immaterial. However, in cases where the imputed interest rate factor is material, accounts payables are initially stated at fair value, subsequently measured at amortised cost through application of the discounted cash flows method at market interest rate available on short-term borrowings with comparable average periods of maturity.
The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.
6 Summary of significant accounting policies (continued)

6.16 Cash and cash equivalents

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

6.17 Employees’ end of service benefits

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

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

6.18 Provisions

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

6.19 Dividends

The Board of Directors recommends to the Shareholders the dividend to be paid out of the Group’s retained profits. The Directors take into account appropriate parameters including the requirements of the Commercial Companies Law of 1974 (as amended) and other relevant directives issued by CMA while recommending the dividend. Dividends are recognised as a liability when declared and approved by the shareholders.

6.20 Borrowing costs

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

6.21 Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets.

The Group measures the goodwill at the acquisition date as:

- Fair value of consideration transferred, plus
- Recognizable amount of any non-controlling interests in the acquire, less.
- The net recognised amount (generally the fair value) of the assets acquired and liabilities assumed. Accumulated impairment losses, if any in respect of goodwill arising on consolidation are assessed on annual basis. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. All operating segment operating results are reviewed regularly by Chief Operating Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

**6.23 New standards, amendments and interpretations effective from 1 January 2017**

The following standards, amendments and interpretations became effective as of 1 January 2017:

- Disclosure Initiative (Amendments to IAS 7)
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

**6.24 Standards, amendments and interpretations issued that are not yet effective (and which have not yet been adopted) that are relevant for the Group’s operations.**

A number of new standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however the Group has not early adopted the new amended standards in preparing these financial statements. The Group has disclosed known or reasonably estimable information relevant to assessing the possible impact that the application of new IFRS will have on its financial statements in the period of initial application that was available when the financial statements were prepared.

Based on a high level assessment, the Group does not expect the following standards to have a significant impact on the financial statements in the period of initial recognition. However, IFRS 9 will require extensive new disclosures, in particular about credit risk and expected credit loss. As such, the Group has initiated the process of implementing the system and control changes that will be necessary to capture the required data.

**Estimated impact of the adoption of IFRS 9 and IFRS 15**

The Group is required to adopt IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers from 1 January 2018. The Group has assessed the estimated impact that the initial application of IFRS 9 (see A) and IFRS 15 (see B) will have on its financial statements. The estimated impact of the adoption of these standards on the Group’s equity as at 1 January 2018 is based on assessments undertaken to date and is not likely to be significant. The actual impacts of adopting the standards at 1 January 2018 may change because the new accounting policies are subject to change until the Company presents its first financial statements that include the date of initial application.

**A. IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

i. **Classification – Financial assets**

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

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVTOCI) and Fair Value through Profit or Loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

Based on its assessment, the Company believes that the new classification requirements will not have a material impact on its accounting for financial assets.
Summary of significant accounting policies (continued)

6.24 Standards, amendments and interpretations issued that are not yet effective (and which have not yet been adopted) that are relevant for the Company’s operations (continued)

Estimated impact of the adoption of IFRS 9 and IFRS 15 (continued)

A. IFRS 9 Financial Instruments (continued)

ii. Impairment – Financial assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with a forward-looking ‘expected credit loss’ (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The impairment model will apply to financial assets measured at amortised cost or FVTOCI, except for investments in equity instruments, trade receivables and contract assets.

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

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

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

However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component. Based on the impairment methodology described above, the Company has estimated that application of IFRS 9’s impairment requirements at 1 January 2018 will not result in an impairment loss. The estimated ECLs were calculated taking into account the following criteria:

- actual credit loss experience over the past 06 years
- ageing of trade receivables; and
- discount factor applied for receivables where there are corresponding payables to the same party thus mitigating the Company’s exposure.

Balances with banks

Amount held with banks which are rated P-1 to P-3 based on Moody’s ratings. The Group considers that its balances with banks have low credit risk based on the external credit ratings of Moody’s and estimates that application of IFRS 9’s impairment requirements at 1 January 2018 will not result in any impairment loss (same as with the application of IAS 39).

iii. Classification – Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognized in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

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

The Group has not designated any financial liabilities at FVTPL and it has no current intention to do so. The Group’s assessment did not indicate any material impact regarding the classification of financial liabilities at 1 January 2018.

iv. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as below.

The Group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences
in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will generally be recognized in retained earnings as at 1 January 2018.

RAYSUT CEMENT COMPANY SAOG AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

6 Summary of significant accounting policies (continued)

6.24 Standards, amendments and interpretations issued that are not yet effective (and which have not yet been adopted) that are relevant for the Company’s operations (continued)

Estimated impact of the adoption of IFRS 9 and IFRS 15 (continued)

B. IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition standard IAS 18 Revenue.

The Group has completed review of the potential impact of the adoption of IFRS 15 on its financial statements. The review has indicated that IFRS15 will not have a material impact on the timing of recognition or measurement of revenue.

The Group plans to adopt IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognized at the date of initial application (i.e. 1 January 2018). As a result, the Group will not apply the requirements of IFRS 15 to the comparative period presented.

C. IFRS 16 Leases

IFRS 16 Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the entity. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

7 Financial risk management

7.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

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

At 31 December 2017, if the Rial Omani had weakened/strengthened by 10% against the Euro in case of the parent company and the Group, with all other variables held constant, it would have an insignificant impact on the pre-tax profit for the year on the consolidated and separate financial statements.

The Group is also exposed to foreign currency risk on investment in an associate in the aggregate amount of approximately RO 225,369 (2016: RO 290,289) denominated in Yemeni Rials, with all other variables held
constant, it would have an insignificant impact on the pre-tax profit for the year on the consolidated and separate financial statements.

RAYSUT CEMENT COMPANY SAOG AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

7 Financial risk management (continued)

7.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities in the market.

The Group is exposed to price risk arising from exposure to volatility in the Muscat Securities Market (MSM) on the investments in listed equity securities included as either fair value through profit or loss or available-for-sale financial assets. The table below summarises the impact of increases/decreases of the indices on the Group’s profits and on other components of equity. The analysis is made on the assumption that the equity indices will increase/decrease by 10% with all other variables held constant and all the Group’s equity instruments moved according to the historical correlation with the respective indices:

<table>
<thead>
<tr>
<th>Parent and consolidated</th>
<th>Impact on the company’s pre-tax profits (on financial assets at fair value through profit or loss)</th>
<th>Impact on the group’s pre-tax profits (on financial assets at fair value through profit or loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSM</td>
<td>401,695 390,517</td>
<td>401,695 390,517</td>
</tr>
</tbody>
</table>

(i) Interest rate risk

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

Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group’s policy is to maintain almost all of its borrowings in fixed rate instruments. During 2017 and 2016, the Group’s borrowings were denominated in Rial Omani currency. In 2016, the Parent Company converted an Omani Rial loan to a US dollar loan. The Group analyses its interest rate exposure on a regular basis and reassesses the source of borrowings and renegotiates interest rates at terms favorable to the Group.

At the reporting date, if the interest rate were to shift by 0.5%, there would be a maximum increase or decrease in the interest expense of RO 113,673 (2016 - RO 141,563) on the consolidated and separate financial statements.

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

(b) Credit risk

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

7.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Trade and other receivables

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

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

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

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RO</td>
<td>RO</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>4,349,817</td>
<td>7,053,962</td>
</tr>
<tr>
<td>Other receivables</td>
<td>2,301,794</td>
<td>796,555</td>
</tr>
<tr>
<td>Bank deposits</td>
<td>5,000,000</td>
<td>14,000,000</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>3,244,315</td>
<td>6,528,850</td>
</tr>
<tr>
<td></td>
<td>14,895,926</td>
<td>28,379,367</td>
</tr>
</tbody>
</table>

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

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for Groups of similar assets in respect of losses that have been incurred but not yet identified.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognized in profit or loss.

The age of trade receivables and related impairment loss at the end of the reporting period is:
7 Financial risk management (continued)

7.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Trade and other receivables (continued)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross RO</td>
<td>Allowance for impairment of trade receivables RO</td>
</tr>
<tr>
<td>Parent Company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not due 0 to 180 days</td>
<td>4,349,817</td>
<td>-</td>
</tr>
<tr>
<td>Past due 181 to 365 days</td>
<td>32,418</td>
<td>32,418</td>
</tr>
<tr>
<td>Past due 1 to 2 years</td>
<td>31,941</td>
<td>31,941</td>
</tr>
<tr>
<td>More than 2 years</td>
<td>377,458</td>
<td>377,458</td>
</tr>
<tr>
<td></td>
<td>4,791,634</td>
<td>441,817</td>
</tr>
<tr>
<td>Consolidated</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due 0 to 180 days</td>
<td>6,160,904</td>
<td>-</td>
</tr>
<tr>
<td>Past due 181 to 365 days</td>
<td>255,929</td>
<td>255,929</td>
</tr>
<tr>
<td>Past due 1 to 2 years</td>
<td>31,942</td>
<td>31,942</td>
</tr>
<tr>
<td>More than 2 years</td>
<td>377,458</td>
<td>377,458</td>
</tr>
<tr>
<td></td>
<td>6,826,233</td>
<td>665,329</td>
</tr>
</tbody>
</table>

(d) Liquidity risk

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

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

<table>
<thead>
<tr>
<th></th>
<th>Carrying amount RO</th>
<th>Contractual cash flows RO</th>
<th>Contractual cash flows Less than one year RO</th>
<th>Contractual cash flows More than one year RO</th>
<th>Carrying amount RO</th>
<th>Contractual cash flows RO</th>
<th>Contractual cash flows Less than one year RO</th>
<th>Contractual cash flows More than one year RO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other</td>
<td>10,027,865</td>
<td>(10,027,865)</td>
<td>(10,027,865)</td>
<td>-</td>
<td>10,092,516</td>
<td>(10,092,516)</td>
<td>(10,092,516)</td>
<td>(10,092,516)</td>
</tr>
<tr>
<td>payables</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term loans</td>
<td>22,437,500</td>
<td>(24,129,000)</td>
<td>(3,283,750)</td>
<td>(20,836,250)</td>
<td>28,312,500</td>
<td>(32,872,500)</td>
<td>(3,376,250)</td>
<td>(29,496,250)</td>
</tr>
<tr>
<td></td>
<td>32,465,365</td>
<td>(34,147,865)</td>
<td>(13,311,615)</td>
<td>(20,836,250)</td>
<td>38,405,016</td>
<td>(42,965,016)</td>
<td>(13,468,766)</td>
<td>(29,496,250)</td>
</tr>
</tbody>
</table>

Consolidated

<table>
<thead>
<tr>
<th></th>
<th>Carrying amount RO</th>
<th>Contractual cash flows RO</th>
<th>Contractual cash flows Less than one year RO</th>
<th>Contractual cash flows More than one year RO</th>
<th>Carrying amount RO</th>
<th>Contractual cash flows RO</th>
<th>Contractual cash flows Less than one year RO</th>
<th>Contractual cash flows More than one year RO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other</td>
<td>13,976,030</td>
<td>(13,976,030)</td>
<td>(13,976,030)</td>
<td>-</td>
<td>14,221,721</td>
<td>(14,221,721)</td>
<td>(10,092,516)</td>
<td>-</td>
</tr>
<tr>
<td>payables</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
7.2 Fair value estimation

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

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

<table>
<thead>
<tr>
<th>Year</th>
<th>Parent and Consolidated</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
</tr>
<tr>
<td>2017</td>
<td>Available-for-sale financial assets</td>
<td>-</td>
<td>-</td>
<td>125,000</td>
<td>125,000</td>
</tr>
<tr>
<td></td>
<td>Financial assets at fair value through profit or loss</td>
<td>4,016,950</td>
<td>-</td>
<td>-</td>
<td>4,016,950</td>
</tr>
<tr>
<td></td>
<td>4,016,950</td>
<td>-</td>
<td>125,000</td>
<td>4,141,950</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>Available-for-sale financial assets</td>
<td>-</td>
<td>-</td>
<td>125,000</td>
<td>125,000</td>
</tr>
<tr>
<td></td>
<td>Financial assets at fair value through profit or loss</td>
<td>3,905,167</td>
<td>-</td>
<td>-</td>
<td>3,905,167</td>
</tr>
<tr>
<td></td>
<td>3,905,167</td>
<td>-</td>
<td>125,000</td>
<td>4,030,167</td>
<td></td>
</tr>
</tbody>
</table>

There were no transfers between the levels during the year.

7.3 Capital risk management

Equity of the Parent Company and Group comprises share capital, share premium, legal reserves, special reserves and retained earnings. Management’s policy is to maintain an optimum capital base to maintain investor, creditor and market confidence to sustain future growth of business as well as return on capital. Capital requirements are prescribed by the Commercial Companies Law of 1974, amended, and the Capital Market Authority.

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

NOTES TO THE CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

7 Financial risk management (continued)

7.3 Capital risk management (continued)

The gearing ratios at 31 December 2017 and 31 December 2016 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th></th>
<th>Consolidated</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>RO</td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
</tr>
<tr>
<td>Total borrowings</td>
<td>22,437,500</td>
<td>28,312,500</td>
<td>22,437,500</td>
<td>28,312,500</td>
</tr>
<tr>
<td>Less: cash and</td>
<td>(3,248,601)</td>
<td>(6,530,676)</td>
<td>(5,130,895)</td>
<td>(8,412,113)</td>
</tr>
<tr>
<td>cash equivalents</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net debt</td>
<td>19,188,899</td>
<td>21,781,824</td>
<td>17,306,605</td>
<td>19,900,387</td>
</tr>
<tr>
<td>Equity</td>
<td>133,899,319</td>
<td>140,629,194</td>
<td>151,639,989</td>
<td>158,825,212</td>
</tr>
<tr>
<td>Total capital</td>
<td>153,088,218</td>
<td>162,411,018</td>
<td>168,946,594</td>
<td>178,725,599</td>
</tr>
<tr>
<td>Gearing Ratio</td>
<td>12.53%</td>
<td>13.41%</td>
<td>10.24%</td>
<td>11.13%</td>
</tr>
</tbody>
</table>

8 Critical accounting estimates and judgments

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

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

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

(a) Useful lives of property, plant and equipment

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

(b) Allowance for slow moving inventories

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

(c) Allowance for impairment of trade receivables

The management reviews the debtors’ ageing on a monthly basis and submits the same to the Board of Directors. In case of difficult unsecured debtors whose outstanding is in excess of the credit period allowed, regular follow up is made to collect the same. In case of necessity, legal options are also explored. Debtors’ provision is generally made in line with the policy of the Group, taking in to account case to case status as on collective basis.
Allowance for impairment of trade receivables is based on management assessment of various factors such as the Group’s past experience of collecting receivables from customers and the age of trade receivable depending on transaction.
Critical accounting estimates and judgments (continued)

(d) Goodwill and investment in subsidiaries and associated companies

The management follows the guidance of IAS 36 to determine when an investment in a subsidiary/associate is impaired. This determination requires significant judgement and in making this judgement, the management evaluates, among other factors, the carrying amount of the entity’s net assets and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

The Board of Directors test annually whether goodwill and investment in subsidiaries and associates have suffered any impairment in accordance with IAS 36, 'Impairment of Assets’ which require the use of estimates.

(e) Investment in an associate

Share of profit of associate company, Oman Portuguese Cement Products LLC amounting to RO Nil (2016: RO 814,050) and share of profit of other associate company, Mukalla Raysut Trading and Industrial Company amounting to RO 182,000 (2016: loss RO 273,204) are based on the unaudited financial statements. Historically, the completion of audit of the associates were after issuance of the group’s financial statements.

(f) Impairment of limestone mines

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

<table>
<thead>
<tr>
<th>Parent Company</th>
<th>Land, buildings and civil works</th>
<th>Plant and machinery</th>
<th>Motor vehicles</th>
<th>Furniture and fixtures</th>
<th>Office equipment</th>
<th>Plant, vehicles, equipment and tools</th>
<th>Capital work in progress (CWIP)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
</tr>
<tr>
<td>At 1 January 2016</td>
<td>33,234,932</td>
<td>85,743,529</td>
<td>347,645</td>
<td>267,212</td>
<td>968,948</td>
<td>5,349,242</td>
<td>6,383,700</td>
<td>132,295,208</td>
</tr>
<tr>
<td>Additions during the year</td>
<td>889,887</td>
<td>1,870,567</td>
<td>9,000</td>
<td>1,965</td>
<td>151,116</td>
<td>304,850</td>
<td>732,897</td>
<td>3,960,282</td>
</tr>
<tr>
<td>Transfers during the year</td>
<td>2,771,870</td>
<td>1,178,399</td>
<td></td>
<td>2,343</td>
<td>946</td>
<td>954,751</td>
<td>(4,908,309)</td>
<td>-</td>
</tr>
<tr>
<td>Write off during the year</td>
<td>-</td>
<td>(44,215)</td>
<td></td>
<td>-</td>
<td>-</td>
<td>(61,496)</td>
<td>-</td>
<td>(105,711)</td>
</tr>
<tr>
<td>At 31 December 2016</td>
<td>36,896,689</td>
<td>88,748,280</td>
<td>356,645</td>
<td>271,520</td>
<td>1,121,010</td>
<td>6,547,347</td>
<td>2,208,288</td>
<td>136,149,779</td>
</tr>
<tr>
<td>At 1 January 2017</td>
<td>36,896,689</td>
<td>88,748,280</td>
<td>356,645</td>
<td>271,520</td>
<td>1,121,010</td>
<td>6,547,347</td>
<td>2,208,288</td>
<td>136,149,779</td>
</tr>
<tr>
<td>Additions during the year</td>
<td>16,000</td>
<td>1,127,138</td>
<td>26,100</td>
<td>-</td>
<td>25,242</td>
<td>800,109</td>
<td>649,218</td>
<td>2,643,807</td>
</tr>
<tr>
<td>Transfers during the year</td>
<td>-</td>
<td>1,336,841</td>
<td></td>
<td>-</td>
<td>-</td>
<td>12,472</td>
<td>(1,349,313)</td>
<td>-</td>
</tr>
<tr>
<td>Adjustments</td>
<td>(75,388)</td>
<td>(30,335)</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(105,723)</td>
</tr>
<tr>
<td>Write off during the year</td>
<td>-</td>
<td>-</td>
<td>(5,000)</td>
<td>(48,868)</td>
<td>(344,318)</td>
<td>(506,595)</td>
<td>-</td>
<td>(904,781)</td>
</tr>
<tr>
<td>At 31 December 2017</td>
<td>36,837,301</td>
<td>91,181,924</td>
<td>377,745</td>
<td>222,652</td>
<td>801,934</td>
<td>6,853,333</td>
<td>1,508,193</td>
<td>137,783,082</td>
</tr>
</tbody>
</table>
## Property, plant and equipment (continued)

<table>
<thead>
<tr>
<th>Parent Company</th>
<th>Land, buildings and civil works (RO)</th>
<th>Plant and machinery (RO)</th>
<th>Motor vehicles (RO)</th>
<th>Furniture and fixtures (RO)</th>
<th>Office equipment (RO)</th>
<th>Plant, vehicles, equipment and tools (RO)</th>
<th>Capital work in progress (CWIP) (RO)</th>
<th>Total (RO)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accumulated depreciation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2016</td>
<td>16,403,413</td>
<td>42,734,760</td>
<td>291,426</td>
<td>147,476</td>
<td>948,689</td>
<td>4,969,739</td>
<td>-</td>
<td>65,495,503</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>1,020,869</td>
<td>3,110,011</td>
<td>17,603</td>
<td>37,040</td>
<td>20,372</td>
<td>209,458</td>
<td>-</td>
<td>4,415,353</td>
</tr>
<tr>
<td>Disposals during the year</td>
<td>-</td>
<td>(9,875)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(56,371)</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December 2016</td>
<td>17,424,282</td>
<td>45,834,896</td>
<td>309,029</td>
<td>184,516</td>
<td>969,061</td>
<td>5,122,826</td>
<td>-</td>
<td>69,844,610</td>
</tr>
</tbody>
</table>

| At 1 January 2017 | 17,424,282 | 45,834,896 | 309,029 | 184,516 | 969,061 | 5,122,826 | - | 69,844,610 |
| Charge for the year | 1,083,326 | 3,229,601 | 21,904 | 36,781 | 39,100 | 291,446 | - | 4,702,068 |
| Write off during the year | - | - | (5,000) | (48,868) | (344,318) | (506,595) | - | (904,781) |
| At 31 December 2017 | 18,507,518 | 49,064,497 | 325,933 | 172,429 | 663,843 | 4,907,677 | - | 73,641,897 |

**Net book amount**

| 31 December 2017 | 18,329,783 | 42,117,427 | 51,812 | 50,223 | 138,091 | 1,945,656 | 1,508,193 | 64,141,185 |
| 31 December 2016 | 19,472,407 | 42,913,384 | 47,616 | 87,004 | 151,949 | 1,424,521 | 2,208,288 | 66,305,169 |
### Property, plant and equipment (continued)

<table>
<thead>
<tr>
<th>Consolidated</th>
<th>Land, buildings and civil works RO</th>
<th>Plant and machinery RO</th>
<th>Ships RO</th>
<th>Motor vehicles RO</th>
<th>Furniture and fixtures RO</th>
<th>Office equipment RO</th>
<th>Plant, vehicles, equipment and tools RO</th>
<th>Capital work in progress (CWIP) RO</th>
<th>Total RO</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2016</td>
<td>43,037,753</td>
<td>112,503,283</td>
<td>7,486,652</td>
<td>559,003</td>
<td>399,040</td>
<td>1,283,493</td>
<td>5,984,859</td>
<td>6,752,170</td>
<td>178,006,253</td>
</tr>
<tr>
<td>Additions during the year</td>
<td>889,887</td>
<td>1,880,470</td>
<td>-</td>
<td>9,000</td>
<td>11,312</td>
<td>153,745</td>
<td>475,398</td>
<td>5,843,400</td>
<td>9,263,212</td>
</tr>
<tr>
<td>Impairment of limestone mines</td>
<td>(494,440)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(494,440)</td>
</tr>
<tr>
<td>Transfers during the year</td>
<td>3,046,482</td>
<td>1,178,399</td>
<td>-</td>
<td>-</td>
<td>2,343</td>
<td>946</td>
<td>1,342,217</td>
<td>(5,570,387)</td>
<td>-</td>
</tr>
<tr>
<td>(Write off /disposals) during the year</td>
<td>(117,115)</td>
<td>(44,215)</td>
<td>-</td>
<td>(53,120)</td>
<td>-</td>
<td>-</td>
<td>(61,496)</td>
<td></td>
<td>(275,946)</td>
</tr>
<tr>
<td>Additions during the year</td>
<td>16,000</td>
<td>1,129,328</td>
<td>-</td>
<td>151,355</td>
<td>24,105</td>
<td>113,322</td>
<td>1,776,926</td>
<td>2,397,315</td>
<td>5,608,351</td>
</tr>
<tr>
<td>Impairment of limestone mines</td>
<td>(877,809)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td>(877,809)</td>
</tr>
<tr>
<td>Transfers during the year</td>
<td>3,119,520</td>
<td>1,620,034</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>395,812</td>
<td>(5,135,366)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Adjustments</td>
<td>(75,388)</td>
<td>(30,335)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(105,723)</td>
<td></td>
</tr>
<tr>
<td>(Write off /disposals) during the year</td>
<td>-</td>
<td>-</td>
<td>(11,003)</td>
<td>(48,868)</td>
<td>(344,318)</td>
<td>(506,595)</td>
<td>-</td>
<td>(910,784)</td>
<td></td>
</tr>
<tr>
<td>At 31 December 2017</td>
<td>48,544,890</td>
<td>118,236,964</td>
<td>7,486,652</td>
<td>655,235</td>
<td>387,932</td>
<td>1,207,188</td>
<td>9,407,121</td>
<td>4,287,132</td>
<td>190,213,114</td>
</tr>
</tbody>
</table>
9 Property, plant and equipment (continued)

<table>
<thead>
<tr>
<th>Consolidated</th>
<th>Land, buildings and civil works</th>
<th>Plant and machinery</th>
<th>Ships</th>
<th>Motor vehicles</th>
<th>Furniture and fixtures</th>
<th>Office equipment</th>
<th>Plant, vehicles, equipment and tools</th>
<th>Capital work in progress (CWIP)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated depreciation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2016</td>
<td>19,114,270</td>
<td>55,327,286</td>
<td>2,303,369</td>
<td>493,760</td>
<td>262,486</td>
<td>1,162,828</td>
<td>5,343,419</td>
<td>-</td>
<td>84,007,418</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>1,390,295</td>
<td>4,180,700</td>
<td>499,110</td>
<td>23,972</td>
<td>42,512</td>
<td>64,211</td>
<td>319,450</td>
<td>-</td>
<td>6,520,250</td>
</tr>
<tr>
<td>Write off during the year</td>
<td>(117,115)</td>
<td>(9,875)</td>
<td>-</td>
<td>(53,120)</td>
<td>-</td>
<td>-</td>
<td>(56,371)</td>
<td>-</td>
<td>(236,481)</td>
</tr>
<tr>
<td>At 31 December 2016</td>
<td>20,387,450</td>
<td>59,498,111</td>
<td>2,802,479</td>
<td>464,612</td>
<td>304,998</td>
<td>1,227,039</td>
<td>5,606,498</td>
<td>-</td>
<td>90,291,187</td>
</tr>
</tbody>
</table>

| At 1 January 2017 | 20,387,450 | 59,498,111 | 2,802,479 | 464,612 | 304,998 | 1,227,039 | 5,606,498 | - | 90,291,187 |
| Charge for the year (Write off/ disposals) during the year | 1,477,481 | 4,305,750 | 499,110 | 39,666 | 46,394 | 95,895 | 542,902 | - | 7,007,198 |
| At 31 December 2017 | 21,864,931 | 63,803,861 | 3,301,589 | 493,275 | 302,524 | 978,616 | 5,642,805 | - | 96,387,601 |

| Net book amount | 31 December 2017 | 26,679,959 | 54,433,103 | 4,185,063 | 161,960 | 85,409 | 228,572 | 3,764,315 | 4,287,132 | 93,825,513 |
NOTES TO THE CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

9 Property, plant and equipment (continued)

(i) The limestone mines of Pioneer are located in UAE and Georgia and are included in property, plant and equipment. These mines are currently not being used by the Group and are retained in order to procure limestone in the future. The Board of Directors of the Group have reviewed the limestone capacity of these mines and based on the expected output and expenditure, an impairment provision of RO 877,809 (2016 - RO 494,440) has been recorded against the limestone mine located in Georgia as of 31 December 2017. The key assumptions forming the basis for the above impairment test are as follows:

- Discount factor in determining the recoverable amount is 13% (2016 - 11.57 %)
- Limestone realization (capacity utilisation) rate at 25% - 55% (2016 - 41% - 50% )
- Limestone realization growth rate at 3% (2016 - 0%)

(ii) Buildings of the subsidiary Pioneer Cements LLC are constructed and the site development is carried out on a plot of land leased from a minority shareholder for a period of 25 years. Upon its expiry, the lease can be renewed for a further term to be decided by the parties at that time and the management believes that it will be able to renew the lease for future periods.

(iii) Depreciation is allocated as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of sales (note 34)</td>
<td>4,573,344</td>
<td>4,313,447</td>
<td>6,732,035</td>
<td>6,338,990</td>
</tr>
<tr>
<td>General and administrative expenses (note 35)</td>
<td>128,724</td>
<td>101,906</td>
<td>275,163</td>
<td>181,260</td>
</tr>
<tr>
<td></td>
<td>4,702,068</td>
<td>4,415,353</td>
<td>7,007,198</td>
<td>6,520,250</td>
</tr>
</tbody>
</table>

10 Investment in associates

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mukalla Raysut Trading and Industrial Company (MRTIC)</td>
<td>113,343</td>
<td>113,343</td>
<td>225,369</td>
<td>290,289</td>
</tr>
<tr>
<td>Oman Portuguese Cement Products LLC (OPCP)</td>
<td>-</td>
<td>1,924,087</td>
<td>-</td>
<td>4,387,644</td>
</tr>
<tr>
<td></td>
<td>113,343</td>
<td>2,037,430</td>
<td>225,369</td>
<td>4,677,933</td>
</tr>
</tbody>
</table>

• MRTIC

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>113,343</td>
<td>113,343</td>
<td>113,343</td>
<td>113,343</td>
</tr>
<tr>
<td>Add : share of profits at 1 January</td>
<td>-</td>
<td>-</td>
<td>176,946</td>
<td>832,093</td>
</tr>
<tr>
<td>Adjustments for last year profit share</td>
<td>-</td>
<td>-</td>
<td>112,508</td>
<td>(381,943)</td>
</tr>
<tr>
<td>Add : share of (loss)/ profit recognised during the year</td>
<td>-</td>
<td>-</td>
<td>182,000</td>
<td>(273,204)</td>
</tr>
<tr>
<td>Less : dividends received during the year</td>
<td>-</td>
<td>-</td>
<td>(359,428)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>113,343</td>
<td>113,343</td>
<td>225,369</td>
<td>290,289</td>
</tr>
</tbody>
</table>

Investment in MRTIC represents 49% (2016: 49%) equity interest in MRTIC, a limited liability company, incorporated in Republic of Yemen.
10 Investment in associates (continued)

- **OPCP**

<table>
<thead>
<tr>
<th>Parent</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>RO</td>
<td>RO</td>
</tr>
<tr>
<td>2017</td>
<td>2016</td>
</tr>
<tr>
<td>RO</td>
<td>RO</td>
</tr>
<tr>
<td>1,924,087</td>
<td>1,924,087</td>
</tr>
</tbody>
</table>

Add: Share of profits at

1 January - - 2,463,557 1,649,507

Share of profit recognized during the year - - 814,050

Less: Cost of investment sold

(1,924,087) (4,387,644) -

Investment in OPCP represents 0% (2016: 50%) of equity interest and it is a limited liability company, registered in Oman which was acquired in 2011 and sold in the current year. Refer Note 40 b

Summarized financial information (unaudited) in respect of the MRTIC and OPCP are set out below:

### Summarised statement of financial position as of 31 December:

<table>
<thead>
<tr>
<th></th>
<th>MRTIC</th>
<th>OPCP</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories</td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
</tr>
<tr>
<td>476,846</td>
<td>4,135,726</td>
<td>742,646</td>
<td>476,846</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>5,464,759</td>
<td>4,329,746</td>
<td>4,441,563</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1,223,993</td>
<td>2,042,718</td>
<td>1,567,647</td>
</tr>
<tr>
<td>Total current assets</td>
<td>7,165,598</td>
<td>7,808,190</td>
<td>6,751,856</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td>1,748,576</td>
<td>1,723,372</td>
<td>5,821,284</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>8,362,996</td>
<td>8,709,527</td>
<td>1,719,972</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>-</td>
<td>-</td>
<td>700,000</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>8,362,996</td>
<td>8,709,527</td>
<td>2,419,972</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Borrowings</td>
<td>-</td>
<td>-</td>
<td>2,855,870</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>-</td>
<td>-</td>
<td>430,169</td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td>-</td>
<td>-</td>
<td>3,286,039</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>551,178</td>
<td>822,035</td>
<td>6,867,129</td>
</tr>
</tbody>
</table>

### Summarised statement of comprehensive income for the year end 31 December:

<table>
<thead>
<tr>
<th></th>
<th>MRTIC</th>
<th>OPCP</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
</tr>
<tr>
<td>16,562,655</td>
<td>15,781,039</td>
<td>12,760,609</td>
<td>16,562,655</td>
</tr>
<tr>
<td>Direct cost</td>
<td>(15,800,705)</td>
<td>(14,187,389)</td>
<td>(9,281,623)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>761,950</td>
<td>1,593,650</td>
<td>3,478,986</td>
</tr>
<tr>
<td>Administrative and general expense</td>
<td>(389,960)</td>
<td>(939,453)</td>
<td>(1,467,712)</td>
</tr>
<tr>
<td>Finance cost - net</td>
<td>-</td>
<td>(68,199)</td>
<td>(161,141)</td>
</tr>
<tr>
<td>Profit/(loss) before taxation</td>
<td>371,990</td>
<td>585,998</td>
<td>1,850,133</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>-</td>
<td>(117,200)</td>
<td>(222,034)</td>
</tr>
<tr>
<td>Profit/(loss) for the year and total comprehensive income</td>
<td>371,990</td>
<td>468,798</td>
<td>1,628,099</td>
</tr>
</tbody>
</table>
NOTES TO THE CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

10 Investments in associates (continued)

Reconciliation of the summarised financial information presented to the carrying amount of the Group’s interest in associates are as follows:

<table>
<thead>
<tr>
<th></th>
<th>MRTIC RO</th>
<th>OPCP RO</th>
<th>Total RO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets at 1 January 2017</td>
<td>1,371,902</td>
<td>-</td>
<td>1,371,902</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>371,990</td>
<td>-</td>
<td>371,990</td>
</tr>
<tr>
<td>Less Dividends declared</td>
<td>(733,527)</td>
<td>-</td>
<td>(733,527)</td>
</tr>
<tr>
<td>Adjustment for prior year</td>
<td>(550,428)</td>
<td>-</td>
<td>(555,428)</td>
</tr>
<tr>
<td><strong>Net assets at 31 December 2017</strong></td>
<td><strong>454,937</strong></td>
<td>-</td>
<td><strong>454,937</strong></td>
</tr>
<tr>
<td>Share in associates (49%)</td>
<td>225,369</td>
<td>-</td>
<td>225,369</td>
</tr>
<tr>
<td>Adjustment for prior year</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Goodwill</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Carrying value at 31 December 2017</strong></td>
<td><strong>225,369</strong></td>
<td>-</td>
<td><strong>225,369</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>MRTIC RO</th>
<th>OPCP RO</th>
<th>Total RO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets at 1 January 2016</td>
<td>1,929,462</td>
<td>5,239,030</td>
<td>7,168,492</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>(557,560)</td>
<td>1,628,099</td>
<td>1,070,539</td>
</tr>
<tr>
<td><strong>Net assets at 31 December 2016</strong></td>
<td><strong>1,371,902</strong></td>
<td><strong>6,867,129</strong></td>
<td><strong>8,239,031</strong></td>
</tr>
<tr>
<td>Share in associates (49%, 50%)</td>
<td>672,232</td>
<td>3,433,565</td>
<td>4,105,797</td>
</tr>
<tr>
<td>Adjustment for prior year</td>
<td>(381,943)</td>
<td>-</td>
<td>(381,943)</td>
</tr>
<tr>
<td>Goodwill</td>
<td>-</td>
<td>954,079</td>
<td>954,079</td>
</tr>
<tr>
<td><strong>Carrying value at 31 December 2016</strong></td>
<td><strong>290,289</strong></td>
<td><strong>4,387,644</strong></td>
<td><strong>4,677,933</strong></td>
</tr>
</tbody>
</table>

11 Investment in subsidiaries

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raysea Navigation S.A.</td>
<td>3,850</td>
<td>3,850</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Raybulk Navigation Inc.</td>
<td>3,850</td>
<td>3,850</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pioneer Cement Industry LLC</td>
<td>66,532,035</td>
<td>66,532,035</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Raysut Burwaqo Cement Company LLC</td>
<td>102,000</td>
<td>102,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td>66,641,735</td>
<td>66,641,735</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Investment in Raysea Navigation S.A. (‘Raysea’) represents 100% (2016: 100%) equity interest. Raysea was incorporated in October 2008 in Panama. The assets of Raysea represent a ship (Raysut 1) which is used to transport cement of the Parent Company to various destinations. Raysea started its commercial operations in January 2011.

Investment in Raybulk Navigation Inc. (‘Raybulk’) represents 100% (2016: 100%) equity interest. Raybulk was incorporated in October 2010 in Marshall Islands. The assets of Raybulk represent a ship (Raysut 2) which is used to transport cement of the Parent Company to various destinations. Raybulk started its commercial operations in October 2011.

On 30 December 2010, the Parent Company acquired 99.99% ordinary shares of Pioneer Cement Industries LLC (‘Pioneer’). One share out of 55,000 shares of Pioneer is held by a third party on trust. Pioneer was incorporated in 24 June 2004 in Ras Al Khaimah, UAE.

Investment in Raysut Burwaqo Cement Company (‘RBCC’) represents 51% (2016:51%) equity interest. RBCC was incorporated in January 2017 in the Sultanate of Oman. RBCC has not commenced its commercial operations as of 31 December 2017.
11 Investment in subsidiaries (continued)

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

<table>
<thead>
<tr>
<th></th>
<th>Total assets</th>
<th>Total liabilities</th>
<th>Net assets</th>
<th>Revenue</th>
<th>Profit/(loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pioneer</td>
<td>42,113,112 RO</td>
<td>4,686,554 RO</td>
<td>37,426,558 RO</td>
<td>23,169,555 RO</td>
<td>2,289,383 RO</td>
</tr>
<tr>
<td>Raysea</td>
<td>2,223,696 RO</td>
<td>3,314,758 RO</td>
<td>(1,091,062) RO</td>
<td>1,136,780 RO</td>
<td>(237,013) RO</td>
</tr>
<tr>
<td>Raybulk</td>
<td>2,786,835 RO</td>
<td>801,985 RO</td>
<td>1,984,850 RO</td>
<td>1,919,137 RO</td>
<td>20,759 RO</td>
</tr>
<tr>
<td>RBCC</td>
<td>151,445 RO</td>
<td>-</td>
<td>151,445 RO</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pioneer</td>
<td>40,258,637 RO</td>
<td>5,121,232 RO</td>
<td>35,137,405 RO</td>
<td>27,984,324 RO</td>
<td>4,711,523 RO</td>
</tr>
<tr>
<td>Raysea</td>
<td>2,434,204 RO</td>
<td>3,288,253 RO</td>
<td>(854,049) RO</td>
<td>546,386 RO</td>
<td>(919,624) RO</td>
</tr>
<tr>
<td>Raybulk</td>
<td>3,348,328 RO</td>
<td>1,384,237 RO</td>
<td>1,964,091 RO</td>
<td>1,693,766 RO</td>
<td>169,481 RO</td>
</tr>
<tr>
<td>RBCC</td>
<td>200,000 RO</td>
<td>48,555 RO</td>
<td>151,445 RO</td>
<td>-</td>
<td>(48,555) RO</td>
</tr>
</tbody>
</table>

12 Goodwill

The goodwill was recognized as a result of acquisition of Pioneer. At the reporting date, the management has tested the goodwill for impairment in accordance with IAS 36 “Impairment of Assets” and has not accounted for any impairment losses at 31 December 2017 since the estimated recoverable amount of the related business to which the goodwill relates to exceed its carrying value.

The key assumptions forming the basis for the impairment test are as follows:

- Growth Rate based on assumption that business shall grow at 8.05% per annum (2016-4.1%)
- Terminal value based on assumption that cash flow shall grow at 3.0% (2016-1.5%)
- The discount factor in determining the recoverable amount is 13.0% (2016-9.9%)

The sensitivity of the estimated recoverable amount of the related business to the change in above key assumptions is:

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Change in assumption</th>
<th>Impact on estimated recoverable amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2017 RO</td>
</tr>
<tr>
<td>Growth Rate</td>
<td>+0.5%</td>
<td>672,000 RO</td>
</tr>
<tr>
<td></td>
<td>-0.5%</td>
<td>4,000 RO</td>
</tr>
<tr>
<td>Terminal growth rate</td>
<td>+0.5%</td>
<td>2,829,000 RO</td>
</tr>
<tr>
<td></td>
<td>-0.5%</td>
<td>(1,916,000) RO</td>
</tr>
<tr>
<td>Discount factor</td>
<td>+0.5%</td>
<td>(2,934,000) RO</td>
</tr>
<tr>
<td></td>
<td>-0.5%</td>
<td>3,954,000 RO</td>
</tr>
</tbody>
</table>
NOTES TO THE CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

13 Advances to subsidiaries

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th></th>
<th>Consolidated</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>RO</td>
<td>RO</td>
<td></td>
<td>RO</td>
<td>RO</td>
</tr>
<tr>
<td>Advances</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raysea Navigation S.A [note 47(a)]</td>
<td>2,834,000</td>
<td>2,834,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Raybulk Navigation S. A [note 47(a)]</td>
<td>400,000</td>
<td>1,077,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>3,234,000</td>
<td>3,911,000</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Advances to Raysea and Raybulk represent the purchase cost of the ships and expenses incurred during the pre-operating period and are interest free, unsecured and not repayable within the next twelve months.

14 Available-for-sale financial assets

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th></th>
<th>Consolidated</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>RO</td>
<td>RO</td>
<td></td>
<td>RO</td>
<td>RO</td>
</tr>
<tr>
<td>Unquoted local equity instrument</td>
<td>125,000</td>
<td>125,000</td>
<td>125,000</td>
<td>125,000</td>
</tr>
</tbody>
</table>

The Group believes that the fair value of investments available-for-sale at the reporting date is not materially different from their cost.

15 Inventories

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th></th>
<th>Consolidated</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>RO</td>
<td>RO</td>
<td></td>
<td>RO</td>
<td>RO</td>
</tr>
<tr>
<td>Raw materials</td>
<td>7,471,232</td>
<td>2,351,038</td>
<td>8,775,558</td>
<td>4,308,467</td>
</tr>
<tr>
<td>Work in progress</td>
<td>3,270,251</td>
<td>2,364,841</td>
<td>8,157,040</td>
<td>4,427,719</td>
</tr>
<tr>
<td>Finished goods</td>
<td>906,291</td>
<td>1,093,585</td>
<td>1,192,940</td>
<td>1,220,518</td>
</tr>
<tr>
<td></td>
<td>11,647,774</td>
<td>5,809,464</td>
<td>18,125,538</td>
<td>9,956,704</td>
</tr>
<tr>
<td>Spares and consumables</td>
<td>8,549,872</td>
<td>9,100,397</td>
<td>11,728,412</td>
<td>12,670,109</td>
</tr>
<tr>
<td>Allowance for slow-moving inventories</td>
<td>(2,190,342)</td>
<td>(2,071,434)</td>
<td>(2,564,734)</td>
<td>(2,400,811)</td>
</tr>
<tr>
<td></td>
<td>18,007,304</td>
<td>12,838,427</td>
<td>27,289,216</td>
<td>20,226,002</td>
</tr>
</tbody>
</table>

The raw materials are not for re-sale but for internal consumption only.

Movement in allowance for slow moving inventories is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th></th>
<th>Consolidated</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>RO</td>
<td>RO</td>
<td></td>
<td>RO</td>
<td>RO</td>
</tr>
<tr>
<td>At 1 January</td>
<td>2,071,434</td>
<td>1,940,392</td>
<td>2,404,516</td>
<td>2,235,576</td>
</tr>
<tr>
<td>Charge during the year (note 34)</td>
<td>118,908</td>
<td>131,042</td>
<td>160,218</td>
<td>165,235</td>
</tr>
<tr>
<td>At 31 December</td>
<td>2,190,342</td>
<td>2,071,434</td>
<td>2,564,734</td>
<td>2,400,811</td>
</tr>
</tbody>
</table>
NOTES TO THE CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

16 Trade receivables

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>RO 4,123,066</td>
<td>RO 3,624,632</td>
<td>RO 6,157,665</td>
<td>RO 5,335,107</td>
</tr>
<tr>
<td>Due from related parties [note 47(b)]</td>
<td>668,568</td>
<td>3,897,100</td>
<td>668,568</td>
<td>4,117,485</td>
</tr>
<tr>
<td>Allowance for impairment of trade receivables (441,817)</td>
<td>4,791,634</td>
<td>7,521,732</td>
<td>6,826,233</td>
<td>9,452,592</td>
</tr>
</tbody>
</table>

(a) At the reporting date 62% (2016-69%) of trade receivables are due from 6 customers (2016 - 5 customers) of Parent Company.

(b) Details of gross exposure of trade receivables are set out below

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Not due (up to 3 months)</td>
<td>RO 3,621,944</td>
<td>RO 6,395,955</td>
<td>RO 4,914,955</td>
<td>RO 7,404,613</td>
</tr>
<tr>
<td>Past due but not impaired (3 to 6 months)</td>
<td>727,873</td>
<td>658,007</td>
<td>1,245,949</td>
<td>1,206,126</td>
</tr>
<tr>
<td>Past due and impaired (6 months and above)</td>
<td>441,817</td>
<td>467,770</td>
<td>665,329</td>
<td>841,853</td>
</tr>
<tr>
<td></td>
<td>4,791,634</td>
<td>7,521,732</td>
<td>6,826,233</td>
<td>9,452,592</td>
</tr>
</tbody>
</table>

(c) As of 31 December 2017, Trade receivables relating to Parent Company of RO 727,873 (2016- RO 658,007) and Group trade receivables of RO 1,245,949 (2016- RO 1,206,126), were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default and a significant portion of these debts are covered through bank guarantees.

(d) As of 31 December 2017, the individually impaired receivables of the Parent Company amount to RO 441,817 (2016 - RO 467,770) and the Group’s individual impaired receivables of RO 665,329 (2016 - RO 841,853) are related to parties specifically identified and were fully provided for. The movement in allowance for impairment of trade receivables during the year is as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January</td>
<td>RO 467,770</td>
<td>RO 556,332</td>
<td>RO 841,854</td>
<td>RO 712,467</td>
</tr>
<tr>
<td>(Write back)/ charge during the year</td>
<td>(25,953)</td>
<td>(88,562)</td>
<td>(176,525)</td>
<td>129,386</td>
</tr>
<tr>
<td>At 31 December</td>
<td>441,817</td>
<td>467,770</td>
<td>665,329</td>
<td>841,853</td>
</tr>
</tbody>
</table>

(e) The carrying amounts of the Group’s trade receivables and due from related parties before allowance for impairment are denominated in the following currencies:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rial Omani</td>
<td>RO 4,053,731</td>
<td>RO 3,524,874</td>
<td>RO 4,053,732</td>
<td>RO 3,524,874</td>
</tr>
<tr>
<td>US Dollar</td>
<td>737,903</td>
<td>3,996,858</td>
<td>737,903</td>
<td>3,996,858</td>
</tr>
<tr>
<td>UAE Dirhams</td>
<td>-</td>
<td>-</td>
<td>2,034,598</td>
<td>1,930,860</td>
</tr>
<tr>
<td></td>
<td>4,791,634</td>
<td>7,521,732</td>
<td>6,826,233</td>
<td>9,452,592</td>
</tr>
</tbody>
</table>
NOTES TO THE CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

16 Trade receivables (continued)

(f) The fair value of trade receivables approximates their carrying amounts.

(g) Maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above.

17 Financial assets at fair value through profit or loss

<table>
<thead>
<tr>
<th>Parent</th>
<th>Consoladated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Marketable Securities</strong></td>
<td></td>
</tr>
<tr>
<td>Fair value</td>
<td></td>
</tr>
<tr>
<td>Bank Dhofar SAOG</td>
<td>3,304,783</td>
</tr>
<tr>
<td>Dhofar Insurance Company SAOG</td>
<td>266,667</td>
</tr>
<tr>
<td>Dhofar University SAOC</td>
<td>445,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,016,950</td>
</tr>
<tr>
<td>Cost</td>
<td></td>
</tr>
<tr>
<td>Bank Dhofar SAOG</td>
<td>1,229,700</td>
</tr>
<tr>
<td>Dhofar Insurance Company SAOG</td>
<td>29,600</td>
</tr>
<tr>
<td>Dhofar University SAOC</td>
<td>300,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,559,300</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Parent</th>
<th>Consoladated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 1 January</strong></td>
<td></td>
</tr>
<tr>
<td>RO</td>
<td>3,905,167</td>
</tr>
<tr>
<td>Purchases</td>
<td>-</td>
</tr>
<tr>
<td>Fair value changes</td>
<td>111,783</td>
</tr>
<tr>
<td><strong>At 31 December</strong></td>
<td>4,016,950</td>
</tr>
</tbody>
</table>

Investment in banking sector represents 82% (2016: 82%) of the Group’s above investment portfolio.

18 Prepayments, advances and other receivables

<table>
<thead>
<tr>
<th>Parent</th>
<th>Consoladated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advances and deposits</strong></td>
<td></td>
</tr>
<tr>
<td>Parent</td>
<td>645,190</td>
</tr>
<tr>
<td>Less: allowances for Impairment</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>645,190</td>
</tr>
<tr>
<td>Other receivables from a related party (note 47(b))</td>
<td>2,235,794</td>
</tr>
<tr>
<td>Receivable from tax authorities (note 41(f))</td>
<td>559,139</td>
</tr>
<tr>
<td>Prepayments</td>
<td>153,700</td>
</tr>
<tr>
<td>Accrued interest income</td>
<td>66,000</td>
</tr>
<tr>
<td>Advances to staff</td>
<td>16,779</td>
</tr>
<tr>
<td>Other receivables</td>
<td>-</td>
</tr>
<tr>
<td>Deferred expenses</td>
<td>8,100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,684,702</td>
</tr>
</tbody>
</table>
NOTES TO THE CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

18 Prepayments, advances and other receivables (continued)

(a) The carrying amounts of the Group’s prepayments, advances and other receivables are denominated in following currencies;

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rial Omani</td>
<td>1,783,808</td>
<td>1,606,631</td>
<td>1,448,908</td>
<td>1,438,990</td>
</tr>
<tr>
<td>US Dollar</td>
<td>1,900,894</td>
<td>376,084</td>
<td>2,378,058</td>
<td>613,505</td>
</tr>
<tr>
<td>UAE Dirhams</td>
<td>-</td>
<td>-</td>
<td>307,539</td>
<td>358,820</td>
</tr>
<tr>
<td></td>
<td><strong>3,684,702</strong></td>
<td><strong>1,982,715</strong></td>
<td><strong>4,134,505</strong></td>
<td><strong>2,411,315</strong></td>
</tr>
</tbody>
</table>

(b) The fair value of other receivables approximates their carrying amounts.

c) Deferred expenses of Parent Company represent the cost of RO 40,533 for laying graded access road to a new quarry on five years lease period at Wadi Al Naar, Salalah that is to be amortised over a period of 5 years commencing from May 2017. Of the above, RO 13,533 has already been expensed out till 31.12.2017, RO 8,100 classified under current assets and RO 18,900 classified under non-current assets. In Group, it also includes dry dock expenses to be amortized over a period of 30 months in the amount of RO 235,341 classified under current assets and RO 69,998 classified under non-current assets.

19 Term deposits

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Long term deposit</td>
<td>-</td>
<td>7,000,000</td>
<td>-</td>
<td>7,000,000</td>
</tr>
<tr>
<td>Short term deposit</td>
<td>5,000,000</td>
<td>7,000,000</td>
<td>8,366,400</td>
<td>10,892,400</td>
</tr>
<tr>
<td></td>
<td><strong>5,000,000</strong></td>
<td><strong>14,000,000</strong></td>
<td><strong>8,366,400</strong></td>
<td><strong>17,892,400</strong></td>
</tr>
</tbody>
</table>

Short term deposits of the Parent Company are placed with commercial bank at interest rates ranging from 3% to 5% (2016: ranging from 1% to 5% ) per annum with a maturity of one year from date of placement. For Pioneer, short term deposits are placed with commercial bank at interest rates ranging from 1.67 to 2.75 % (2016: 0.95 to 2.55%) per annum and have maturity of nine to twelve months from date of placement.

20 Cash and cash equivalent

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in hand</td>
<td>4,286</td>
<td>1,826</td>
<td>28,677</td>
<td>52,008</td>
</tr>
<tr>
<td>Cash at bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current account</td>
<td>264,470</td>
<td>383,617</td>
<td>2,122,373</td>
<td>2,214,872</td>
</tr>
<tr>
<td>Call deposits</td>
<td>2,979,845</td>
<td>6,145,233</td>
<td>2,979,845</td>
<td>6,145,233</td>
</tr>
<tr>
<td></td>
<td><strong>3,248,601</strong></td>
<td><strong>6,530,676</strong></td>
<td><strong>5,130,895</strong></td>
<td><strong>8,412,113</strong></td>
</tr>
</tbody>
</table>

Call deposits are placed with the commercial bank at interest rates ranging from 0.5% to 1.5% (2016: 0.5%-1.50%) per annum.

21 Share capital

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorised, issued and paid up share capital</td>
<td>20,000,000</td>
<td>20,000,000</td>
<td>20,000,000</td>
<td>20,000,000</td>
</tr>
</tbody>
</table>
21 Share capital (continued)

The authorised, issued and paid up share capital of the Parent Company represents 200,000,000 shares of RO 0.100 each.

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

<table>
<thead>
<tr>
<th>Holdings</th>
<th>Shares Held</th>
<th>% Shareholding</th>
<th>Shares Held</th>
<th>% Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abu Dhabi Fund for Development</td>
<td>15.00</td>
<td>30,000,000</td>
<td>15.00</td>
<td>30,000,000</td>
</tr>
<tr>
<td>Islamic Development Bank</td>
<td>11.72</td>
<td>23,415,000</td>
<td>11.72</td>
<td>23,415,000</td>
</tr>
<tr>
<td>Dolphin International</td>
<td>10.32</td>
<td>20,657,710</td>
<td>10.32</td>
<td>20,657,710</td>
</tr>
<tr>
<td>Baader Bank Aktiengesellschaft</td>
<td>10.00</td>
<td>20,001,001</td>
<td>10.00</td>
<td>20,001,001</td>
</tr>
<tr>
<td>Others</td>
<td>52.96</td>
<td>105,926,289</td>
<td>52.96</td>
<td>105,926,289</td>
</tr>
<tr>
<td>Total</td>
<td>100.00</td>
<td>200,000,000</td>
<td>100.00</td>
<td>200,000,000</td>
</tr>
</tbody>
</table>

22 Proposed dividend

The Board of Directors at the meeting held on 21 February 2018 proposed a cash dividend of 29 Baizas per share, for the year 2017 (2016 - 65 Baizas per share). A resolution to approve the dividend will be presented to the shareholders at the forthcoming Annual General Meeting.

23 Share premium

In the year 1988, 1994, 2005 and 2006, the Parent Company made an offering of shares to the public at a premium. As a result of these offerings, a share premium account with an amount of RO 13,456,873 (2016: RO 13,456,873) was established. Share premium account is not available for distribution.

24 Legal reserve

Article 106 of the Commercial Companies Law of 1974 requires that 10% of the Parent Company's net profit be transferred to a non-distributable legal reserve until the amount of the legal reserve becomes equal to one-third of the Parent Company's issued share capital. During the year, the Parent Company has not added to this reserve as the stipulated limit is already reached.

25 Asset replacement reserve

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

26 Voluntary reserve

The Board of Directors have resolved that 10% of the Parent Company’s net profit to be transferred to voluntary reserve. During the year, the Parent Company has not added to this reserve as the stipulated limit is already reached as mentioned in note 25 for Asset replacement reserve.
NOTES TO THE CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

27 Retained earnings

Retained earnings represent the undistributed profits generated by the Parent Company/Group since incorporation.

28 Term loans

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current portion</td>
<td>RO</td>
<td>RO</td>
</tr>
<tr>
<td>Bank Dhofar SAOG</td>
<td>10,000,000</td>
<td>14,000,000</td>
</tr>
<tr>
<td>Bank Sohar SAOG</td>
<td>6,562,500</td>
<td>8,437,500</td>
</tr>
<tr>
<td></td>
<td>16,562,500</td>
<td>22,437,500</td>
</tr>
<tr>
<td>Current portion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank Dhofar SAOG</td>
<td>4,000,000</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Bank Sohar SAOG</td>
<td>1,875,000</td>
<td>1,875,000</td>
</tr>
<tr>
<td></td>
<td>5,875,000</td>
<td>5,875,000</td>
</tr>
<tr>
<td></td>
<td>22,437,500</td>
<td>28,312,500</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Interest rate</th>
<th>Total RO</th>
<th>One year RO</th>
<th>2 to 3 years RO</th>
<th>4 to 10 years RO</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017 - Parent and Consolidated</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank Dhofar SAOG</td>
<td>3.5%</td>
<td>14,000,000</td>
<td>4,000,000</td>
<td>8,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Bank Sohar SAOG</td>
<td>2.4%</td>
<td>8,437,500</td>
<td>1,875,000</td>
<td>3,750,000</td>
<td>2,812,500</td>
</tr>
<tr>
<td></td>
<td>22,437,500</td>
<td>5,875,000</td>
<td>11,750,000</td>
<td>4,812,500</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Interest rate</th>
<th>Total RO</th>
<th>One year RO</th>
<th>2 to 3 years RO</th>
<th>4 to 10 years RO</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 – Parent and Consolidated</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank Dhofar SAOG</td>
<td>3.0% to 3.5%</td>
<td>18,000,000</td>
<td>4,000,000</td>
<td>8,000,000</td>
<td>6,000,000</td>
</tr>
<tr>
<td>Bank Sohar SAOG</td>
<td>2.4%</td>
<td>10,312,500</td>
<td>1,875,000</td>
<td>3,750,000</td>
<td>4,687,500</td>
</tr>
<tr>
<td></td>
<td>28,312,500</td>
<td>5,875,000</td>
<td>11,750,000</td>
<td>10,687,500</td>
<td></td>
</tr>
</tbody>
</table>

A loan of RO 32 million was obtained from Bank Dhofar SAOG repayable in 20 semi-annual variable instalments starting from December 2012. The loan is secured by first pari passu charge over fixed assets of the Parent Company and assignment of insurance policies along with other banks. The repayment commitment is RO 1.0 million for the first 5 instalments, RO 1.25 million from 6 to 9 instalments, and RO 2 million for last 11 instalments. In 2016, the term loan was converted in to USD without changing the repayment schedule. The rate of interest was revised from 3.0 to 3.5% with effect from 6 October 2017 and is valid for a period of one year.

A loan of RO 13.125 million at 2.4% interest was obtained from Bank Sohar SAOG repayable in 14 equal semi-annual instalments starting from December 2016, to prepay the loans that were at higher rate. The loan is secured by first pari passu charge over the fixed assets of the parent Company and assignment of insurance policies along with other banks. The interest rate is subject to reset after 3 years on a negotiated basis.

No financial covenants are attached with above borrowings.
Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 15% (2016 - 12%). Net deferred tax liability in statement of financial position and the net deferred tax charge in the statement of profit or loss are attributable to the following items:

### Parent

<table>
<thead>
<tr>
<th></th>
<th>1 January 2017 RO</th>
<th>Charge/(credit) for the year RO</th>
<th>31 December 2017 RO</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deferred tax liability</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax effect of excess of tax allowances over book depreciation</td>
<td>(3,583,704)</td>
<td>(884,119)</td>
<td>(4,467,823)</td>
</tr>
<tr>
<td><strong>Deferred tax assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax effects of allowance for inventories</td>
<td>248,572</td>
<td>79,979</td>
<td>328,551</td>
</tr>
<tr>
<td>Tax effect of allowance for doubtful debts</td>
<td>56,132</td>
<td>10,140</td>
<td>66,272</td>
</tr>
<tr>
<td><strong>Net deferred tax liability</strong></td>
<td>(3,279,000)</td>
<td>(794,000)</td>
<td>(4,073,000)</td>
</tr>
</tbody>
</table>

### Consolidated

<table>
<thead>
<tr>
<th></th>
<th>1 January 2017 RO</th>
<th>Charge/(credit) for the year RO</th>
<th>31 December 2017 RO</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deferred tax liability</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax effect of excess of tax allowances over book depreciation</td>
<td>(3,819,344)</td>
<td>(957,229)</td>
<td>(4,776,573)</td>
</tr>
<tr>
<td><strong>Deferred tax assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax effects of allowance for inventories</td>
<td>248,572</td>
<td>79,979</td>
<td>328,551</td>
</tr>
<tr>
<td>Tax effect of allowance for doubtful debts</td>
<td>56,132</td>
<td>10,140</td>
<td>66,272</td>
</tr>
<tr>
<td><strong>Net deferred tax liability</strong></td>
<td>(3,514,640)</td>
<td>(867,110)</td>
<td>(4,381,750)</td>
</tr>
</tbody>
</table>

### Parent Company

<table>
<thead>
<tr>
<th></th>
<th>1 January 2016 RO</th>
<th>Charge/(credit) for the year RO</th>
<th>31 December 2016 RO</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deferred tax liability</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax effect of excess of tax allowances over book depreciation</td>
<td>(3,576,607)</td>
<td>(7,097)</td>
<td>(3,583,704)</td>
</tr>
<tr>
<td><strong>Deferred tax assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax effects of allowance for inventories</td>
<td>232,847</td>
<td>15,725</td>
<td>248,572</td>
</tr>
<tr>
<td>Tax effect of allowance for doubtful debts</td>
<td>66,760</td>
<td>(10,628)</td>
<td>56,132</td>
</tr>
<tr>
<td><strong>Net deferred tax liability</strong></td>
<td>(3,277,000)</td>
<td>(2,000)</td>
<td>(3,279,000)</td>
</tr>
</tbody>
</table>

### Consolidated

<table>
<thead>
<tr>
<th></th>
<th>1 January 2016 RO</th>
<th>Charge/(credit) for the year RO</th>
<th>31 December 2016 RO</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deferred tax liability</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax effect of excess of tax allowances over book depreciation</td>
<td>(3,797,997)</td>
<td>(21,347)</td>
<td>(3,819,344)</td>
</tr>
<tr>
<td><strong>Deferred tax assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax effects of allowance for inventories</td>
<td>232,847</td>
<td>15,725</td>
<td>248,572</td>
</tr>
<tr>
<td>Tax effect of allowance for doubtful debts</td>
<td>66,760</td>
<td>(10,628)</td>
<td>56,132</td>
</tr>
<tr>
<td><strong>Net deferred tax liability</strong></td>
<td>(3,498,390)</td>
<td>(16,250)</td>
<td>(3,514,640)</td>
</tr>
</tbody>
</table>
30 End of service benefits

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th></th>
<th>Consolidated</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
</tr>
<tr>
<td>At 1 January</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charge for the year (note 36)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid during the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 December</td>
<td>829,853</td>
<td>837,071</td>
<td>1,412,967</td>
<td>1,371,053</td>
</tr>
</tbody>
</table>

31 Trade and other payables

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th></th>
<th>Consolidated</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>5,800,605</td>
<td>4,992,264</td>
<td>7,405,916</td>
<td>7,040,353</td>
</tr>
<tr>
<td>Trade payables</td>
<td>3,089,525</td>
<td>3,523,433</td>
<td>5,674,632</td>
<td>6,097,194</td>
</tr>
<tr>
<td>Due to related parties</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[note 47(c)]</td>
<td>394,368</td>
<td>660,733</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Customer advances</td>
<td>413,732</td>
<td>362,174</td>
<td>505,681</td>
<td>461,709</td>
</tr>
<tr>
<td>Retention/ project payables</td>
<td>-</td>
<td>181,673</td>
<td>-</td>
<td>181,673</td>
</tr>
<tr>
<td>Accrued interest expense</td>
<td>-</td>
<td>168,503</td>
<td>-</td>
<td>168,503</td>
</tr>
<tr>
<td>Directors’ remuneration</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[note 47(e)]</td>
<td>151,500</td>
<td>149,000</td>
<td>151,500</td>
<td>149,000</td>
</tr>
<tr>
<td>Other payables</td>
<td>178,135</td>
<td>54,736</td>
<td>238,301</td>
<td>123,289</td>
</tr>
<tr>
<td></td>
<td>10,027,865</td>
<td>10,092,516</td>
<td>13,976,030</td>
<td>14,221,721</td>
</tr>
</tbody>
</table>

32 Net assets per share

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

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th></th>
<th>Consolidated</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
</tr>
<tr>
<td>Net assets (RO)</td>
<td>133,899,319</td>
<td>140,629,194</td>
<td>151,639,989</td>
<td>158,825,212</td>
</tr>
<tr>
<td>Number of shares outstanding at 31 December</td>
<td>200,000,000</td>
<td>200,000,000</td>
<td>200,000,000</td>
<td>200,000,000</td>
</tr>
<tr>
<td>Net asset per share (RO)</td>
<td>0.670</td>
<td>0.703</td>
<td>0.758</td>
<td>0.794</td>
</tr>
</tbody>
</table>

33 Revenue

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th></th>
<th>Consolidated</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
</tr>
<tr>
<td>Local sales - Oman/ UAE</td>
<td>32,815,388</td>
<td>40,623,840</td>
<td>37,340,105</td>
<td>46,288,348</td>
</tr>
<tr>
<td>Export sales</td>
<td>17,071,889</td>
<td>25,173,466</td>
<td>34,534,688</td>
<td>46,299,199</td>
</tr>
<tr>
<td></td>
<td>49,887,277</td>
<td>65,797,306</td>
<td>71,874,793</td>
<td>92,587,547</td>
</tr>
</tbody>
</table>
NOTES TO THE CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

34 Cost of sales

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th></th>
<th></th>
<th>Consolidated</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel, gas and electricity</td>
<td>13,570,460</td>
<td>12,911,773</td>
<td></td>
<td>25,776,340</td>
<td>24,599,570</td>
<td></td>
</tr>
<tr>
<td>Staff costs (note 36)</td>
<td>5,332,860</td>
<td>5,232,306</td>
<td></td>
<td>7,652,585</td>
<td>7,366,398</td>
<td></td>
</tr>
<tr>
<td>Depreciation (note 9)</td>
<td>4,573,344</td>
<td>4,313,447</td>
<td></td>
<td>6,732,035</td>
<td>6,338,990</td>
<td></td>
</tr>
<tr>
<td>Imported clinker</td>
<td>-</td>
<td>3,985,865</td>
<td></td>
<td>-</td>
<td>4,414,422</td>
<td></td>
</tr>
<tr>
<td>Spares and consumables</td>
<td>4,114,192</td>
<td>3,702,197</td>
<td></td>
<td>6,146,389</td>
<td>6,061,914</td>
<td></td>
</tr>
<tr>
<td>Raw materials consumed</td>
<td>3,079,002</td>
<td>2,808,838</td>
<td></td>
<td>6,135,522</td>
<td>6,419,105</td>
<td></td>
</tr>
<tr>
<td>Packaging materials</td>
<td>1,386,011</td>
<td>2,101,021</td>
<td></td>
<td>2,559,255</td>
<td>3,469,297</td>
<td></td>
</tr>
<tr>
<td>Shipping/ terminal expenses</td>
<td>1,985,346</td>
<td>1,512,833</td>
<td></td>
<td>1,413,033</td>
<td>1,512,833</td>
<td></td>
</tr>
<tr>
<td>Imported cement</td>
<td>1,182,039</td>
<td>1,194,083</td>
<td></td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Movement in finished and semi-finished goods</td>
<td>(1,042,547)</td>
<td>(1,395,627)</td>
<td></td>
<td>(4,065,587)</td>
<td>(2,261,799)</td>
<td></td>
</tr>
<tr>
<td>Other factory overheads</td>
<td>2,175,943</td>
<td>2,313,170</td>
<td></td>
<td>3,331,814</td>
<td>3,136,306</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>36,475,558</td>
<td>38,810,948</td>
<td></td>
<td>55,841,604</td>
<td>61,222,271</td>
<td></td>
</tr>
</tbody>
</table>

The Parent Company has acquired mining rights from the Government for a period of twenty-five years from 1 October 1984, and further renewal of the same is done. Effective March 2006, the Ministry of Commerce and Industry is levying Royalty on the Raw Materials and the cost of RO 607,973 (2016 - RO 714,667) is included in the “other factory overheads”. Other factory overheads include the annual land rent of RO 217,601 (2016- RO 65,112).

35 General and administrative expenses

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th></th>
<th></th>
<th>Consolidated</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff costs (note 36)</td>
<td>1,959,792</td>
<td>1,790,667</td>
<td></td>
<td>3,132,863</td>
<td>2,828,290</td>
<td></td>
</tr>
<tr>
<td>Donations</td>
<td>425,000</td>
<td>307,225</td>
<td></td>
<td>425,000</td>
<td>307,225</td>
<td></td>
</tr>
<tr>
<td>Directors’ fees and remuneration [note47(e)]</td>
<td>200,000</td>
<td>200,000</td>
<td></td>
<td>200,000</td>
<td>200,000</td>
<td></td>
</tr>
<tr>
<td>Recruitment, training and seminars</td>
<td>175,399</td>
<td>179,581</td>
<td></td>
<td>183,524</td>
<td>179,985</td>
<td></td>
</tr>
<tr>
<td>Travelling</td>
<td>172,745</td>
<td>126,928</td>
<td></td>
<td>181,650</td>
<td>129,189</td>
<td></td>
</tr>
<tr>
<td>Communication expenses</td>
<td>58,047</td>
<td>124,899</td>
<td></td>
<td>91,775</td>
<td>151,441</td>
<td></td>
</tr>
<tr>
<td>Rent and utilities</td>
<td>154,903</td>
<td>110,872</td>
<td></td>
<td>365,379</td>
<td>323,158</td>
<td></td>
</tr>
<tr>
<td>Depreciation (note 9)</td>
<td>128,724</td>
<td>101,906</td>
<td></td>
<td>275,163</td>
<td>181,260</td>
<td></td>
</tr>
<tr>
<td>Professional fees</td>
<td>427,207</td>
<td>39,613</td>
<td></td>
<td>457,694</td>
<td>71,217</td>
<td></td>
</tr>
<tr>
<td>Legal expenses</td>
<td>55,001</td>
<td>31,131</td>
<td></td>
<td>55,001</td>
<td>31,131</td>
<td></td>
</tr>
<tr>
<td>Bank charges</td>
<td>11,876</td>
<td>18,292</td>
<td></td>
<td>23,475</td>
<td>38,695</td>
<td></td>
</tr>
<tr>
<td>Management fees (note 35.1)</td>
<td>-</td>
<td>-</td>
<td></td>
<td>325,740</td>
<td>129,488</td>
<td></td>
</tr>
<tr>
<td>Impairment of limestone mines (note 9) (Write back)/ allowance for impairment of trade receivables [note 16(d) &amp; 18]</td>
<td>(25,953)</td>
<td>(88,562)</td>
<td></td>
<td>(176,525)</td>
<td>248,472</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>227,950</td>
<td>183,556</td>
<td></td>
<td>600,014</td>
<td>588,703</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3,970,691</td>
<td>3,126,108</td>
<td></td>
<td>7,018,562</td>
<td>5,902,694</td>
<td></td>
</tr>
</tbody>
</table>

35.1 This represents management fees paid by subsidiaries for managing shipping operations
36 Employee related costs

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th>Consolidated</th>
<th>Parent</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>RO</td>
<td>RO</td>
<td>7,974,792</td>
<td>RO</td>
</tr>
<tr>
<td>Other benefits</td>
<td>1,557,680</td>
<td>1,449,130</td>
<td>2,384,873</td>
<td>2,192,016</td>
</tr>
<tr>
<td>Social security expense</td>
<td>243,648</td>
<td>243,267</td>
<td>264,266</td>
<td>256,917</td>
</tr>
<tr>
<td>End of service benefits (note 30)</td>
<td>73,161</td>
<td>86,993</td>
<td>161,517</td>
<td>138,108</td>
</tr>
<tr>
<td></td>
<td><strong>7,292,652</strong></td>
<td><strong>7,022,973</strong></td>
<td><strong>10,785,448</strong></td>
<td><strong>10,194,688</strong></td>
</tr>
</tbody>
</table>

Employee related costs are allocated as follows:

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th>Consolidated</th>
<th>Parent</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of sales (note 34)</td>
<td>RO</td>
<td>RO</td>
<td>7,652,585</td>
<td>RO</td>
</tr>
<tr>
<td>General and administrative expenses (note 35)</td>
<td>1,959,792</td>
<td>1,790,667</td>
<td><strong>3,132,863</strong></td>
<td><strong>2,828,290</strong></td>
</tr>
<tr>
<td></td>
<td><strong>7,292,652</strong></td>
<td><strong>7,022,973</strong></td>
<td><strong>10,785,448</strong></td>
<td><strong>10,194,688</strong></td>
</tr>
</tbody>
</table>

37 Selling and distribution expense

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th>Consolidated</th>
<th>Parent</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export expenses</td>
<td>RO</td>
<td>RO</td>
<td>4,091,402</td>
<td>RO</td>
</tr>
<tr>
<td>Transport charges</td>
<td>634,207</td>
<td>941,700</td>
<td>634,207</td>
<td>941,700</td>
</tr>
<tr>
<td></td>
<td><strong>4,725,609</strong></td>
<td><strong>5,356,613</strong></td>
<td><strong>2,361,665</strong></td>
<td><strong>3,189,771</strong></td>
</tr>
</tbody>
</table>

38 Other income

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th>Consolidated</th>
<th>Parent</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Write off of property, plant and equipment (note 9)</td>
<td>-</td>
<td>(39,465)</td>
<td>-</td>
<td>(39,465)</td>
</tr>
<tr>
<td>Other miscellaneous (expenses)/ income</td>
<td>(59,172)</td>
<td>90,058</td>
<td><strong>69,631</strong></td>
<td>174,356</td>
</tr>
<tr>
<td></td>
<td>(59,172)</td>
<td>50,593</td>
<td><strong>69,631</strong></td>
<td>134,891</td>
</tr>
</tbody>
</table>

39 Finance cost – net

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th>Consolidated</th>
<th>Parent</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest expense on borrowings</td>
<td>RO</td>
<td>RO</td>
<td>833,355</td>
<td>RO</td>
</tr>
<tr>
<td>Interest income on bank deposits</td>
<td>(315,584)</td>
<td>(436,658)</td>
<td><strong>(395,049)</strong></td>
<td>(515,729)</td>
</tr>
<tr>
<td>Net exchange gain</td>
<td>(57,090)</td>
<td>(65,731)</td>
<td>(57,518)</td>
<td>(60,257)</td>
</tr>
<tr>
<td></td>
<td><strong>460,681</strong></td>
<td><strong>397,294</strong></td>
<td><strong>380,788</strong></td>
<td><strong>323,697</strong></td>
</tr>
</tbody>
</table>
40 (a) Investment income

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend on financial assets at fair value through profit or loss</td>
<td>RO 167,259</td>
<td>RO 168,948</td>
<td>RO 167,259</td>
<td>RO 168,948</td>
</tr>
<tr>
<td>Dividend income from associate</td>
<td>RO 359,428</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>526,687</strong></td>
<td><strong>168,948</strong></td>
<td><strong>167,259</strong></td>
<td><strong>168,948</strong></td>
</tr>
</tbody>
</table>

40 (b) Profit on sale of Investment in associate (Oman Portuguese Company LLC)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling price</td>
<td>RO 5,500,000</td>
<td>-</td>
<td>RO 5,500,000</td>
<td>-</td>
</tr>
<tr>
<td>Less: Cost of investment sold/ carrying value</td>
<td>(RO 1,924,087)</td>
<td>-</td>
<td>(RO 4,387,644)</td>
<td>-</td>
</tr>
<tr>
<td>Profit on sales of investment</td>
<td>RO 3,575,913</td>
<td>-</td>
<td>RO 1,112,356</td>
<td>-</td>
</tr>
</tbody>
</table>

41 Taxation

(a) The tax charge for the year is analysed as follows

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current tax:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- In respect of current year</td>
<td>RO 1,314,000</td>
<td>RO 2,208,000</td>
<td>RO 1,314,000</td>
<td>RO 2,208,000</td>
</tr>
<tr>
<td>- In respect of prior year</td>
<td>RO 31,824</td>
<td>(RO 38,348)</td>
<td>RO 31,824</td>
<td>(RO 38,354)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,345,824</strong></td>
<td><strong>2,169,652</strong></td>
<td><strong>1,345,824</strong></td>
<td><strong>2,169,646</strong></td>
</tr>
<tr>
<td>Deferred tax:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- In respect of current year</td>
<td>RO 794,000</td>
<td>RO 2,000</td>
<td>RO 867,110</td>
<td>RO 16,250</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,139,824</strong></td>
<td><strong>2,171,652</strong></td>
<td><strong>2,212,934</strong></td>
<td><strong>2,185,896</strong></td>
</tr>
</tbody>
</table>

(b) The reconciliation of tax on the accounting profit at the applicable rate of 15% with the taxation charge in the statement of comprehensive income is as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax charge on accounting profit</td>
<td>RO 1,261,492</td>
<td>RO 2,253,628</td>
<td>RO 1,204,157</td>
<td>RO 2,743,944</td>
</tr>
<tr>
<td>Add/ (less) tax effect of: Current tax charge in respect of prior year</td>
<td>RO 31,824</td>
<td>(RO 38,348)</td>
<td>RO 31,824</td>
<td>(RO 38,354)</td>
</tr>
<tr>
<td>Tax effect on DTL due to change in tax rate</td>
<td>RO 814,206</td>
<td>-</td>
<td>RO 814,206</td>
<td>-</td>
</tr>
<tr>
<td>The effect of expenses/ income not eligible</td>
<td>RO 32,302</td>
<td>(RO 43,628)</td>
<td>RO 162,747</td>
<td>(RO 519,694)</td>
</tr>
<tr>
<td>Taxation charge for the year</td>
<td><strong>2,139,824</strong></td>
<td><strong>2,171,652</strong></td>
<td><strong>2,212,934</strong></td>
<td><strong>2,185,896</strong></td>
</tr>
</tbody>
</table>
41 Taxation (continued)

(c) The movement in current tax liability is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th></th>
<th>Consolidated</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January</td>
<td>2,208,000</td>
<td>3,932,908</td>
<td>2,208,000</td>
<td>3,959,108</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>1,314,000</td>
<td>2,208,000</td>
<td>1,314,000</td>
<td>2,208,000</td>
</tr>
<tr>
<td>Paid during the year</td>
<td>(2,239,824)</td>
<td>(3,894,560)</td>
<td>(2,239,824)</td>
<td>(3,920,754)</td>
</tr>
<tr>
<td>Charge to prior years taxes</td>
<td>31,824</td>
<td>(38,348)</td>
<td>31,824</td>
<td>(38,354)</td>
</tr>
<tr>
<td>At 31 December</td>
<td>1,314,000</td>
<td>2,208,000</td>
<td>1,314,000</td>
<td>2,208,000</td>
</tr>
</tbody>
</table>

(d) The Parent Company’s income tax assessments for the tax years up to 2014 have been finalised by the tax authorities. The income tax assessments of the Parent Company for the years 2015 to 2017 have not yet been finalised by the Tax Department. Management is of the opinion that additional taxes, if any, that may be assessed on completion of the assessments for the open tax years would not be significant to the Group’s statement of financial position at 31 December 2017.

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

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

(f) For the assessment years 2002 to 2009 the tax authorities have included the dividend income of RO 10,579,599 received from associate company, MRTIC in the taxable income against which the Parent Company has filed an appeal and has paid the tax department claims and accounted it as receivable from tax department.

For the year 2002, the appeal has been decided in Parent Company’s favour by the Supreme Court. The Appeal court has also decided the matter in Company’s favour for the tax years from 2003 to 2007, and accordingly the tax authorities have revised the assessment orders and refunded RO 628,807 for the years from 2003 to 2007.

For the years from 2008 to 2009, the Tax Committee has decided against the appeal and the Company is in the process of filing an appeal in the Primary Court.

However, from the tax year 2010, dividend income received from MRTIC, is liable for tax and accordingly dealt with for tax provision.

42 Basic and diluted Earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit for the year by the weighted average number of shares outstanding during the year.

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th></th>
<th>Consolidated</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>RO</td>
<td>6,270,125</td>
<td>16,638,580</td>
<td>5,814,777</td>
<td>20,710,308</td>
</tr>
<tr>
<td>RO</td>
<td>200,000,000</td>
<td>200,000,000</td>
<td>200,000,000</td>
<td>200,000,000</td>
</tr>
<tr>
<td>RO</td>
<td>0.031</td>
<td>0.083</td>
<td>0.029</td>
<td>0.104</td>
</tr>
</tbody>
</table>
Operating lease commitments

The Parent Company has been granted leasehold rights by His Majesty Sultan Qaboos bin Said for the use of land, on which the factory has been constructed for a period of thirty years from 1 July 1984. During the last year, the leasehold renewed for one year, on yearly basis, the Parent Company has applied for the extension of lease period and is done on yearly basis.

At 31 December, the future minimum lease commitments under above non-cancellable operating leases are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>217,601</td>
<td>65,207</td>
<td>275,220</td>
<td>122,826</td>
</tr>
<tr>
<td>Later than one year and not later than five years</td>
<td>-</td>
<td>-</td>
<td>230,476</td>
<td>230,476</td>
</tr>
<tr>
<td>Later than 5 years</td>
<td>-</td>
<td>-</td>
<td>691,428</td>
<td>806,666</td>
</tr>
<tr>
<td></td>
<td>217,601</td>
<td>65,207</td>
<td>1,197,124</td>
<td>1,159,968</td>
</tr>
</tbody>
</table>

Commitments

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Commitments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Civil and structural</td>
<td>100,000</td>
<td>-</td>
<td>100,000</td>
<td>-</td>
</tr>
<tr>
<td>Plant and machinery</td>
<td>1,780,241</td>
<td>2,122,681</td>
<td>2,452,880</td>
<td>4,058,677</td>
</tr>
<tr>
<td>Others</td>
<td>132,812</td>
<td>-</td>
<td>132,812</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>2,013,053</td>
<td>2,122,681</td>
<td>2,685,692</td>
<td>4,058,677</td>
</tr>
<tr>
<td>Purchase Commitments</td>
<td>3,009,405</td>
<td>4,598,458</td>
<td>7,859,719</td>
<td>9,486,498</td>
</tr>
</tbody>
</table>

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

Contingent liabilities

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Letters of credit, guarantee and performance bond</td>
<td>377,000</td>
<td>370,194</td>
<td>711,274</td>
<td>1,794,084</td>
</tr>
</tbody>
</table>
46  Cash generated from operations

The reconciliation of the profit before taxation to cash generated from operations is shown below:

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
</tr>
<tr>
<td></td>
<td>RO</td>
<td>RO</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
</tr>
<tr>
<td></td>
<td>RO</td>
<td>RO</td>
</tr>
<tr>
<td>Operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>8,409,949</td>
<td>18,810,232</td>
</tr>
<tr>
<td></td>
<td>8,027,711</td>
<td>22,896,204</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>4,702,068</td>
<td>4,415,353</td>
</tr>
<tr>
<td></td>
<td>7,007,198</td>
<td>6,520,250</td>
</tr>
<tr>
<td>Allowance for doubtful debts</td>
<td>(25,953)</td>
<td>(88,562)</td>
</tr>
<tr>
<td></td>
<td>(176,525)</td>
<td>248,472</td>
</tr>
<tr>
<td>Impairment of limestone mines</td>
<td>-</td>
<td>877,809</td>
</tr>
<tr>
<td></td>
<td>494,440</td>
<td></td>
</tr>
<tr>
<td>Allowance for slow-moving inventories</td>
<td>118,908</td>
<td>131,042</td>
</tr>
<tr>
<td></td>
<td>160,218</td>
<td>165,235</td>
</tr>
<tr>
<td>End of service benefits</td>
<td>73,161</td>
<td>86,993</td>
</tr>
<tr>
<td></td>
<td>161,517</td>
<td>138,108</td>
</tr>
<tr>
<td>Interest expense</td>
<td>833,355</td>
<td>899,683</td>
</tr>
<tr>
<td></td>
<td>833,355</td>
<td>899,683</td>
</tr>
<tr>
<td>Interest income</td>
<td>(315,584)</td>
<td>(436,658)</td>
</tr>
<tr>
<td></td>
<td>(395,049)</td>
<td>(515,729)</td>
</tr>
<tr>
<td>Dividend income</td>
<td>(526,687)</td>
<td>(168,948)</td>
</tr>
<tr>
<td></td>
<td>(167,259)</td>
<td>(168,948)</td>
</tr>
<tr>
<td>Amortisation of deferred costs</td>
<td>8,100</td>
<td>5,433</td>
</tr>
<tr>
<td></td>
<td>291,113</td>
<td>204,157</td>
</tr>
<tr>
<td>Share of profit from associates</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(294,508)</td>
<td>(158,903)</td>
</tr>
<tr>
<td>Increase is fair value of financial assets at fair value through profit or loss</td>
<td>(111,783)</td>
<td>(484,348)</td>
</tr>
<tr>
<td></td>
<td>(111,783)</td>
<td>(484,348)</td>
</tr>
<tr>
<td>Loss on write off of property, plant and equipment</td>
<td>-</td>
<td>39,465</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>39,465</td>
</tr>
<tr>
<td>Profit on sale of investment in associate</td>
<td>(3,575,913)</td>
<td>1,112,356</td>
</tr>
<tr>
<td></td>
<td>(1,112,356)</td>
<td>-</td>
</tr>
<tr>
<td>Payment of end of service benefits</td>
<td>(80,379)</td>
<td>(70,428)</td>
</tr>
<tr>
<td></td>
<td>(119,603)</td>
<td>(98,424)</td>
</tr>
<tr>
<td>Changes in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td>2,730,098</td>
<td>(508,088)</td>
</tr>
<tr>
<td></td>
<td>2,626,360</td>
<td>281,593</td>
</tr>
<tr>
<td>Prepayments and other receivables</td>
<td>(1,684,300)</td>
<td>(426,435)</td>
</tr>
<tr>
<td></td>
<td>(1,705,758)</td>
<td>331,945</td>
</tr>
<tr>
<td>Inventories</td>
<td>(5,287,785)</td>
<td>(3,713,295)</td>
</tr>
<tr>
<td></td>
<td>(7,223,431)</td>
<td>(5,724,151)</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>103,852</td>
<td>1,909,510</td>
</tr>
<tr>
<td></td>
<td>(77,188)</td>
<td>2,299,231</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>5,371,107</td>
<td>20,400,949</td>
</tr>
<tr>
<td></td>
<td>8,601,821</td>
<td>27,368,280</td>
</tr>
</tbody>
</table>

46.1  Cash flow used in financing activities

<table>
<thead>
<tr>
<th>Classification</th>
<th>As at 1 January 2017</th>
<th>As at 31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term loans - non-current portion</td>
<td>22,437,500</td>
<td>(5,875,000)</td>
</tr>
<tr>
<td>Current portion of long term loans</td>
<td>5,875,000</td>
<td>-</td>
</tr>
<tr>
<td>Classification to current portion</td>
<td>-</td>
<td>5,875,000</td>
</tr>
<tr>
<td>Term loans</td>
<td>28,312,500</td>
<td>(5,875,000)</td>
</tr>
</tbody>
</table>

47  Related parties

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

<table>
<thead>
<tr>
<th>Advances to subsidiaries</th>
<th>Parent</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
</tr>
<tr>
<td></td>
<td>RO</td>
<td>RO</td>
</tr>
<tr>
<td>Raysea Navigation S.A</td>
<td>2,834,000</td>
<td>2,834,000</td>
</tr>
<tr>
<td>(note 13)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Raybulk Navigation S.A</td>
<td>400,000</td>
<td>1,077,000</td>
</tr>
<tr>
<td>(note 13)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,234,000</strong></td>
<td><strong>3,911,000</strong></td>
</tr>
</tbody>
</table>

Movement to advances to subsidiaries is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
</tr>
<tr>
<td></td>
<td>RO</td>
<td>RO</td>
</tr>
<tr>
<td>At 1 January</td>
<td>3,911,000</td>
<td>3,911,000</td>
</tr>
<tr>
<td>Repaid during the year</td>
<td>(677,000)</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December</td>
<td>3,234,000</td>
<td>3,911,000</td>
</tr>
</tbody>
</table>

(b) Amounts due from related parties at year end are as follows:

<table>
<thead>
<tr>
<th>Due from related parties (trading receivables):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entities related to directors:</td>
</tr>
<tr>
<td>Modern Contracting Company</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Associate companies:</td>
</tr>
<tr>
<td>MRTIC</td>
</tr>
<tr>
<td>OPCP</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Due from related parties (other receivables):</th>
</tr>
</thead>
<tbody>
<tr>
<td>subsidiary companies</td>
</tr>
<tr>
<td>Raysea Navigation S.A</td>
</tr>
<tr>
<td>Rysut Burwaqo Cement Company LLC</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
<tr>
<td>Associate Companies</td>
</tr>
<tr>
<td>MRTIC</td>
</tr>
<tr>
<td>OPCP</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

(c) Amounts due to related parties at year end are as follows:

<table>
<thead>
<tr>
<th>Due to related parties:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pioneer Cement Industries LLC</td>
</tr>
<tr>
<td>Raybulk Navigation S. A</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>
47 Related parties (continued)

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sale of goods and services:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Entities related to directors:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Modern Contracting Company</td>
<td>12,760</td>
<td>13,920</td>
<td>12,760</td>
<td>13,920</td>
</tr>
<tr>
<td>Associate companies:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MRTIC</td>
<td>7,648,587</td>
<td>9,661,496</td>
<td>7,648,587</td>
<td>9,661,496</td>
</tr>
<tr>
<td>OPCP</td>
<td>45,660</td>
<td>-</td>
<td>45,660</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>7,661,347</td>
<td>9,721,076</td>
<td>7,661,347</td>
<td>9,848,216</td>
</tr>
<tr>
<td><strong>Purchase of goods and services:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Entities related to directors:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Qais Omani establishment</td>
<td>75,000</td>
<td>75,000</td>
<td>75,000</td>
<td>75,000</td>
</tr>
<tr>
<td><strong>Subsidiary Companies:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pioneer Cement Industries LLC</td>
<td>1,197,852</td>
<td>1,321,749</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Raysea Navigation S.A</td>
<td>1,136,780</td>
<td>546,386</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Raybulk Navigation S.A</td>
<td>1,919,137</td>
<td>1,693,766</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>4,253,769</td>
<td>3,561,901</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

(e) Key management compensation:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Board of directors sitting fees</strong></td>
<td>48,500</td>
<td>51,000</td>
<td>48,500</td>
<td>51,000</td>
</tr>
<tr>
<td><strong>Directors’ remuneration (note 35)</strong></td>
<td>151,500</td>
<td>149,000</td>
<td>151,500</td>
<td>149,000</td>
</tr>
<tr>
<td></td>
<td>200,000</td>
<td>200,000</td>
<td>200,000</td>
<td>200,000</td>
</tr>
<tr>
<td><strong>Salaries, allowances and performance bonus paid to Executive officers</strong></td>
<td>371,748</td>
<td>609,210</td>
<td>689,626</td>
<td>903,985</td>
</tr>
<tr>
<td><strong>End of service benefits</strong></td>
<td>713</td>
<td>-</td>
<td>7,868</td>
<td>4,067</td>
</tr>
<tr>
<td></td>
<td>372,461</td>
<td>609,210</td>
<td>697,494</td>
<td>908,052</td>
</tr>
</tbody>
</table>

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

48 Segment information

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

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

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

<table>
<thead>
<tr>
<th>Parent</th>
<th>Local</th>
<th>Export</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>RO</td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
</tr>
<tr>
<td>Segment revenue</td>
<td>32,815,388</td>
<td>40,623,840</td>
<td>17,071,889</td>
</tr>
<tr>
<td>Segment gross profit</td>
<td>8,602,191</td>
<td>16,426,599</td>
<td>4,809,528</td>
</tr>
<tr>
<td>Selling and distribution expense</td>
<td>(634,207)</td>
<td>(941,700)</td>
<td>(4,091,402)</td>
</tr>
<tr>
<td>Unallocated costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other (expenses)/ income</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividend income from financial assets at fair value through profit or loss</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividend income from associate</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Profit on sales of investment in associate</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fair value gain on financial assets at fair value through profit or loss</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>7,967,984</td>
<td>15,484,899</td>
<td>718,126</td>
</tr>
<tr>
<td>Segment assets, comprising trade receivables and related parties</td>
<td>3,945,578</td>
<td>3,436,977</td>
<td>846,056</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consolidated</th>
<th>Local</th>
<th>Export</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>RO</td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
</tr>
<tr>
<td>Segment revenue</td>
<td>37,340,105</td>
<td>46,288,348</td>
<td>34,534,688</td>
</tr>
<tr>
<td>Segment gross profit</td>
<td>9,458,586</td>
<td>17,823,591</td>
<td>6,574,603</td>
</tr>
<tr>
<td>Selling and distribution expense</td>
<td>(634,207)</td>
<td>(941,700)</td>
<td>(1,727,458)</td>
</tr>
<tr>
<td>Unallocated costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other income</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividend income from financial assets at fair value through profit or loss</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Share of profit in an associate</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Profit on sales of investment in associate</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fair value profit on financial assets at fair value through profit or loss</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>8,824,379</td>
<td>16,881,891</td>
<td>4,847,145</td>
</tr>
<tr>
<td>Segment assets, comprising trade receivables and related parties</td>
<td>5,498,288</td>
<td>4,343,159</td>
<td>1,327,945</td>
</tr>
</tbody>
</table>
48 Segment information (continued)

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

Revenue from major products

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

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary Portland Cement (OPC)</td>
<td>41,427,634</td>
<td>56,296,811</td>
</tr>
<tr>
<td>Sulphate Resistant Cement (SRC)</td>
<td>4,185,728</td>
<td>4,886,501</td>
</tr>
<tr>
<td>Others (OWC &amp; Pozmix)</td>
<td>3,995,095</td>
<td>4,613,994</td>
</tr>
<tr>
<td>Clinker</td>
<td>278,820</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>49,887,277</strong></td>
<td><strong>65,797,306</strong></td>
</tr>
</tbody>
</table>

Information about major customers

Included in revenue from export sale to Yemen and GCC countries of RO 17,071,889 (2016: RO 25,173,466) is the revenue of RO 7,648,587 (2016: RO 9,661,496) which arise from sale to the Group’s largest customer, MRTIC.

49 Financial instruments

(a) Categories of financial instruments

The accounting policies for financial instruments have been applied to the line items below:

**Parent**

<table>
<thead>
<tr>
<th></th>
<th>Loans and receivables</th>
<th>Held-to-maturity financial assets</th>
<th>Financial assets at fair value through profit or loss</th>
<th>Available-for-sale financial assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>31 December 2017</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets as per statement of financial position</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available-for-sale financial assets</td>
<td></td>
<td></td>
<td></td>
<td>125,000</td>
<td>125,000</td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td></td>
<td></td>
<td>4,016,950</td>
<td>-</td>
<td>4,016,950</td>
</tr>
<tr>
<td>Trade and other receivables (excluding advances and prepayments)</td>
<td>6,651,611</td>
<td></td>
<td>-</td>
<td>-</td>
<td>6,651,611</td>
</tr>
<tr>
<td>Short term deposits</td>
<td>5,000,000</td>
<td></td>
<td>-</td>
<td>-</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>3,248,601</td>
<td></td>
<td>-</td>
<td>-</td>
<td>3,248,601</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,900,212</strong></td>
<td><strong>5,000,000</strong></td>
<td><strong>4,016,950</strong></td>
<td><strong>125,000</strong></td>
<td><strong>19,042,162</strong></td>
</tr>
</tbody>
</table>

**31 December 2017**

|                                | Other financial liabilities |
|                                | RO                         |
| Term loans current and non-current | 22,437,500 |
| Trade and other payables        | 10,027,865 |
| **Total**                       | **32,465,365** |
### Financial instruments (continued)

<table>
<thead>
<tr>
<th>Financial assets</th>
<th>Loans and receivables</th>
<th>Held-to-maturity financial assets</th>
<th>Financial assets at fair value through profit or loss</th>
<th>Available-for-sale financial assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 December 2016</td>
<td>14,381,193</td>
<td>14,000,000</td>
<td>3,905,167</td>
<td>125,000</td>
<td>32,411,360</td>
</tr>
</tbody>
</table>

#### Consolidated

<table>
<thead>
<tr>
<th>Financial assets</th>
<th>Loans and receivables</th>
<th>Held-to-maturity financial assets</th>
<th>Financial assets at fair value through profit or loss</th>
<th>Available-for-sale financial assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 December 2017</td>
<td>13,409,302</td>
<td>8,366,400</td>
<td>4,016,950</td>
<td>125,000</td>
<td>25,917,652</td>
</tr>
</tbody>
</table>

#### Other financial liabilities

<table>
<thead>
<tr>
<th>Liabilities as per statement of financial position</th>
<th>RO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term loans current and non-current</td>
<td>22,437,500</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>13,976,030</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>36,413,530</strong></td>
</tr>
</tbody>
</table>
NOTES TO THE CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

49 Financial instruments (continued)

<table>
<thead>
<tr>
<th>31 December 2016</th>
<th>Loans and receivables</th>
<th>Held-to-maturity</th>
<th>Financial assets at fair value through profit or loss</th>
<th>Available-for-sale financial assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets as per statement of financial position</td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
<td>RO</td>
</tr>
<tr>
<td>Available-for-sale financial assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>125,000</td>
<td>125,000</td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td>-</td>
<td>-</td>
<td>3,905,167</td>
<td>-</td>
<td>3,905,167</td>
</tr>
<tr>
<td>Trade and other receivables (excluding advances and prepayments)</td>
<td>9,375,007</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,375,007</td>
</tr>
<tr>
<td>Term deposits</td>
<td>-</td>
<td>17,892,400</td>
<td>-</td>
<td>-</td>
<td>17,892,400</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>8,412,113</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8,412,113</td>
</tr>
<tr>
<td>Total</td>
<td>17,787,120</td>
<td>17,892,400</td>
<td>3,905,167</td>
<td>125,000</td>
<td>39,709,687</td>
</tr>
</tbody>
</table>

(a) Categories of financial instruments

<table>
<thead>
<tr>
<th>31 December 2016</th>
<th>Other financial liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities as per statement of financial position</td>
<td>RO</td>
</tr>
<tr>
<td>Term loans current and non-current</td>
<td>28,312,500</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>14,221,721</td>
</tr>
<tr>
<td>Total</td>
<td>42,534,221</td>
</tr>
</tbody>
</table>

(b) Credit quality of financial assets

As per the credit policy of the Group, customers are extended a credit period of up to 120 days in the normal course of business. However, in some cases, due to the market conditions and historical business relationship with the customer the credit period may be extended by a further period of 90 days. The credit quality of financial assets is determined by the customers history of meeting commitments, market intelligence related information and management’s trade experience.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Counterparties without external credit rating:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to 6 months</td>
<td>RO</td>
<td>4,349,817</td>
<td>7,053,962</td>
<td>6,160,904</td>
<td>8,610,739</td>
<td></td>
</tr>
<tr>
<td>Due above 6 months</td>
<td>RO</td>
<td>441,817</td>
<td>467,770</td>
<td>665,328</td>
<td>841,853</td>
<td></td>
</tr>
<tr>
<td>Impairment of trade receivable</td>
<td>RO</td>
<td>(441,817)</td>
<td>(467,770)</td>
<td>(665,328)</td>
<td>(841,853)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>RO</td>
<td>4,349,817</td>
<td>7,053,962</td>
<td>6,160,904</td>
<td>8,610,739</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>P-1</td>
<td>RO</td>
<td>6,957,671</td>
<td>118,635</td>
<td>6,975,712</td>
<td>1,691,676</td>
<td></td>
</tr>
<tr>
<td>P-2</td>
<td>RO</td>
<td>868,179</td>
<td>20,052,155</td>
<td>5,953,909</td>
<td>23,703,922</td>
<td></td>
</tr>
<tr>
<td>P-3</td>
<td>RO</td>
<td>-</td>
<td>53,133</td>
<td>116,696</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not rated</td>
<td>RO</td>
<td>418,465</td>
<td>358,060</td>
<td>485,864</td>
<td>740,211</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>RO</td>
<td>8,244,315</td>
<td>20,528,850</td>
<td>13,468,618</td>
<td>26,252,505</td>
<td></td>
</tr>
</tbody>
</table>

The rest of the statement of consolidated and separate financial position item ‘cash and cash equivalents’ is cash in hand.

50. Comparative figures

Certain comparative information has been reclassified to conform to the presentation adopted in these consolidated and separate financial statements.