



ريسوت للأسمنت  
Raysut Cement

الشريك الإستراتيجي للنمو  
Strategic Partner for Growth

## RAYSUT CEMENT COMPANY SAOG AND ITS SUBSIDIARIES

SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED  
31 March 2022

**Registered office and principal place of business:**  
P.O. Box 1020, PC 211  
Salalah  
Sultanate of Oman

# **Raysut Cement Company SAOG and its Subsidiaries**

SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
for the first quarter ended 31 March 2022

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# Raysut Cement Company SAOG and its Subsidiaries

Separate and consolidated statement of financial position  
As at 31 March 2022

		<b>Parent</b>		<b>Consolidated</b>	
	<b>Note</b>	<b>31-Mar-2022</b>	<b>31-Dec-2021</b>	<b>31-Mar-2022</b>	<b>31-Dec-2021</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>48</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Goodwill	8	-	-	<b>49,134,458</b>	49,134,458
Property, plant and equipment	9	<b>58,232,536</b>	58,777,655	<b>114,617,237</b>	115,745,510
Right-of-use assets	10	<b>2,716,919</b>	2,773,019	<b>6,112,789</b>	6,224,008
Investment in subsidiaries	12	<b>82,558,077</b>	82,558,077	-	-
Financial assets at fair value through other comprehensive income	14	<b>125,000</b>	125,000	<b>125,000</b>	125,000
Deferred tax asset	27	-	-	<b>235,324</b>	239,338
<b>Total non-current assets</b>		<b>143,632,532</b>	144,233,751	<b>170,224,808</b>	171,468,314
<b>Current assets</b>					
Inventories	15	<b>15,203,519</b>	16,452,421	<b>27,609,329</b>	30,017,486
Trade receivables	16	<b>19,461,189</b>	18,278,428	<b>22,433,736</b>	20,445,155
Financial assets at fair value through profit or loss	17	<b>2,389,921</b>	2,562,616	<b>2,389,921</b>	2,562,616
Prepayments, advances and other receivables	18	<b>8,254,629</b>	8,469,951	<b>7,786,247</b>	4,836,544
Cash and bank balances	19	<b>180,791</b>	163,937	<b>922,394</b>	802,337
<b>Total current assets</b>		<b>45,490,049</b>	45,927,353	<b>61,141,627</b>	58,664,138
<b>Total assets</b>		<b>189,122,581</b>	190,161,104	<b>231,366,435</b>	230,132,452
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	20	<b>20,000,000</b>	20,000,000	<b>20,000,000</b>	20,000,000
Share premium	21	<b>13,456,873</b>	13,456,873	<b>13,456,873</b>	13,456,873
Legal reserve	22	<b>6,666,667</b>	6,666,667	<b>6,666,667</b>	6,666,667
Asset replacement reserve	23	<b>3,647,566</b>	3,647,566	<b>3,647,566</b>	3,647,566
Voluntary reserve	24	<b>6,352,434</b>	6,352,434	<b>6,352,434</b>	6,352,434
Foreign currency translation		-	-	-	-
Retained earnings		<b>48,376,823</b>	49,774,386	<b>61,002,993</b>	63,782,727
<b>Equity attributable to Owners of the Parent Company</b>		<b>98,500,363</b>	99,897,926	<b>111,126,533</b>	113,906,267
<b>Non-controlling interest</b>		-	-	<b>352,175</b>	337,563
<b>Total equity</b>		<b>98,500,363</b>	99,897,926	<b>111,478,708</b>	114,243,830
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	25	<b>31,591,921</b>	30,091,921	<b>40,552,548</b>	39,160,058
Lease liabilities	26	<b>2,714,291</b>	2,748,550	<b>6,297,967</b>	6,382,306
Other liabilities	29.1	<b>7,044,220</b>	7,044,220	<b>7,044,220</b>	7,044,220
Deferred tax liability	27	<b>1,513,000</b>	1,513,000	<b>1,513,000</b>	1,513,000
End of service benefits	28	<b>550,785</b>	523,104	<b>1,125,868</b>	1,064,517
<b>Total non-current liabilities</b>		<b>43,414,217</b>	41,920,795	<b>56,533,603</b>	55,164,101
<b>Current liabilities</b>					
Borrowings	25	<b>3,158,476</b>	3,158,476	<b>4,668,422</b>	4,668,422
Lease liabilities	26	<b>134,106</b>	134,106	<b>255,826</b>	255,826
Trade and other payables	29	<b>27,054,358</b>	25,412,688	<b>35,640,513</b>	30,591,816
Other liabilities		<b>5,107,259</b>	5,107,259	<b>5,107,259</b>	5,107,259
Short term borrowings	30	<b>11,753,802</b>	14,529,854	<b>17,561,219</b>	19,989,927
Income tax payable	27	-	-	<b>120,885</b>	111,271
<b>Total current liabilities</b>		<b>47,208,001</b>	48,342,383	<b>63,354,124</b>	60,724,521
<b>Total liabilities</b>		<b>90,622,218</b>	90,263,178	<b>119,887,727</b>	115,888,622
<b>Total equity and liabilities</b>		<b>189,122,581</b>	190,161,104	<b>231,366,435</b>	230,132,452
<b>Net assets per share</b>	39	<b>0.493</b>	0.499	<b>0.557</b>	0.571

The notes on pages 6 to 52 form an integral part of these separate and consolidated financial statements.

# Raysut Cement Company SAOG and its Subsidiaries

Separate and consolidated statement of comprehensive income  
for the first quarter ended 31 March 2022

	<u>Note</u>	<u>Parent</u>		<u>Consolidated</u>	
		<u>31-Mar-2022</u>	<u>31-Mar-2021</u>	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>
		<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Revenue	31	12,648,434	12,827,214	18,737,535	26,896,135
Cost of sales	32	(10,012,784)	(10,729,622)	(15,999,216)	(22,868,452)
<b>Gross profit</b>		<b>2,635,650</b>	<b>2,097,592</b>	<b>2,738,319</b>	<b>4,027,683</b>
General and administrative expenses	33	(976,245)	(942,192)	(1,568,212)	(1,660,587)
Selling and distribution expenses	35	(2,239,361)	(773,518)	(2,864,716)	(2,320,884)
Other income	36	-	83,912	8,466	785,584
<b>Operating loss</b>		<b>(579,956)</b>	<b>465,794</b>	<b>(1,686,143)</b>	<b>831,796</b>
Finance cost - net	37	(689,317)	(632,444)	(936,317)	(890,925)
Investment income	38	44,405	-	44,405	-
Impairment of investment in associates	11	-	-	-	(6,587)
Fair value gain / (loss) on financial assets at FVTPL	17	(172,695)	172,028	(172,695)	172,028
<b>Loss before tax</b>		<b>(1,397,563)</b>	<b>5,378</b>	<b>(2,750,750)</b>	<b>106,313</b>
Income tax	27	-	-	(14,372)	(3,501)
<b>Total loss for the period</b>		<b>(1,397,563)</b>	<b>5,378</b>	<b>(2,765,122)</b>	<b>102,812</b>
<b>Other comprehensive (loss)/income</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations		-	-	-	-
Total other comprehensive (loss)/income for the period		-	-	-	-
<b>Total comprehensive loss for the period</b>		<b>(1,397,563)</b>	<b>5,378</b>	<b>(2,765,122)</b>	<b>102,812</b>
<b>Total (loss) / profit attributable to:</b>					
Owners of the Parent Company		(1,397,563)	5,378	(2,779,734)	98,521
Non-controlling interest		-	-	14,612	4,292
		<b>(1,397,563)</b>	<b>5,378</b>	<b>(2,765,122)</b>	<b>102,813</b>
<b>Total comprehensive (loss) / income attributable to:</b>					
Owners of the Parent Company		(1,397,563)	5,378	(2,779,734)	98,519
Non-controlling interest		-	-	14,612	4,292
		<b>(1,397,563)</b>	<b>5,378</b>	<b>(2,765,122)</b>	<b>102,812</b>
<b>Basic and diluted loss per share</b>	40	<b>(0.007)</b>	<b>0.000</b>	<b>(0.014)</b>	<b>0.001</b>

The notes on pages 6 to 52 form an integral part of these separate and consolidated financial statements.

## Raysut Cement Company SAOG and its Subsidiaries

Separate and consolidated statement of changes in equity  
for the first quarter ended 31 March 2022

<b>Parent</b>	<b><u>Share capital</u> <u>RO</u></b>	<b><u>Share premium</u> <u>RO</u></b>	<b><u>Legal reserve</u> <u>RO</u></b>	<b><u>Replacement reserve</u> <u>RO</u></b>	<b><u>Voluntary reserve</u> <u>RO</u></b>	<b><u>Retained earnings</u> <u>RO</u></b>	<b><u>Total</u> <u>RO</u></b>
At 1 January 2021	20,000,000	13,456,873	6,666,667	3,647,566	6,352,434	62,699,374	112,822,914
Loss and total comprehensive loss for the year	-	-	-	-	-	(12,924,988)	(12,924,988)
At 31 December 2021	<u>20,000,000</u>	<u>13,456,873</u>	<u>6,666,667</u>	<u>3,647,566</u>	<u>6,352,434</u>	<u>49,774,386</u>	<u>99,897,926</u>
<b>At 1 January 2022</b>	<b>20,000,000</b>	<b>13,456,873</b>	<b>6,666,667</b>	<b>3,647,566</b>	<b>6,352,434</b>	<b>49,774,386</b>	<b>99,897,926</b>
Loss and total comprehensive loss for the year	-	-	-	-	-	(1,397,563)	(1,397,563)
<b>At 31 March 2022</b>	<b><u>20,000,000</u></b>	<b><u>13,456,873</u></b>	<b><u>6,666,667</u></b>	<b><u>3,647,566</u></b>	<b><u>6,352,434</u></b>	<b><u>48,376,823</u></b>	<b><u>98,500,363</u></b>

The notes on pages 6 to 52 form an integral part of these separate and consolidated financial statements.

## Raysut Cement Company SAOG and its Subsidiaries

Separate and consolidated statement of changes in equity  
for the first quarter ended 31 March 2022

<b>Consolidated</b>	<b>Share capital RO</b>	<b>Share premium RO</b>	<b>Legal reserve RO</b>	<b>Asset replacement reserve RO</b>	<b>Voluntary reserve RO</b>	<b>Foreign currency translation reserve RO</b>	<b>Retained earnings RO</b>	<b>Total RO</b>	<b>Non- controlling interest RO</b>	<b>Total RO</b>
At 1 January 2021	20,000,000	13,456,873	6,666,667	3,647,566	6,352,434	31,643	77,393,357	127,548,540	312,726	127,861,266
Loss for the year	-	-	-	-	-	(31,643)	(13,610,630)	(13,642,273)	24,837	(13,617,436)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
At 31 December 2021	<u>20,000,000</u>	<u>13,456,873</u>	<u>6,666,667</u>	<u>3,647,566</u>	<u>6,352,434</u>	<u>-</u>	<u>63,782,727</u>	<u>113,906,267</u>	<u>337,563</u>	<u>114,243,830</u>
<b>At 1 January 2022</b>	<b>20,000,000</b>	<b>13,456,873</b>	<b>6,666,667</b>	<b>3,647,566</b>	<b>6,352,434</b>	<b>-</b>	<b>63,782,727</b>	<b>113,906,267</b>	<b>337,563</b>	<b>114,243,830</b>
Loss for the period	-	-	-	-	-	-	(2,779,734)	(2,779,734)	14,612	(2,765,122)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,779,734)</u>	<u>(2,779,734)</u>	<u>14,612</u>	<u>(2,765,122)</u>
<b>At 31 March 2022</b>	<b><u>20,000,000</u></b>	<b><u>13,456,873</u></b>	<b><u>6,666,667</u></b>	<b><u>3,647,566</u></b>	<b><u>6,352,434</u></b>	<b><u>-</u></b>	<b><u>61,002,993</u></b>	<b><u>111,126,533</u></b>	<b><u>352,175</u></b>	<b><u>111,478,708</u></b>

The notes on pages 6 to 52 form an integral part of these separate and consolidated financial statements.

# Raysut Cement Company SAOG and its Subsidiaries

Separate and consolidated statement of cash flows  
for the first quarter ended 31 March 2022

		<u>Parent</u>		<u>Consolidated</u>	
	<u>Note</u>	<u>31-Mar-22</u>	<u>31-Mar-21</u>	<u>31-Mar-22</u>	<u>31-Mar-21</u>
		<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
<b>Cash flows from operating activities</b>					
Loss before taxation		(1,397,563)	5,378	(2,750,750)	106,314
<b>Adjustments for:</b>					
Depreciation on property, plant and equipment	9	1,001,135	985,493	1,589,406	1,697,185
Related party balance provision / write off	13			-	-
Depreciation of right-of-use assets	10	56,100	56,101	-	89,206
Derecognition of right-of-use assets and lease liabilities (net)	10	-	(717,616)	-	
Impairment of limestone against mines reversal		-		-	(37,271)
Allowance for expected credit losses	16 & 18	-	-	-	-
Impairment of limestone mines - reversal		-	-	-	-
Provision for impairment	9	-	0	-	-
Allowance for slow-moving inventories	15	30,000	30,000	34,209	37,890
End of service benefits charge for the period	28	27,681	29,337	69,590	50,269
Interest expense	37	643,718	406,444	865,342	605,996
Interest expense on lease liabilities	37	45,762	56,366	73,012	86,223
Interest income	37	-	-	-	-
Investment income	38	44,405	-	44,405	-
Amortization of deferred expenses		-	7,086	-	-
Impairment / share of loss from an associate	11	-	-	-	6,587
Unrealised income on derecognition of right-of use assets and lease liabilities		-	-	-	-
Decrease in fair value of financial assets at fair value through profit or loss	17	172,695	(172,028)	172,695	(172,028)
Gain on disposal of property, plant and equipment		-	-	-	(483,869)
<b>Changes in:</b>					
Trade receivables		1,182,761	(3,452,200)	1,988,581	(2,671,683)
Prepayments and other receivables		(215,322)	(720,786)	2,949,703	(2,313,165)
Inventories		(1,248,902)	2,466,162	(2,408,157)	3,113,487
Trade and other payables		2,192,462	3,447,957	647,146	3,006,984
<b>Cash generated from operations</b>		<b>2,534,933</b>	<b>2,427,693</b>	<b>3,275,183</b>	<b>3,122,125</b>
Payment of end of service benefits	28	-	(16,747)	(34,996)	(41,743)
Tax refund claims received		-	-	-	-
Income tax paid		-	-	-	-
<b>Net cash generated from operating activities</b>		<b>2,534,933</b>	<b>2,410,946</b>	<b>3,240,187</b>	<b>3,080,382</b>
<b>Cash flows from investing activities</b>					
Investment in subsidiaries	12	-	-	-	-
Proceeds from disposal of property, plant and equipment		-	-	-	483,869
Dividend income received on financial assets at fair value of through profit or loss	38	44,405	-	44,405	-
Interest received	37	-	-	-	-
Purchase of property, plant and equipment	9	(456,016)	(104,275)	(461,133)	(687,133)
<b>Net cash used in investing activities</b>		<b>(411,611)</b>	<b>(104,275)</b>	<b>(416,727)</b>	<b>(203,264)</b>
<b>Cash flows from financing activities</b>					
Term loans (net of repayment)		1,500,000	-	1,392,490	(465,207)
Repayment of principal portion of lease		(45,762)	(32,212)	(73,012)	(42,363)
Repayment of interest on lease		(34,592)	(47,808)	(34,592)	(68,204)
Movement in lease liabilities on derecognition		-	(717,616)	-	
Movement in short term loans - net		(2,776,052)	(814,094)	(2,428,708)	(1,631,399)
Interest and finance costs paid		(792,476)	(159,109)	(1,285,729)	(200,258)
<b>Net cash generated from/(used in) financing activities</b>		<b>(2,148,882)</b>	<b>(1,770,838)</b>	<b>(2,429,552)</b>	<b>(2,407,430)</b>
<b>Net changes in cash and cash equivalents during the year</b>		<b>(25,560)</b>	<b>535,833</b>	<b>393,908</b>	<b>469,687</b>
Cash and cash equivalents at the beginning of the year		(3,836,028)	(5,087,132)	(4,257,958)	(4,257,958)
<b>Cash and cash equivalents at the end of the period</b>	43	<b>(3,861,588)</b>	<b>(4,551,299)</b>	<b>(3,864,050)</b>	<b>(3,788,271)</b>
<b>Cash and cash equivalents at the end of the year comprise:</b>					
Bank balances and cash	19	180,791	55,043	922,394	1,319,608
Bank borrowings	47	(4,042,379)	(4,606,341)	(4,786,444)	(5,107,878)
		<b>(3,861,588)</b>	<b>(4,551,298)</b>	<b>(3,864,050)</b>	<b>(3,788,270)</b>

The notes on pages 6 to 52 form an integral part of these separate and consolidated financial statements.

## Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements  
for the first quarter ended 31 March 2022

### 1. Legal status and principal activities

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

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

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

<u>Subsidiary companies</u>	<u>Country of incorporation</u>	<u>Shareholding percentage %</u>		<u>Principal activities</u>
		<u>31-Mar-2022</u>	<u>31-Dec-2021</u>	
Pioneer Cement Industries ('Pioneer')	United Arab Emirates	100	100	Production and sale of cement
Raysea Navigation SA ('Raysea')	Panama	100	100	Shipping transport Company
Sohar Cement Factory SPC (formerly Sohar Cement Factory LLC)	Sultanate of Oman	100	100	Production and sale of cement
Pioneer Cement Industries Georgia Limited*	Georgia	100	100	Limestone quarry
Raysut Cement Company S.A.O.G. (Branch)**	United Arab Emirates	100	100	Limestone quarry
Raysut Burwaqo Cement Company LLC ('RBCC')	Sultanate of Oman	51	51	Wholesale of cement and plastic
RCC Holding Company Limited	United Arab Emirates	100	100	Holding Company
RCC Trading DMCC	United Arab Emirates	100	100	Trading activity
Duqm Cement Factory LLC	Sultanate of Oman	100	100	Production and sale of cement
RCC MSG Somaliland Cement Holding Limited	United Arab Emirates	55	55	Holding Company
Raysut Maldives Cement Private Limited	Republic of Maldives	75	-	Trading activity
Raysut Cement Trading Madagascar	Madagascar	98	-	Trading activity



## Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements  
As at 31 March 2022

### 1. Legal status and principal activities (continued)

<u>Associate companies</u>	<u>Country of incorporation</u>	<u>Shareholding percentage %</u>		<u>Principal activities</u>
		<u>31-Mar-2022</u>	<u>31-Dec-2021</u>	
Mukalla Raysut Trading and Industrial Company ('MRTIC')	Republic of Yemen	49	49	Importing, exporting, packing and marketing of cement products.

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

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

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

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

#### **New standards, amendments and interpretations to existing IFRS effective 1 January 2022**

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

- Reference to the Conceptual Framework (Amendments to IFRS 3);
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16).
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)

#### **Annual Improvements to IFRS Standards 2018–2020**

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

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

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

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

### 3. Summary of significant accounting policies

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

#### **Basis of preparation**

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

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

**Basis of preparation (continued)**

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

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

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

**Functional and presentation currency**

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

**Statement of compliance**

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

**Basis of consolidation**

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

Control is achieved when the Group:

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

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

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

## **Raysut Cement Company SAOG and its Subsidiaries**

Notes to the separate and consolidated financial statements

As at 31 March 2022

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

#### **Basis of consolidation (continued)**

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

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

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

#### **Non-controlling interest**

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

#### **Business combinations**

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

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

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

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

#### **Basis of consolidation (continued)**

##### **Business combinations**

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

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

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

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

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

##### **Goodwill**

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

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

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

**Basis of consolidation (continued)**

**Goodwill (continued)**

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

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

**Investment in an associate**

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

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

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

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

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

**Leases**

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

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

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

**The Group as lessee**

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

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

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

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

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

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

**Leases (continued)**

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

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

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

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

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

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

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

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

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

## Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements

As at 31 March 2022

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

#### Property, plant and equipment (continued)

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

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

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

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

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

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

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

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



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

#### *Change in estimates*

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

#### **Capital work-in-progress**

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

#### **Impairment of non-financial assets**

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

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

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

#### **Intangible assets**

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

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

#### **Inventories**

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

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

**Inventories (Continued)**

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

**IFRS 9 Financial Instruments**

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

*Classification - Financial assets*

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

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

*Business model assessment*

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

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

*Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)*

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

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

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

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

**IFRS 9 Financial Instruments (continued)**

A financial asset is carried at amortised cost if it meets both of the following conditions:

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

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

*Equity investments at FVOCI*

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

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

*Financial assets carried at FVTPL*

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

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

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

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

**IFRS 9 Financial Instruments (continued)**

*Impairment - Financial assets*

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

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

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

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

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

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

*Classification - Financial liabilities*

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

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

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

**IFRS 9 Financial Instruments (continued)**

*Classification - Financial liabilities (continued)*

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

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

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

**Borrowings**

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

**Trade and other payables**

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

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

**Cash and cash equivalents**

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

**End of service benefits**

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

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

**Provisions**

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

## **Raysut Cement Company SAOG and its Subsidiaries**

Notes to the separate and consolidated financial statements

As at 31 March 2022

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

#### **Dividends**

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

#### **Borrowing costs**

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

#### **Revenue recognition**

The Group follows five step process:

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

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

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

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

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

#### **Interest income and expense**

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

#### **Foreign currency**

##### *Foreign currency transactions*

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

## **Raysut Cement Company SAOG and its Subsidiaries**

Notes to the separate and consolidated financial statements

As at 31 March 2022

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

#### **Foreign currency (continued)**

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

#### *Foreign currency transactions (continued)*

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

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

#### *Foreign operations*

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

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

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

#### *Group companies*

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

#### **Discontinued operations**

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

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

## **Raysut Cement Company SAOG and its Subsidiaries**

Notes to the separate and consolidated financial statements

As at 31 March 2022

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

#### **Discontinued operations (Continued)**

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

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

#### **Income tax**

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

##### *Current tax*

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

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

##### *Deferred tax*

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

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

#### **Earnings and net assets per share**

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

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



## Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements

As at 31 March 2022

### Directors' remuneration

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

### Segment reporting

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

## 4. Business combination

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

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

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

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

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

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

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

## 5. Critical accounting estimates and judgments

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

## **Raysut Cement Company SAOG and its Subsidiaries**

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As at 31 March 2022

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

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

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

#### **Useful lives of property, plant and equipment**

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

#### **Allowance for slow moving inventories**

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

#### **Calculation of loss allowance**

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

#### **Allowance for impairment of financial assets**

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

#### **Goodwill and investment in subsidiaries and associated companies**

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

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

#### **Impairment of limestone mines**

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

#### **Determining the lease term**

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

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

#### **Discounting of lease payments**

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

### **6. Financial risk management**

#### **Financial risk factors**

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

#### **Market risk**

##### **Foreign exchange risk**

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

## Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements

As at 31 March 2022

### 6. Financial risk management (continued)

#### Financial risk factors (continued)

##### Price risk

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

	<u>Parent</u>		<u>Consolidated</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
MSX	<u>238,992</u>	<u>256,262</u>	<u>238,992</u>	<u>256,262</u>

##### Interest rate risk

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

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

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

##### Credit risk

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

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

## Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements

As at 31 March 2022

### 6. Financial risk management (continued)

#### Financial risk factors (continued)

##### Credit risk (continued)

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

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

	<b>Parent</b>		<b>Consolidated</b>	
	<b><u>31-Mar-2022</u></b>	<b><u>31-Dec-2021</u></b>	<b><u>31-Mar-2022</u></b>	<b><u>31-Dec-2021</u></b>
	<b><u>RO</u></b>	<b><u>RO</u></b>	<b><u>RO</u></b>	<b><u>RO</u></b>
Trade receivables	<b>19,461,189</b>	18,278,428	<b>22,433,736</b>	20,445,155
Other receivables	<b>7,554,632</b>	7,714,130	<b>2,193,616</b>	2,207,459
Cash at bank	<b>173,790</b>	156,936	<b>857,691</b>	778,793
	<b><u>27,189,611</u></b>	<u>26,149,494</u>	<b><u>25,485,043</u></b>	<u>23,431,407</u>

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

# Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements  
for the first quarter ended 31 March 2022

## 6. Financial risk management (continued)

### Financial risk factors (continued)

#### Credit risk (continued)

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

	<u>Gross</u>		<u>Allowance for expected credit</u>	
	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>
	<u>RO</u>	<u>RO</u>	<u>losses</u>	<u>RO</u>
<b>Parent</b>				
Not due - up to 180 days	9,288,232	16,071,917	61,466	61,466
Past due 181 to 365 days	10,172,957	2,206,511	204,747	204,747
More than 1 year	3,080,884	2,995,481	2,814,671	2,814,671
	<u>22,542,073</u>	<u>21,273,909</u>	<u>3,080,884</u>	<u>3,080,884</u>
<b>Consolidated</b>				
Not due - up to 180 days	6,704,751	8,205,505	71,549	71,549
Past due 181 to 365 days	18,724,466	11,084,907	1,598,333	1,598,333
More than 1 year	2,995,481	2,443,137	1,325,599	1,325,599
	<u>28,424,699</u>	<u>21,733,549</u>	<u>2,995,481</u>	<u>2,995,481</u>

#### 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.

		<u>31-Mar-22</u>			<u>31-Dec-21</u>	
	<u>Carrying</u>	<u>Less than</u>	<u>More than</u>	<u>Carrying</u>	<u>Less than</u>	<u>More than</u>
	<u>amount</u>	<u>one year</u>	<u>one year</u>	<u>amount</u>	<u>one year</u>	<u>one year</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
<b>Parent</b>						
Trade and other payables	27,054,358	27,054,358	-	30,346,418	30,346,418	-
Short term borrowing	11,753,802	11,753,802	-	14,315,809	14,315,809	-
Other liabilities	12,151,479	5,107,259	7,044,220	-	-	-
Lease liabilities	2,848,397	134,106	2,714,291	11,326,540	1,552,232	9,774,308
Long term loans	34,750,397	3,158,476	31,591,921	30,635,142	9,026,855	21,608,287
	<u>88,558,433</u>	<u>47,208,001</u>	<u>41,350,432</u>	<u>86,623,909</u>	<u>55,241,313</u>	<u>31,382,595</u>

# Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements  
for the first quarter ended 31 March 2022

## 6. Financial risk management (continued)

### Financial risk factors (continued)

#### Liquidity risk (continued)

		<u>31-Mar-22</u>			<u>31-Dec-21</u>	
	<u>Carrying</u>	<u>Less than</u>	<u>More than</u>	<u>Carrying</u>	<u>Less than</u>	<u>More than</u>
	<u>amount</u>	<u>one year</u>	<u>one year</u>	<u>amount</u>	<u>one year</u>	<u>one year</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
<b>Consolidated</b>						
Trade and other payables	35,640,513	35,640,513	-	36,603,379	36,603,379	-
Short term borrowing	17,561,219	17,561,219	-	19,399,905	19,399,905	-
Other liabilities	12,151,479	5,107,259	7,044,220	-	-	-
Lease liabilities	6,553,793	255,826	6,297,967	6,638,132	255,826	6,382,306
Long term loans	45,220,970	4,668,422	40,552,548	39,776,945	18,230,702	21,546,243
	<u>117,127,975</u>	<u>63,233,240</u>	<u>53,894,735</u>	<u>102,418,360</u>	<u>74,489,811</u>	<u>27,928,549</u>

## 7. Capital risk management

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

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

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

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Borrowings	34,750,397	33,250,397	45,220,970	43,828,479
Lease liabilities	2,848,397	2,882,656	6,553,793	6,638,132
Short term borrowings	11,753,802	14,529,854	17,561,219	19,989,927
Total borrowings	<u>49,352,596</u>	<u>50,662,907</u>	<u>69,335,982</u>	<u>70,456,538</u>
Less: cash and bank balances [note 19]	<u>(180,791)</u>	<u>(163,937)</u>	<u>(922,394)</u>	<u>(802,337)</u>
Net debt	<u>49,171,805</u>	<u>50,498,970</u>	<u>68,413,588</u>	<u>69,654,201</u>
Equity	<u>98,500,363</u>	<u>99,897,926</u>	<u>111,478,708</u>	<u>114,243,830</u>
Total capital	<u>147,672,168</u>	<u>150,396,896</u>	<u>179,892,297</u>	<u>183,898,031</u>
Gearing ratio	<u>33.30%</u>	<u>33.58%</u>	<u>38.03%</u>	<u>37.88%</u>

# Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements  
for the first quarter ended 31 March 2022

## 8. Goodwill

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

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

	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>
	<u>RO</u>	<u>RO</u>
Pioneer Cement Industries, UAE	45,798,586	45,798,586
Sohar Cement Factory SPC (formerly Sohar Cement Factory LLC), Oman	818,482	818,482
Raysut Maldives Cement Pvt Ltd., Maldives	2,517,390	2,517,390
	<u>49,134,458</u>	<u>49,134,458</u>

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

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

### Key assumptions used in discounted cash flow projection calculations

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

#### *Discount rate*

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

#### *Terminal value calculations*

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

#### *Growth rate*

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

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



## Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements  
As at 31 March 2022

### 9. Property, plant and equipment

Parent	Land, buildings civil works and mines <u>RO</u>	Plant and machinery <u>RO</u>	Motor vehicles <u>RO</u>	Furniture and fixtures <u>RO</u>	Office equipment <u>RO</u>	Plant, vehicles equipment and tools <u>RO</u>	Lease hold vehicles <u>RO</u>	Capital work-in- progress <u>RO</u>	Total <u>RO</u>
<b>Cost</b>									
At 1 January 2021	36,950,943	87,360,030	314,135	255,601	1,684,646	9,160,169	240,100	6,039,447	142,005,071
Additions	-	-	-	-	-	835,875	-	775,665	1,611,540
At 31 December 2021	36,950,943	87,360,030	314,135	255,601	1,684,646	9,996,044	240,100	6,815,112	143,616,611
<b>At 1 January 2022</b>	<b>36,950,943</b>	<b>87,360,030</b>	<b>314,135</b>	<b>255,601</b>	<b>1,684,646</b>	<b>9,996,044</b>	<b>240,100</b>	<b>6,815,112</b>	<b>143,616,611</b>
Additions	-	-	-	-	-	15,156	-	440,860	456,016
Adjustment	-	-	-	-	-	-	-	-	-
<b>At 31 March 2022</b>	<b>36,950,943</b>	<b>87,360,030</b>	<b>314,135</b>	<b>255,601</b>	<b>1,684,646</b>	<b>10,011,200</b>	<b>240,100</b>	<b>7,255,972</b>	<b>144,072,627</b>
<b>Accumulated depreciation</b>									
At 1 January 2021	21,169,652	51,963,845	289,051	222,712	1,014,538	6,129,225	109,735	-	80,898,758
Charge for the year	994,088	2,069,597	12,870	8,332	196,760	610,531	48,020	-	3,940,198
At 31 December 2021	22,163,740	54,033,442	301,921	231,044	1,211,298	6,739,756	157,755	-	84,838,956
<b>At 1 January 2022</b>	<b>22,163,740</b>	<b>54,033,442</b>	<b>301,921</b>	<b>231,044</b>	<b>1,211,298</b>	<b>6,739,756</b>	<b>157,755</b>	<b>-</b>	<b>84,838,956</b>
Charge for the year	247,351	517,399	1,955	1,918	44,218	176,289	12,005	-	1,001,135
<b>At 31 March 2022</b>	<b>22,411,091</b>	<b>54,550,841</b>	<b>303,876</b>	<b>232,962</b>	<b>1,255,516</b>	<b>6,916,045</b>	<b>169,760</b>	<b>-</b>	<b>85,840,091</b>
<b>Net carrying value</b>									
<b>At 31 March 2022</b>	<b>14,539,852</b>	<b>32,809,189</b>	<b>10,259</b>	<b>22,639</b>	<b>429,130</b>	<b>3,095,155</b>	<b>70,340</b>	<b>7,255,972</b>	<b>58,232,536</b>
At 31 December 2021	14,787,203	33,326,588	12,214	24,557	473,348	3,256,288	82,345	6,815,112	58,777,655

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

**Raysut Cement Company SAOG and its Subsidiaries**

Notes to the separate and consolidated financial statements  
As at 31 March 2022

**9. Property, plant and equipment (continued)**

<b>Consolidated</b>	<b>Land, buildings civil works and mines RO</b>	<b>Plant and machinery RO</b>	<b>Ships and drydock costs RO</b>	<b>Motor vehicles RO</b>	<b>Lease hold vehicles RO</b>	<b>Furniture and fixtures RO</b>	<b>Office equipment RO</b>	<b>Plant, vehicles equipment and tools RO</b>	<b>Capital work-in- progress RO</b>	<b>Total RO</b>
<b>Gross carrying value</b>										
At 1 January 2021	52,826,451	139,886,271	6,209,189	599,855	240,100	470,277	2,336,073	12,438,199	12,064,163	227,070,578
Additions	25,156	13,400	-	9,918	-	89	7,125	835,875	6,538,191	7,429,754
Disposals	-	(29,359)	-	-	-	-	(10,079)	-	(43,757)	(83,195)
Transfers	2,202	5,146	-	2,946	-	-	-	17,584	(27,878)	-
At 31 December 2021	<u>52,853,809</u>	<u>139,875,458</u>	<u>6,209,189</u>	<u>612,719</u>	<u>240,100</u>	<u>470,366</u>	<u>2,333,119</u>	<u>13,291,657</u>	<u>18,530,719</u>	<u>234,417,137</u>
<b>At 1 January 2022</b>	<b>52,853,809</b>	<b>139,875,458</b>	<b>6,209,189</b>	<b>612,719</b>	<b>240,100</b>	<b>470,366</b>	<b>2,333,119</b>	<b>13,291,657</b>	<b>18,530,719</b>	<b>234,417,137</b>
Additions	-	-	-	-	-	-	-	15,156	445,977	461,133
Disposals	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
<b>At 31 March 2022</b>	<b><u>52,853,809</u></b>	<b><u>139,875,458</u></b>	<b><u>6,209,189</u></b>	<b><u>612,719</u></b>	<b><u>240,100</u></b>	<b><u>470,366</u></b>	<b><u>2,333,119</u></b>	<b><u>13,306,814</u></b>	<b><u>18,976,696</u></b>	<b><u>234,878,270</u></b>
<b>Accumulated depreciation</b>										
At 1 January 2021	25,519,612	69,962,852	6,209,189	463,358	109,735	391,782	1,421,726	7,969,578	-	112,047,832
Charge for the year	1,651,290	3,414,950	-	102,065	-	21,619	233,190	1,223,042	-	6,646,157
Written off	-	(8,389)	-	(6,883)	-	-	(7,091)	-	-	(22,363)
At 31 December 2021	<u>27,170,902</u>	<u>73,369,414</u>	<u>6,209,189</u>	<u>558,540</u>	<u>109,735</u>	<u>413,401</u>	<u>1,647,825</u>	<u>9,192,620</u>	<u>-</u>	<u>118,671,627</u>
<b>At 1 January 2022</b>	<b>27,170,902</b>	<b>73,369,414</b>	<b>6,209,189</b>	<b>558,540</b>	<b>109,735</b>	<b>413,401</b>	<b>1,647,825</b>	<b>9,192,620</b>	<b>-</b>	<b>118,671,627</b>
Charge for the period	409,934	821,006	-	24,197	-	4,671	51,851	277,746	-	1,589,406
Disposals / write off	-	-	-	-	-	-	-	-	-	-
<b>At 31 March 2022</b>	<b><u>27,580,837</u></b>	<b><u>74,190,420</u></b>	<b><u>6,209,189</u></b>	<b><u>582,737</u></b>	<b><u>109,735</u></b>	<b><u>418,072</u></b>	<b><u>1,699,676</u></b>	<b><u>9,470,366</u></b>	<b><u>-</u></b>	<b><u>120,261,033</u></b>
<b>Net carrying value</b>										
<b>At 31 March 2022</b>	<b>25,272,972</b>	<b>65,685,038</b>	<b>-</b>	<b>29,982</b>	<b>130,365</b>	<b>52,294</b>	<b>633,443</b>	<b>3,836,447</b>	<b>18,976,696</b>	<b>114,617,237</b>
At 31 December 2021	<u>25,682,907</u>	<u>66,506,045</u>	<u>-</u>	<u>54,179</u>	<u>130,365</u>	<u>56,965</u>	<u>685,294</u>	<u>4,099,037</u>	<u>18,530,719</u>	<u>115,745,510</u>

# Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements (Continued)  
for the first quarter ended 31 March 2022

## 9. Property, plant and equipment

### Revaluation of property and plant

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

Depreciation is allocated as follows:

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Cost of sales [note 32]	949,800	925,595	1,493,856	1,579,541
General and administrative expenses [note 33]	51,336	59,898	96,441	106,152
	<u>1,001,136</u>	<u>985,493</u>	<u>1,590,298</u>	<u>1,685,693</u>

## 10. Right-of-use assets

<u>Parent</u>	<u>Leasehold properties</u>	<u>Ships charter contracts</u>	<u>Total</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>
<b>Cost</b>			
At 1 January 2021	3,446,229	10,358,085	13,804,314
De-recognition	-	(10,358,085)	(10,358,085)
At 31 December 2021	<u>3,446,229</u>	<u>-</u>	<u>3,446,229</u>
<b>At 1 January 2022</b>	<b>3,446,229</b>	<b>-</b>	<b>3,446,229</b>
Addition	-	-	-
<b>At 31 March 2022</b>	<b>3,446,229</b>	<b>-</b>	<b>3,446,229</b>
<b>Accumulated depreciation</b>			
At 1 January 2021	448,808	2,959,455	3,408,263
Charge for the year	224,404	-	224,402
Relating to de-recognition	-	(2,959,455)	(2,959,455)
At 31 December 2021	<u>673,212</u>	<u>-</u>	<u>673,210</u>
<b>At 1 January 2022</b>	<b>673,212</b>	<b>-</b>	<b>673,210</b>
Charge for the period	56,100	-	56,100
Relating to de-recognition	-	-	-
<b>At 31 March 2022</b>	<b>729,312</b>	<b>-</b>	<b>729,310</b>
<b>Net carrying value</b>			
<b>At 31 March 2022</b>	<b>2,716,917</b>	<b>-</b>	<b>2,716,919</b>
At 31 December 2021	<u>2,773,017</u>	<u>-</u>	<u>2,773,019</u>
<b>Consolidated</b>			
<b>Cost</b>			
At 1 January 2021	7,289,716	-	7,289,716
Additions	-	-	-
De-recognition	-	-	-
At 31 December 2021	<u>7,289,716</u>	<u>-</u>	<u>7,289,716</u>
<b>At 1 January 2022</b>	<b>7,289,716</b>	<b>-</b>	<b>7,289,716</b>
Additions	-	-	-
<b>At 31 March 2022</b>	<b>7,289,716</b>	<b>-</b>	<b>7,289,716</b>

# Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements (Continued)  
for the first quarter ended 31 March 2022

## 10. Right-of-use assets (continued)

<b>Consolidated</b> (continued)	<b>Leasehold properties RO</b>	<b>Ships charter contracts RO</b>	<b>Total RO</b>
<b>Accumulated depreciation</b>			
At 1 January 2021	657,178	-	657,178
Charge for the year	408,530	-	408,530
At 31 December 2021	1,065,708	-	1,065,708
<b>At 1 January 2022</b>	<b>1,065,708</b>	<b>-</b>	<b>1,065,708</b>
Charge for the period	111,219	-	111,219
<b>At 31 March 2022</b>	<b>1,176,927</b>	<b>-</b>	<b>1,176,927</b>
<b>Net carrying value</b>			
<b>At 31 March 2022</b>	<b>6,112,789</b>	<b>-</b>	<b>6,112,789</b>
At 31 December 2021	6,224,008	-	6,224,008

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

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

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

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

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

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

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

	<b>Parent</b>		<b>Consolidated</b>	
	<b>31-Mar-2022</b>	<b>31-Dec-2021</b>	<b>31-Mar-2022</b>	<b>31-Dec-2021</b>
	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>
General and administrative expenses [note 33]	-	-	17,440	-
Cost of sales [note 32]	56,101	-	-	-
	<b>56,101</b>	<b>-</b>	<b>17,440</b>	<b>-</b>

## 11. Investment in an associate

	<b>Parent</b>		<b>Consolidated</b>	
	<b>31-Mar-2022</b>	<b>31-Dec-2021</b>	<b>31-Mar-2022</b>	<b>31-Dec-2021</b>
	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>
Cost	113,343	113,343	113,343	113,343
Capital invested during the year	-	-	-	534
Loss from investment in associates	-	-	-	(6,587)
Net movement during the year	-	-	-	6,053
Impairment of investment in an associate	(113,343)	(113,343)	(113,343)	(113,343)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements (Continued)  
for the first quarter ended 31 March 2022

## 12. Investment in subsidiaries

	<u>Parent</u>	
	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>
	<u>RO</u>	<u>RO</u>
<b>Investments</b>		
Pioneer Cement Industries, UAE	<b>66,532,035</b>	66,532,035
Sohar Cement Factory SPC, Oman	<b>12,524,568</b>	12,524,568
Raysut Burwaqo Cement Company LLC, Somalia	<b>102,000</b>	102,000
Raysea Navigation S.A, Panama	<b>3,850</b>	3,850
RCC Trading DMCC, UAE	<b>5,260</b>	5,260
Raysut Maldives Cement Private Ltd, Maldives	<b>3,240,265</b>	3,240,265
Raysut Cement Trading Madagascar	<b>99</b>	99
Duqm Cement Factory LLC, Oman	<b>150,000</b>	150,000
<b>Total investments</b>	<b>82,558,077</b>	82,558,077

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

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

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

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

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

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

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

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

	<u>Total assets</u>	<u>Total liabilities</u>	<u>Net assets</u>	<u>Revenue</u>	<u>Profit / (loss)</u>
<b>31 December 2021</b>	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Pioneer Cement Industries	<b>60,712,666</b>	<b>25,375,196</b>	<b>35,337,470</b>	<b>4,486,532</b>	<b>(961,420)</b>
Sohar Cement Factory SPC	<b>28,783,638</b>	<b>13,937,670</b>	<b>14,845,968</b>	<b>4,118,882</b>	<b>(261,230)</b>
Raysut Burwaqo Cement Company	<b>150,945</b>	<b>1,600</b>	<b>149,345</b>	<b>-</b>	<b>-</b>
RCC Trading DMCC	<b>6,545,849</b>	<b>23,017,003</b>	<b>(16,471,153)</b>	<b>-</b>	<b>-</b>
Raysut Maldives Cement Private Ltd.	<b>2,528,702</b>	<b>1,349,822</b>	<b>1,178,880</b>	<b>1,231,437</b>	<b>70,210</b>
Raysut Cement Trading Madagascar	<b>2,466,061</b>	<b>3,253,462</b>	<b>(787,401)</b>	<b>483,805</b>	<b>(147,003)</b>
Duqm Cement Factory LLC	<b>11,462,618</b>	<b>11,653,812</b>	<b>(191,195)</b>	<b>-</b>	<b>(68,113)</b>

# Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements (Continued)  
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## 12. Investment in subsidiaries (continued)

	<u>Total assets</u>	<u>Total liabilities</u>	<u>Net assets</u>	<u>Revenue</u>	<u>Profit / (loss)</u>
31 December 2020	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Pioneer Cement Industries	57,371,914	21,196,810	36,175,104	5,732,149	112,548
Sohar Cement Factory SPC	27,621,134	18,164,119	9,457,014	7,003,002	638,190
Raysea Navigation S.A.	13,941	2,328,462	(2,314,521)	-	300,660
Raysut Burwago Cement Company	150,945	1,100	149,845	-	-
RCC Trading DMCC	10,959,883	15,606,735	(4,646,851)	6,994,346	(924,490)
Raysut Maldives Cement Private Ltd	2,244,860	1,244,026	1,000,834	586,307	22,945
Duqm Cement Factory LLC	5,741,344	5,591,344	150,000	-	-

- Advances to Raysea represents the purchase cost of the ships and expenses incurred during the pre-operating period and are interest free, unsecured and receivable on demand. The Parent Company has recognised an impairment loss of RO 0.85 million (2021: RO 0.85 million) on advance to Raysea.

## 14. Financial assets at fair value through other comprehensive income

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Unquoted local equity investment	125,000	125,000	125,000	125,000

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

## 15. Inventories

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Raw materials	5,155,143	5,842,855	5,730,085	6,502,146
Work-in-progress	2,757,589	2,752,033	4,089,142	3,979,330
Finished goods	1,889,355	2,130,596	8,935,150	10,267,020
	9,802,087	10,725,484	18,754,377	20,748,496
Spares and consumables	8,119,504	8,415,009	12,193,584	12,573,413
Allowance for slow-moving inventories	(2,718,072)	(2,688,072)	(3,338,632)	(3,304,423)
	15,203,519	16,452,421	27,609,329	30,017,486

Movement in allowance for slow moving inventories is as follows:

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
At 1 January	2,688,072	2,547,850	3,304,423	3,004,647
Charge for the period / year [note 32]	30,000	140,222	34,209	299,776
At 31 December	2,718,072	2,688,072	3,338,632	3,304,423

# Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements (Continued)  
for the first quarter ended 31 March 2022

## 16. Trade receivables – net

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Trade receivables	9,521,507	8,106,501	24,996,752	22,964,897
Due from related parties [note 45(b)]	13,020,566	13,252,811	432,465	522,479
	22,542,073	21,359,312	25,429,217	23,487,376
Less: allowance for expected credit losses	(3,080,884)	(3,080,884)	(2,995,481)	(3,042,220)
	<u>19,461,189</u>	<u>18,278,428</u>	<u>22,433,736</u>	<u>20,445,155</u>

At the reporting date 63% (2021: 65%) of trade receivables are due from 5 customers (2021: 6 customers) of the Parent Company.

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

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Not due	9,288,232	16,071,917	6,704,751	8,205,505
Past due but not impaired	10,172,957	2,206,511	18,724,466	11,084,907
Past due and impaired	3,080,884	3,080,884	2,995,481	2,443,137
	<u>22,542,073</u>	<u>21,359,312</u>	<u>25,429,217</u>	<u>21,733,549</u>

As of 31 March 2022, trade receivables relating to Parent Company of RO 3,808,604 (2021: RO 2,436,325) and Group trade receivables of RO 8,734,963 (2021: RO 11,084,907), were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

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

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
At 1 January	3,080,884	773,255	3,042,220	2,335,195
Charge for the period / year [note 33]	-	2,307,629	(46,739)	707,025
<b>At 31 December</b>	<u>3,080,884</u>	<u>3,080,884</u>	<u>2,995,481</u>	<u>3,042,220</u>

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

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Rial Omani	12,488,940	14,266,495	19,484,942	15,682,127
US Dollar	10,053,133	7,363,733	5,944,275	1,418,880
Euro	-	911,845	-	-
UAE Dirhams	-	-	8,771,608	4,632,542
	<u>22,542,073</u>	<u>22,542,073</u>	<u>25,429,217</u>	<u>21,733,549</u>

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

# Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements (Continued)  
for the first quarter ended 31 March 2022

## 17. Financial assets at fair value through profit or loss

	<b>Parent and Consolidated</b>	
	<b>31-Mar-2022</b>	<b>31-Dec-2021</b>
	<b>RO</b>	<b>RO</b>
<b>Fair value</b>		
Bank Dhofar SAOG, Oman	1,978,314	2,150,342
Dhofar Insurance Company SAOG, Oman	129,333	130,000
Dhofar University SAOC, Oman	282,274	282,274
	<b>2,389,921</b>	<b>2,562,616</b>
<b>Cost</b>		
Bank Dhofar SAOG	1,229,700	1,229,700
Dhofar Insurance Company SAOG	29,600	29,600
Dhofar University SAOC	300,000	300,000
	<b>1,559,300</b>	<b>1,559,300</b>

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

	<b>Parent and Consolidated</b>	
	<b>31-Mar-2022</b>	<b>31-Dec-2021</b>
	<b>RO</b>	<b>RO</b>
At 1 January	2,562,616	2,244,585
Transfer for buy back of shares	-	(188,183)
Fair value changes	(172,695)	506,214
<b>Balance at period / year end</b>	<b>2,389,921</b>	<b>2,562,616</b>

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

## 18. Prepayments, advances and other receivables

	<b>Parent</b>		<b>Consolidated</b>	
	<b>31-Mar-2022</b>	<b>31-Dec-2021</b>	<b>31-Mar-2022</b>	<b>31-Dec-2021</b>
	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>
Advances and deposits	1,958,402	1,958,402	6,737,660	3,820,907
Less: allowances for impairment [note 33]	(1,556,349)	(1,556,349)	(1,962,133)	(1,962,133)
	<b>402,053</b>	<b>402,053</b>	<b>4,775,527</b>	<b>1,858,774</b>
Other receivables from related parties [note 45(c)]	21,202,726	21,362,224	2,895,178	2,895,178
Less: allowance for impairment [note 33]	(15,655,230)	(15,655,230)	(2,895,178)	(2,895,178)
	<b>5,547,496</b>	<b>5,706,994</b>	<b>-</b>	<b>-</b>
Receivable from tax authorities	559,139	559,139	559,139	559,139
Less: reversal during the year	(559,139)	(559,139)	(559,139)	(559,139)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Prepayments	63,800	134,570	519,213	450,007
VAT - net off Input/output	59,237	54,820	66,074	142,000
Advances to staff	174,907	164,378	231,816	178,304
Other receivables	2,007,136	2,007,136	2,193,616	2,207,459
	<b>8,254,629</b>	<b>8,469,951</b>	<b>7,786,247</b>	<b>4,836,544</b>

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

	<b>Parent</b>		<b>Consolidated</b>	
	<b>31-Mar-2022</b>	<b>31-Dec-2021</b>	<b>31-Mar-2022</b>	<b>31-Dec-2021</b>
	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>
At 1 January	17,791,697	7,526,364	5,416,450	5,132,149
Charge for the period / year [note 33]	-	10,265,333	-	284,301
<b>At 31 December</b>	<b>17,791,697</b>	<b>17,791,697</b>	<b>5,416,450</b>	<b>5,416,450</b>



# Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements (Continued)  
for the first quarter ended 31 March 2022

## 19. Cash and bank balances

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Cash in hand	7,001	7,001	64,703	23,544
<b>Cash at bank</b>				
Current accounts	173,790	154,446	857,691	776,303
Call deposits	-	2,490	-	2,490
	<u>180,791</u>	<u>163,937</u>	<u>922,394</u>	<u>802,337</u>

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

## 20. Share capital

	<u>Parent</u>	
	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>
	<u>RO</u>	<u>RO</u>
Authorised share capital	21,000,000	20,000,000
Issued and paid up share capital	20,000,000	20,000,000

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

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

	<u>Parent and Consolidated</u>			
	<u>% Share holding</u>	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>	<u>Shares held</u>
	<u>31-Mar-2022</u>	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>	<u>31-Dec-2021</u>
Abu Dhabi Fund for Development, UAE	15.00	15.00	30,000,000	30,000,000
Islamic Development Bank	11.71	11.71	23,415,000	23,415,000
Dolphin International	10.32	10.32	20,657,710	20,657,710
Schwenk Cement Nederland B.V.	10.00	10.00	20,001,001	20,001,001
	<u>47.03</u>	<u>47.03</u>	<u>94,073,711</u>	<u>94,073,711</u>
Others	52.97	52.97	105,926,289	105,926,289
	<u>100.00</u>	<u>100.00</u>	<u>200,000,000</u>	<u>200,000,000</u>

## 21. Share premium

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

## 22. Legal reserve

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

## 23. Asset replacement reserve

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

## 24. Voluntary reserve

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

# Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements (Continued)  
for the first quarter ended 31 March 2022

## 25. Borrowings

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
<b>Non-current portion</b>				
Bank Nizwa SAOG,	11,938,853	11,938,853	11,938,853	11,938,853
Bank Dhofar SAOG	5,194,167	5,194,167	5,194,167	5,194,167
Bank Sohar SAOG	5,063,833	5,063,833	5,063,833	5,063,833
Al Masraf Bank	-	-	6,456,599	6,456,599
Ahli Bank SAOG	-	-	2,659,147	2,659,147
Alizz Bank	-	-	6,336,158	6,476,508
Loan from a subsidiary	6,416,464	6,416,464	-	-
Taageer Finance	866,668	866,668	866,668	866,668
SME Development Fund	2,271,175	771,174	2,271,175	771,175
Lease hold vehicles	50,405	50,405	50,405	50,405
Transaction costs deferred	(209,644)	(209,643)	(284,456)	(317,296)
	<u>31,591,921</u>	<u>30,091,921</u>	<u>40,552,548</u>	<u>39,160,058</u>
<b>Current portion</b>				
Bank Nizwa SAOG	-	-	-	-
Bank Dhofar SAOG	900,000	900,000	900,000	900,000
Bank Sohar SAOG	-	-	-	-
Al Masraf Bank	-	-	1,359,284	1,359,284
Ahli Bank SAOG	-	-	-	-
Alizz Bank	-	-	1,509,946	1,509,946
Loan from a subsidiary	1,359,284	1,359,284	-	-
Taageer Finance	133,332	133,332	133,332	133,332
SME Development Fund	728,825	728,825	728,825	728,825
Lease hold vehicle	65,380	65,380	65,380	65,380
Transaction costs deferred	(28,345)	(28,345)	(28,345)	(28,345)
	<u>3,158,476</u>	<u>3,158,476</u>	<u>4,668,422</u>	<u>4,668,422</u>
	<u>34,750,397</u>	<u>33,250,397</u>	<u>45,220,971</u>	<u>43,828,481</u>

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

### 31 March 2022

	<u>Interest rate</u>	<u>Total</u>	<u>One year</u>	<u>2 to 3 years</u>	<u>4 to 10 years</u>
<u>Parent</u>	<u>%</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Bank Nizwa SAOG	6.35%	11,938,853	-	3,581,656	8,357,197
Bank Dhofar SAOG	3 Month LIBOR + 260	6,094,167	900,000	2,400,000	2,794,167
Bank Sohar SAOG	4.50%	5,063,833	-	937,068	4,126,765
Loan from a subsidiary	3 Month EIBOR + 3%	7,775,748	1,359,284	2,718,568	3,697,896
Taageer Finance SAOG	8.06%	1,000,000	133,332	266,664	600,004
SME Development Fund	5.79%	3,000,000	728,825	1,542,349	728,825
Lease hold vehicle	19.66% – 26.5%	115,785	65,380	50,405	-
Transaction costs deferred		(237,989)	(28,345)	(56,690)	(152,954)
		<u>34,750,397</u>	<u>3,158,476</u>	<u>11,440,020</u>	<u>20,151,900</u>
<b>Consolidated</b>					
Al Masraf Bank	3 Month EIBOR + 3%	7,775,748	1,359,284	2,718,568	3,697,896
Bank Nizwa SAOG	6.35%	11,938,853	-	3,581,656	8,357,197
Bank Dhofar SAOG	3 Month LIBOR + 260	6,094,167	900,000	2,400,000	2,794,167
Bank Sohar SAOG	4.50%	5,063,833	-	937,068	4,126,765
Ahli Bank SAOG	6.50%	2,659,147	-	-	2,659,147
Taageer Finance SAOG	8.06%	1,000,000	133,332	266,664	600,004
SME Development Fund	5.79%	3,000,000	728,825	1,542,349	728,825
Alizz Islamic Bank	6.25%	1,509,946	1,509,946	-	-
Lease hold vehicle	19.66% – 26.5%	115,785	65,380	50,405	-
Transaction costs deferred		(279,962)	(28,345)	(56,690)	(194,927)
		<u>38,877,516</u>	<u>4,668,422</u>	<u>11,440,020</u>	<u>22,769,074</u>

# Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements (Continued)  
for the first quarter ended 31 March 2022

## 25. Borrowings (continued)

31 December 2021

Parent	Interest rate %	Total RO	One year RO	2 to 3 years RO	4 to 10 years RO
Bank Nizwa SAOG	6.35%	11,165,726	1,755,536	3,511,072	5,899,118
Bank Dhofar SAOG	3 Month LIBOR + 260	6,000,000	4,000,000	2,000,000	-
Bank Sohar SAOG	4.5%	4,687,500	1,875,000	2,812,500	-
Loan from a subsidiary	3 Month EIBOR + 3%	8,795,211	1,359,284	2,718,568	4,717,359
Lease hold vehicle	19.66% – 26.5%	156,780	65,380	65,380	26,020
Transaction costs deferred		(170,075)	(28,345)	(56,690)	(85,040)
		<u>30,635,142</u>	<u>9,026,855</u>	<u>11,050,830</u>	<u>10,557,457</u>
Consolidated	Interest rate %	Total RO	One year RO	2 to 3 years RO	4 to 10 years RO
AL Masraf Bank	3 Month EIBOR +3%	8,835,346	1,359,284	2,718,568	4,757,494
Bank Nizwa SAOG	6.35%	11,165,726	1,755,536	3,511,072	5,899,118
Bank Dhofar SAOG	3 Month LIBOR +260	6,000,000	4,000,000	2,000,000	-
Bank Sohar SAOG	4.50%	4,687,500	1,875,000	2,812,500	-
Alizz Islamic Bank	6.25%	9,225,740	9,225,740	-	-
Lease hold vehicle	19.66% – 26.5%	156,780	65,380	65,380	26,020
Transaction costs deferred		(294,147)	(50,238)	(100,476)	(143,433)
		<u>39,776,945</u>	<u>18,230,702</u>	<u>11,007,044</u>	<u>10,539,199</u>

### Parent

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

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

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

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

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

# Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements (Continued)  
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## 25. Borrowings (continued)

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

### Subsidiary Companies

#### Pioneer Cement Industries, UAE

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

#### Sohar Cement Factory LLC, Oman

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

#### Duqm Cement Factory LLC, Oman

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

## 26. Lease liabilities

(54,258)

	<b>Parent</b>		<b>Consolidated</b>	
	<b>31-Mar-2022</b>	<b>31-Dec-2021</b>	<b>31-Mar-2022</b>	<b>31-Dec-2021</b>
	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>
Gross value of the lease liability against Right-of-use asset	4,523,869	4,578,127	12,373,809	12,428,067
Future finance charges on finance leases	(1,675,472)	(1,695,472)	(5,708,762)	(5,789,935)
Present value of minimum lease payment	<u>2,848,397</u>	<u>2,882,655</u>	<u>6,553,792</u>	<u>6,638,132</u>
Maturity analysis of lease liability				
Due within 1 year – current portion	134,106	134,106	255,826	255,826
Due after one year but within five years	2,714,291	2,748,550	3,271,329	3,305,624
Due after five years	-	-	3,026,638	3,076,682
	<u>2,848,397</u>	<u>2,882,655</u>	<u>6,553,792</u>	<u>6,638,132</u>

## 27. Income tax

### Statement of comprehensive income

The tax charge for the year is analysed as follows:

	<b>Parent</b>		<b>Consolidated</b>	
	<b>31-Mar-2022</b>	<b>31-Dec-2021</b>	<b>31-Mar-2022</b>	<b>31-Dec-2021</b>
	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>
<b>Current tax</b>				
- current year	-	-	-	-
- prior year	-	-	(14,372)	-
	<u>-</u>	<u>-</u>	<u>(14,372)</u>	<u>-</u>
<b>Deferred tax</b>				
- current year	-	(502,000)	-	(527,239)
	<u>-</u>	<u>(502,000)</u>	<u>(14,372)</u>	<u>(527,239)</u>

### Statement of financial position

	<b>Parent</b>		<b>Consolidated</b>	
	<b>31-Mar-2022</b>	<b>31-Dec-2021</b>	<b>31-Mar-2022</b>	<b>31-Dec-2021</b>
	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>
Current liability				
Current year tax	-	-	14,372	111,271
Non-current				
Deferred tax assets	-	-	-	124,627
Deferred tax liability	<u>(1,513,000)</u>	<u>(1,513,000)</u>	<u>(1,513,000)</u>	<u>(1,513,000)</u>

# Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements (Continued)  
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## 27. Income tax (continued)

### Statement of financial position

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

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

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

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

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

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

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

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

<b>31 March 2022</b>		<b>Charge/(credit)</b>	
<b>Parent</b>	<b>01-Jan-22</b>	<b>for the period</b>	<b>31-March 2022</b>
	<b>RO</b>	<b>RO</b>	<b>RO</b>
<b>Deferred tax liability</b>			
Tax effect of excess of tax allowances over book depreciation	(4,748,786)	-	(4,748,786)
<b>Deferred tax assets</b>			
Tax effects of allowance for inventories	405,858	-	405,858
Tax effect of allowance for expected credit losses	253,919	-	253,919
Tax effect of losses	2,576,009	-	2,576,009
<b>Net deferred tax liability</b>	<b>(1,513,000)</b>	<b>-</b>	<b>(1,513,000)</b>
<b>Consolidated</b>			
<b>Deferred tax liability</b>			
Tax effect of excess of tax allowances over book depreciation	(4,748,786)	-	(4,748,786)
<b>Deferred tax assets</b>			
Tax effects of allowance for inventories	405,858	-	405,858
Tax effect of allowance for expected credit losses	253,919	-	253,919
Tax effect of losses	2,576,009	-	2,576,009
<b>Net deferred tax liability</b>	<b>(1,513,000)</b>	<b>-</b>	<b>(1,513,000)</b>
Deferred tax liability relating to Parent Company			(1,513,000)
Deferred tax asset relating to one of its subsidiary Company			235,324
			<b>(1,277,676)</b>

\*Relating to the acquisition of Raysut Maldives.

# Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements (Continued)  
for the first quarter ended 31 March 2022

## 27. Income tax (continued)

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

## 28. End of service benefits

	<u>Parent</u> <u>31-Mar-2022</u> <u>RO</u>	<u>31-Dec-2021</u> <u>RO</u>	<u>Consolidated</u> <u>31-Mar-2022</u> <u>RO</u>	<u>31-Dec-2021</u> <u>RO</u>
At 1 January	523,104	642,836	1,091,274	1,213,869
Charge for the year [note 34]	27,681	62,544	69,590	132,161
Paid during the period / year	-	(182,277)	(34,996)	(281,513)
At 31 March / 31 December	<u>550,785</u>	<u>523,104</u>	<u>1,125,868</u>	<u>1,064,517</u>

## 29. Trade and other payables

	<u>Parent</u> <u>31-Mar-2022</u> <u>RO</u>	<u>31-Dec-2021</u> <u>RO</u>	<u>Consolidated</u> <u>31-Mar-2022</u> <u>RO</u>	<u>31-Dec-2021</u> <u>RO</u>
Trade payables	12,139,573	10,224,211	27,462,590	25,637,343
Due to related parties [note 45(d)]	10,227,924	11,035,363	-	-
Accrued expenses	3,737,113	3,737,113	6,768,878	3,690,276
Customer advances	533,746	-	620,207	50,427
Accrued interest expense	148,758	148,758	420,387	316,394
Other payables	267,244	267,244	368,451	897,375
	<u>27,054,358</u>	<u>25,412,688</u>	<u>35,640,513</u>	<u>30,591,816</u>

### 29.1 Other liabilities

	<u>Parent</u> <u>31-Mar-2022</u> <u>RO</u>	<u>31-Dec-2021</u> <u>RO</u>	<u>Consolidated</u> <u>31-Mar-2022</u> <u>RO</u>	<u>31-Dec-2021</u> <u>RO</u>
Due after one year but within five years	7,044,220	7,044,220	7,044,220	7,044,220
Due within 1 year – current portion	5,107,259	5,107,259	5,107,259	5,107,259
	<u>12,151,479</u>	<u>12,151,479</u>	<u>12,151,479</u>	<u>12,151,479</u>

# Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements (Continued)  
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## 30. Short term borrowings

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Short term loan	7,711,423	10,529,887	12,774,775	15,277,493
Overdrafts	4,042,379	3,999,967	4,786,444	4,712,434
	<u>11,753,802</u>	<u>14,529,854</u>	<u>17,561,219</u>	<u>19,989,927</u>

### Parent

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

### Subsidiary Company

Short term loan is obtained from a commercial banks carrying an interest rates of 6% (2021: 6%) per annum for a period of 180 days.

## 31. Revenue

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Local sales - Oman / UAE	3,601,895	4,252,474	8,657,158	13,592,948
Export sales	9,046,539	8,574,740	10,080,377	13,303,187
	<u>12,648,434</u>	<u>12,827,214</u>	<u>18,737,535</u>	<u>26,896,135</u>

### Disaggregation of revenue from contracts with customers

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

Segment	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
<b>Type of services</b>				
Sale of goods	12,648,434	12,827,214	18,737,535	26,896,135
<b>Total revenue from contracts with customers</b>	<u>12,648,434</u>	<u>12,827,214</u>	<u>18,737,535</u>	<u>26,896,135</u>
<b>Timing of revenue recognition</b>				
At a point of time	12,648,434	12,827,214	18,737,535	26,896,135
<b>Total revenue from contracts with customers</b>	<u>12,648,434</u>	<u>12,827,214</u>	<u>18,737,535</u>	<u>26,896,135</u>
<b>Geographical market</b>				
Within Oman and UAE	3,601,895	4,252,474	8,657,158	13,592,948
Outside Oman and UAE	9,046,539	8,574,740	10,080,377	13,303,187
<b>Total revenue from contracts with customers</b>	<u>12,648,434</u>	<u>12,827,214</u>	<u>18,737,535</u>	<u>26,896,135</u>

### Performance obligations

#### Sales of goods

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

# Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements (Continued)  
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## 32. Cost of sales

Cost of sales includes the following:

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Raw materials consumed	1,404,239	1,183,139	1,770,748	6,776,000
Packing materials	547,525	728,575	574,511	1,042,529
Spares and consumables	597,129	535,718	946,830	684,087
Fuel, gas and electricity	3,748,352	2,330,867	6,952,216	5,430,170
Staff costs (note 36)	1,337,367	1,396,761	1,737,598	1,905,258
Depreciation (note 9)	949,800	925,595	1,493,856	1,579,541
Depreciation on right of use asset	56,101	56,101	83,695	89,206
Other factory overheads	961,384	906,724	1,393,699	2,567,971
Shipping/ terminal expenses	-	109,380	-	109,380
Purchased clinker	-	-	-	416,927
Purchased cement	124,060	517,418	574,754	-
Provision for Impairment	-	-	-	-
Provision for slow moving inventories	30,000	30,000	34,209	37,890
Movement in finished and semi-finished goods	256,827	2,009,344	437,101	2,229,492
	<u>10,012,784</u>	<u>10,729,622</u>	<u>15,999,216</u>	<u>22,868,452</u>

## 33. General and administrative expenses

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Staff costs [note 34]	534,570	387,412	793,927	732,608
Donations	-	-	-	-
Directors' fees and remuneration [note 45(f)]	6,000	19,000	27,832	21,574
Recruitment, training and seminars	22,031	14,392	22,031	19,771
Advertisement and business promotion	42,417	32,978	42,417	-
Travelling	17,988	54,053	52,336	104,201
Communication expenses	15,462	40,533	29,315	58,448
Rent and utilities	31,851	39,838	124,088	48,024
Depreciation [note 9]	51,336	59,898	96,441	106,152
Depreciation of right-of-use assets	-	-	17,440	-
Professional fees	219,055	225,586	252,743	345,789
Bank charges	21,775	18,266	42,925	32,883
Management fees	-	-	-	-
Allowance for expected credit losses [notes 16 and 18]	-	-	-	(37,271)
Related party balance provision	-	-	-	-
Others	13,760	50,235	66,717	228,407
	<u>976,245</u>	<u>942,192</u>	<u>1,568,212</u>	<u>1,660,587</u>

## 34. Staff costs

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Wages and salaries	1,640,546	1,546,227	4,166,122	1,830,433
Other benefits	109,626	112,856	257,969	629,396
Social security expense	94,083	97,408	114,965	123,073
End of service benefits [note 28]	27,681	27,681	208,713	54,964
	<u>1,871,936</u>	<u>1,784,172</u>	<u>4,747,769</u>	<u>2,637,866</u>

Staff costs are allocated as follows:

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Cost of sales [note 32]	1,337,367	1,396,760	1,737,598	1,905,258
General and administrative expenses [note 33]	534,570	387,412	793,927	732,608
	<u>1,871,937</u>	<u>1,784,173</u>	<u>2,531,525</u>	<u>2,637,867</u>



# Raysut Cement Company SAOG and its Subsidiaries

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## 35. Selling and distribution expenses

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Export expenses	2,106,447	686,574	2,116,092	1,204,048
Transport charges	132,914	86,944	748,624	1,116,835
	<u>2,239,361</u>	<u>773,518</u>	<u>2,864,716</u>	<u>2,320,884</u>

## 36. Other income

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Insurance claim adjustment	-	12,371	-	12,371
Gain on disposal of property, plant and equipment	-	-	-	483,869
Other miscellaneous income	-	71,541	8,466	289,344
	<u>-</u>	<u>83,912</u>	<u>8,466</u>	<u>785,584</u>

## 37. Finance cost - net

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Interest expense on borrowings	412,084	406,444	595,542	605,996
Interest on overdrafts	231,634	166,196	269,800	196,650
Interest income on bank deposits	-	-	-	-
Interest on lease liabilities	45,762	56,366	73,012	86,223
Net exchange gain	(163)	3,439	(2,038)	2,056
	<u>689,317</u>	<u>632,444</u>	<u>936,317</u>	<u>890,925</u>

## 38. Investment income

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Dividend on financial assets at FVTPL	44,405	-	44,405	-
	<u>44,405</u>	<u>-</u>	<u>44,405</u>	<u>-</u>

## 39. Net assets per share

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

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Net assets (RO)	98,500,363	99,897,926	111,478,708	114,243,830
Number of shares outstanding at 31 December	200,000,000	200,000,000	200,000,000	200,000,000
Net asset per share (RO)	0.493	0.499	0.557	0.571

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

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Net (loss) / profit for the period / year (RO)	(1,397,563)	5,378	(2,765,122)	102,813
Weighted average number of shares	200,000,000	200,000,000	200,000,000	200,000,000
Loss per share: basic and diluted (RO)	(0.007)	0.000	(0.014)	0.001

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## 41. Commitments

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
<b>Capital commitments</b>				
Civil and structural	34,890	72,722	34,890	72,722
Plant and machinery	11,878,729	12,884,534	12,684,674	13,690,479
Others	45,450	58,623	45,450	58,623
	<u>11,959,069</u>	<u>13,015,879</u>	<u>12,765,014</u>	<u>13,821,824</u>
<b>Purchase commitments</b>	<u>6,087,149</u>	<u>6,087,149</u>	<u>11,012,460</u>	<u>11,012,460</u>

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

## 42. Contingent liabilities

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Letters of credit	4,486,827	4,486,827	6,300,014	6,300,014
Guarantee and performance bond	130,000	130,000	173,658	173,658
Relating to litigations	1,098,000	1,098,000	1,098,000	1,098,000
	<u>5,714,827</u>	<u>5,714,827</u>	<u>7,571,672</u>	<u>7,571,672</u>

## 43. Cash and cash equivalents

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Cash in hand	7,001	12,426	64,703	60,445
<b>Cash at bank</b>				
Current accounts	154,446	15,785	857,691	1,332,433
Call deposits	2,490	21,332	-	21,332
	<u>163,937</u>	<u>49,543</u>	<u>922,394</u>	<u>1,414,210</u>
<b>Total cash and bank balances</b>	<u>163,937</u>	<u>49,543</u>	<u>922,394</u>	<u>1,414,210</u>
Bank overdrafts [note 30]	(4,042,379)	(3,999,967)	(4,786,444)	(4,712,434)
	<u>(3,878,442)</u>	<u>(3,950,424)</u>	<u>(3,864,050)</u>	<u>(3,298,224)</u>
<b>Cash and cash equivalents</b>	<u>(3,878,442)</u>	<u>(3,950,424)</u>	<u>(3,864,050)</u>	<u>(3,298,224)</u>

# Raysut Cement Company SAOG and its Subsidiaries

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## 44. Fair value estimation

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

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

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

	<b>Parent and Consolidated</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>
<b>31 December 2021</b>				
Financial assets at FVOCI	-	-	125,000	125,000
Financial assets at FVTPL	2,107,647	282,274	-	2,389,921
	<u>2,107,647</u>	<u>282,274</u>	<u>125,000</u>	<u>2,514,921</u>
<b>31 December 2020</b>				
Financial assets at FVOCI	-	-	125,000	125,000
Financial assets at FVTPL	2,280,342	282,274	-	2,562,616
	<u>2,280,342</u>	<u>282,274</u>	<u>125,000</u>	<u>2,687,616</u>

There were no transfers between the levels during the year.

## 45. Related parties

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

Advances to related parties at year end are as follows:

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

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
<b>Associate Company:</b>				
MRTIC	432,465	522,479	432,465	522,479
<b>Subsidiary Company:</b>				
Raysut Maldives	399,521	393,363	-	-
Raysut Madagascar	1,608,465	1,756,854	-	-
RCC Trading DMCC	10,580,115	10,580,115	-	-
	<u>13,020,566</u>	<u>13,252,811</u>	<u>432,465</u>	<u>522,479</u>

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

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
<b>Subsidiary Companies:</b>				
Raysea Navigation S.A	2,322,719	2,322,719	-	-
Raysut Burwajo Cement Co. LLC	1,100	1,100	-	-
RCC Trading DMCC	10,150,635	10,150,635	-	-
RCC Holding Company	73,157	73,157	-	-
RCC MSG Somaliland	32,963	32,963	-	-
Duqm Cement Factory LLC	5,726,973	5,886,471	-	-
<b>Associate Company:</b>				
MRTIC	2,895,178	2,895,178	2,895,178	2,895,178
	<u>21,202,726</u>	<u>21,362,224</u>	<u>2,895,178</u>	<u>2,895,178</u>

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

## 45 (d) Due to related parties:

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>	<u>31-Mar-2022</u>	<u>31-Dec-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
<b>Subsidiary Companies:</b>				
Pioneer Cement Industries	10,227,924	10,147,798	-	-
Sohar Cement Factory LLC	-	887,565	-	-
	<u>10,227,924</u>	<u>11,035,363</u>	<u>-</u>	<u>-</u>

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

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

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
<b>Sale of goods and services:</b>				
<b>Entities related to directors:</b>				
Modern Contracting Company	-	3,480	-	3,480
Al Barami Group	-	664,593	-	664,593
<b>Subsidiary Companies:</b>				
RCC Trading DMCC	-	19,433,885	-	-
Sohar Cement Factory LLC	-	416,378	-	-
Raysut Cement Trading Madagascar	-	-	-	-
Raysut Maldives Cement (Pvt) Ltd	735,015	-	-	-
<b>Associate Company:</b>				
MRTIC	1,298,793	-	1,298,793	-
	<u>2,033,808</u>	<u>20,518,336</u>	<u>1,298,793</u>	<u>668,073</u>

# Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements (Continued)  
for the first quarter ended 31 March 2022

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

	<b>Parent</b>		<b>Consolidated</b>	
	<b>31-Mar-2022</b>	31-Mar-2021	<b>31-Mar-2022</b>	31-Mar-2021
	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>
<b>Purchase of goods and services:</b>				
<b>Entities related to directors:</b>				
Qabas International LLC	326,630	-	-	-
Al Barami Group	-	60,000	-	-
<b>Subsidiary Companies:</b>				
Pioneer Cement Industries	-	292,454	-	-
Sohar Cement Factory LLC	124,060	14,374,961	-	-
RCC Trading	-	324,910	-	-
Raysea Navigation S.A	-	1,455,650	-	-
	<b>450,690</b>	<b>16,507,975</b>	<b>-</b>	<b>-</b>

## 45 (f) Key management compensation:

	<b>Parent</b>		<b>Consolidated</b>	
	<b>31-Mar-2022</b>	31-Mar-2021	<b>31-Mar-2022</b>	31-Mar-2021
	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>
Board of directors sitting fees	6,000	19,000	6,000	19,000
Directors' remuneration	-	-	21,832	2,574
	<b>6,000</b>	<b>19,000</b>	<b>27,832</b>	<b>21,574</b>
Salaries, allowances and performance bonus paid to Executive officers	114,905	120,316	114,905	120,316
End of service benefits	13,351	4,289	13,351	4,289
	<b>128,255</b>	<b>124,605</b>	<b>128,255</b>	<b>124,605</b>

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

## 46. Segment information

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

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

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

	<b>Local</b>		<b>Export</b>		<b>Total</b>	
	<b>31-Mar-2022</b>	31-Mar-2021	<b>31-Mar-2022</b>	31-Mar-2021	<b>31-Mar-2022</b>	31-Mar-2021
<b>Parent</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>
Segment revenue	3,601,895	4,252,474	9,046,539	8,574,740	12,648,434	12,827,214
Segment gross profit / (loss)	1,199,689	1,801,614	1,435,961	295,978	2,635,650	2,097,592
Selling and distribution expenses	(132,914)	(86,944)	(2,106,447)	(686,574)	(2,239,361)	(773,518)
Unallocated costs	-	-	-	-	(1,665,562)	(1,574,636)
Other income	-	-	-	-	-	83,912
Dividend income from financial assets at fair value through profit or loss	-	-	-	-	44,405	-
Fair value gain on financial assets at fair value through profit or loss	-	-	-	-	(172,695)	172,028
Profit / (loss) before tax	1,066,775	1,714,670	(670,486)	(390,596)	(1,397,564)	5,378
Segment assets, comprising trade receivables and related parties	4,079,183	5,761,692	18,462,890	12,225,266	22,542,073	17,986,958

# Raysut Cement Company SAOG and its Subsidiaries

Notes to the separate and consolidated financial statements (Continued)  
for the first quarter ended 31 March 2022

## 46. Segment information (continued)

### Consolidated

	<u>Local</u>		<u>Export</u>		<u>Total</u>	
	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>
<b>Consolidated</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>
Segment revenue	<b>8,657,158</b>	13,592,948	<b>10,080,377</b>	13,303,187	<b>18,737,535</b>	26,896,135
Segment gross profit / (loss)	<b>930,722</b>	3,791,614	<b>1,807,597</b>	236,069	<b>2,738,319</b>	4,027,683
Selling and distribution expenses	<b>(748,624)</b>	(790,834)	<b>(2,116,092)</b>	(1,530,050)	<b>(2,864,716)</b>	(2,320,884)
Unallocated costs	-	-	-	-	<b>(2,504,530)</b>	(2,551,512)
Other income	-	-	-	-	<b>8,466</b>	785,584
Dividend income from financial assets at fair value through profit or loss	-	-	-	-	<b>44,405</b>	-
Share of loss in an associate	-	-	-	-	-	(6,587)
Fair value gain on financial assets at fair value through profit or loss	-	-	-	-	<b>(172,695)</b>	172,028
Profit / (loss) before tax	<b>182,099</b>	3,000,780	<b>(308,496)</b>	(1,293,981)	<b>(2,750,751)</b>	106,313
Segment assets, comprising trade receivables and related parties	<b>14,401,519</b>	14,401,519	<b>11,027,698</b>	10,329,492	<b>25,429,217</b>	24,731,011

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.

	<u>Parent</u>		<u>Consolidated</u>	
	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>	<u>31-Mar-2022</u>	<u>31-Mar-2021</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Ordinary Portland Cement (OPC)	<b>3,423,802</b>	8,314,922	<b>22,647,270</b>	15,361,434
Sulphate Resistant Cement (SRC)	<b>596,024</b>	621,161	<b>2,567,903</b>	1,556,013
Others (OWC, PLC & Pozmix)	<b>8,309,767</b>	2,572,929	<b>(14,978,578)</b>	5,173,645
Clinker	<b>318,841</b>	1,318,202	<b>8,500,941</b>	4,805,042
	<b>12,648,434</b>	12,827,214	<b>18,737,535</b>	26,896,135

### Information about major customers

The Group's revenue includes sales to top 10 customers amounting to RO 12.8 million (2021: RO 13.1 million). The Parent Company's revenue includes sales to top 10 customers amounting to RO 9.01 million (2021: RO 10.26 million).

## 47. Impact of COVID-19

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

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