شركة الكروم العُمانية (ش.م.ع.ع)
Oman Chromite Company (SAOG)

ANNUAL REPORT 2021



Working Oman's Numerous Quality Chrome Deposits.



HIS MAJESTY
SULTAN HAITHAM BIN TARIK



HIS MAJESTY SULTAN QABOOS BIN SAID BIN TAIMUR
- May his soul rest in peace -

شركة الكروم العمانية (ش.م.ع.ع)
Oman Chromite Company (SAOG)

ANNUAL REPORT 2021

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Board of Directors

Mr.
Humaid bin Masoud bin Ali AL Maqbali

Chairman





Mr.
Ali bin Abdullah bin Ali Al Badi

Board Deputy Chairman

Audit Committee Chairman
Businessman

Mr.
Yousef bin Salman bin Baqer Al Saleh

Board Member

R.N&E Committee Chairman





Mr.
Rashid bin Saif bin Suliman Al Bimani

Board Member

R.N&E Committee Member

Mr.
Nasser bin Saif bin Khalfan Al Maqbali

Board Member

R.N&E Committee Member





Mr.
Rashid bin Salim bin Abdullah Al Toqi

Board Member

Audit Committee Member

Mr.
Saad bin Saif bin Nasser Al Sadi

Board Member
Audit Committee





Mr.
Abdulmonem bin Mohammed bin Abdullah Al Murshidi

CEO

Chairman's Report



In the name of God, the Grateful, the Merciful

Dear Shareholders,

On behalf of the Board of Directors of Oman Chromite Company (SAOG), I am pleased to present to you the annual report on the activities and performance of the Company for the financial year ending 31st December 2021.

Production

The company achieved - thanks to God Almighty - in 2021, the highest production quantity in its history, as the quantities produced during the year amounted to 45,194 tons, compared to a production quantity of 10,597 tons during the year 2020, with an increase of 426%. The increase in production achieved as a result of the company's efforts in the development of its exploration and mining operations and as a result of the start of work in the Mahrah mine, for which the mining license was obtained in June 2021.

On the other hand, the decrease in the amount of strategic ore reserve, remains the biggest challenge for the company's future. Despite the company's possession of several exploration permits, the company was not able to obtain large reserves. The company was only able to convert one permit into a mining permit during the year. Work is ongoing with the concerned authorities to obtain permits for new sites and to converts the exploration permits to mining permits. It is also expected that the company's exploration efforts in the current sites in 2021 will result in achieving a good level of production and profitable returns in 2022.

The quantities produced during the year amounted to 45,194 tons.

Marketing

The total quantities sold internally and externally during 2021 amounted to 45,677 tons, an increase of 502% over the company's sales during the year 2020, which amounted to 9,096 tons. The quantities sold locally amounted to 27,407 tons, represent 60% of total sales.

Income and Profits

(A) The total value of sales for the year 2021 amounted to 2.963 million Omani riyals, compared to 1.1 million Omani riyals in 2020, an increase of 170%, mainly due to the increase in the company's sales and the good reputation of the company and its products.

(B) The net profit after taxation in 2021 amounted to 369,249 Omani riyals, (includes a provision for taxes in 2017 due to the



tax assessment by the Tax Authority with amount of 161,428 Omani riyals) compared to net losses amounting to)633,986(Omani riyals in 2020. A tax objection has been submitted to the Tax Authority and the objection procedures

Investments

The company's investments during the year 2021 were represented in bank deposits, where the total interest on bank deposits during the year 2021 amounted to 87,023 Omani riyals, compared to the amount of 82,980 Omani riyals during the year 2020. The increase in the total interests on deposits in 2021 is due to the increase in interest rates on deposits and the increase in the value of deposits.

Donations, Grants and the Local Society Development

The Company continuously supports the community by communication with the offices of the Walis and Governors, and through the direct interaction with the citizens of the region. Whereas, 1% of the revenue in 2021 was allocated as support to the local community, with an amount of 29,635 Omani riyals.

Thanks And Gratitude

At the end we are pleased to extend our thanks and appreciation to the honorable shareholders for their trust and permanent support to the company, to the respected members of the Board of Directors for their efforts and constructive cooperation, and to the executive management of the company and all its employees for their effective efforts during the fiscal year 2021 and the previous years. Looking forward, God willing, to be able to overcome the obstacles and challenges facing the company's and to achieve better future results, God willing.

In this regard, we put pray to God Almighty to perpetuate His Majesty Sultan Haitham bin Tariq - may God protect him - with good health, wellness and long life, and to perpetuate this country with more progress and development. We also appreciate the efforts made by the wise government to support all sectors in the Sultanate, including the mining sector, in line with Oman's Vision 2040.

Humaid bin Masoud AL Maqbali
Board Chairman

About the Company



The Lord has given the Sultanate of Oman vast various mineral weaith, were Chrome has been discovered in different places in the Sultanate of Oman especially in mountainous areas. About 500 sites of Chrome have been discovered in different places.

Oman Chromite Company has been established in July 1991 by the Royal Decree No 65/91 as a joint - stock Company with capital value of R.O. 3,000,000 . The main objective of establishing the Company was to expoit economically the mineral wealth especially the Chrome in order to secure the small shareholder's wealth, and to provide job opportunities for Omanis.

Two types of Chrome ore are produced (Metallurgical & Refractory) and exported to the many countries in the world such as Japan, China, India, Germany, Thailand, South Korea and South Africa.

Company Important Events

Issuing of the Royal Decree No. 65/91 for establishing Oman Chromite Company.	1991
Establishing of Oman Chromite Company.	1991
Starting production in Al Ghashabi Mine.	1993
Starting production in Zam 1 Mine.	1994
Starting production in RGR 56 Mine.	1994
Starting production in RG 12 Mine.	1994
Starting production in Zam 2 Mine.	1997
Starting production in Shams Mine.	1999
Fixing and operating the company's crusher.	1999

The company realized the highest quantiy sales (42342)	2003
Issuing of the Royal Decree No. 3/04 to amend some provisions of the Royal Decree No. 65/91 .	2004
Adding of the company share to the industry's general index at Capital Market Authority.	2005
The company was honored by Ministry of Manpower and awarded the distinction shield.	2005
Completing the company subscribed capital.	2007
Starting production in Mahra Mine.	2007
Starting production in Sheik Mine.	2009
Starting production in Wasit Mine.	2014
Award of one Mining License and 8 Exploration Licenses.	2019

Auditor's Report about Corporate Governance Report

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN CHROMITE COMPANY SAOG

We have performed the procedures prescribed in Capital Market Authority (CMA) Circular No. E/4/2015 dated 22 July 2015 with respect to the accompanying corporate governance report of Oman Chromite Company SAOG ("the Company") as at and for the year ended 31 December 2021 and its application of corporate governance practices in accordance with amendments to CMA Code of Corporate Governance ('the Code') issued under circular No. E/10/2016 dated 01 December 2016. Our engagement was undertaken in accordance with the International Standards on Related Services applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in evaluating the extent of the Company's compliance with the Code as issued by the CMA and are summarised as follows:

1) We obtained the corporate governance report ('the report') issued by the Board of Directors and checked that the report of the Company includes as a minimum, all items suggested by the CMA to be covered by the report as detailed in the Annexure 3 of the Code by comparing the report with such suggested content in Annexure 3; and

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

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

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

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

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

CROWE MAK GHAZALI LLC

DAVIS KALLUKARAN
MANAGING PARTNER

Muscat, Sultanate of Oman

…. February 2022

Corporate Governance Report

1- Company Management Philosophy

The Company is managed in accordance with the approved Internal Regulations, which are made in compliance with the Company's Regulations and the Code of Corporate Governance which defines the responsibilities of the Board and its committees.

The Board of Oman Chromite Company (SAOG) ("the Company") complies to adopt and support healthy culture regarding the regulation and managing of the Company. So, the members of the Board and the internal committees evaluate to what extent they are committed by procedures and polices connected with this culture and ways to develop it and to check that the Company is applying the principles that are provided in the Regulation Charter of joint stock companies and its amendments related to companies listed on the Muscat Stock Exchange issued by the Capital Market Authority.

2- The Board of Directors

The Board of Directors of the Company is responsible for directing, and supervising the general polices of the Company. These responsibilities include:

a. To set up the objectives for the production and sales.
b. To approve the strategies that shall be executed to realise these objectives.
c. To pursue continuously the executive administration performance of the Company regarding the drawn-up objectives and to what extent it is confined with the executive polices of those objectives.

2-1) Composition and category of directors

The recent Board consists of seven members who have different and various experiences. They are individually and collectively objective and independent.
The representation of the Board for the year 2021 was as follows:

1- Seven members representing shareholders elected by the company's ordinary general assembly in accordance with the provisions of the Commercial Companies Law and the company's articles of association.
2- The period of the membership for the elected members is 3 years. They can be re-elected for another period according to the Royal Decree No.3/2004.

The below table shows the representatives post in the Board according to the charter requirements:

Name of the Director		Representing	Category of the Director	
Mr. Humaid Masoud Al-Muqbali	Chairman	Shareholders	Non	Executive & independent
Mr. Ali bin Abdullah bin Ali Al-Badi	Vice – Chairman	Shareholders	Non	Executive & independent
Mr. Yousef bin Salman bin Baqer Al-Saleh	Member	Shareholders	Non	Executive & independent
Mr. Rashid bin Saif bin Suliman Al-Bemani	Member	Shareholders	Non	Executive & independent
Mr. Nasser bin Saif bin Khalfan Al Maqbali	Member	Shareholders	Non	Executive & Non independent
Mr. Rashid bin Salim bin Abdullah Al Toqi	Member	Shareholders	Non	Executive & Non independent
Mr. Saed bin Saif bin Nasser Al Sadi	Member	Shareholders	Non	Executive & dependent

2.2) Attendance of each director at the Board meeting and the last AGM

The Company had AGM during 2021:

The AGM was held on 01/03/2021 in Muscat.

The below table shows the Board members attendance to the board meeting and the last AGM:

Name of the Director		Board meeting (Number of meetings attended)	Attended last AGM 01/03/2021 (Yes/No)	Number of other Boards/Committees he/she is a Member or Chairperson
Mr. Humaid Masoud AlMuqbali	Chairman	8 Meetings	Yes	None
Mr. Ali bin Abdullah bin Ali Al-Badi	Deputy Chairman	7 Meetings	Yes	None
Mr. Yousef bin Salman bin Baqer Al-Saleh	Member	8 Meetings	Yes	None
Mr. Rashid bin Saif bin Suliman Al-Bemani	Member	8 Meetings	Yes	None
Mr. Nasser bin Saif bin Khalfan Al Maqbali	Member	7 Meetings	Yes	None
Mr. Rashid bin Salim bin Abdullah Al Toqi	Member	8 Meetings	Yes	None
Mr. Saed bin Saif bin Nasser Al Sadi	Member	8 Meetings	Yes	None

2-3)The Board of Oman Chromite Company (SAOG) has two committees

1) The Audit Committee

2) The Remuneration, Nomination and Executive Affairs Committee

The below table shows the membership of board members in the committees during the year 2021 as follows:

Name of the Director	Board Committees	
	Audit Committee	Remuneration, Nomination and Executive Affairs Committee
Mr. Humaid Masoud AlMuqbali	-	-
Mr. Ali bin Abdullah bin Ali Al-Badi	Chairman	-
Mr. Yousef bin Salman bin Baqer Al-Saleh	-	Chairman
Mr. Rashid bin Saif bin Suliman Al-Bemani	-	Member
Mr. Nasser bin Saif bin Khalfan Al Maqbali	-	Member
Mr. Rashid bin Salim bin Abdullah Al Toqi	Member	-
Mr. Saed bin Saif bin Nasser Al Sadi	Member	-

2-4- Number of board meetings held and dates of meeting

During 2021, the Board of Directors held eight meetings as follows:

Number of meeting	Meeting date	Meeting Place
First meeting	7 Jan 2021	Sohar
Second meeting	1 March 2021	Sohar
Third meeting	25 April 2021	Sohar
Fourth meeting	27 July 2021	Sohar
Fifth meeting	12 Sept 2021	Sohar
Sixth meeting	23 Sept 2021	Sohar
Seventh meeting	24 Oct 2021	Sohar
Eighth meeting	22 Dec 2021	Sohar

2-5)Process of nomination of the directors

The nomination for membership in the Board of Directors of Oman Chromite Company (SAOG) is based mainly on the Commercial Companies law of 2019 issued by the Royal Decree No 18/2019 and its amendments and in accordance with the Royal Decree (65/91).

3- Hierarchy of top management

Eng. Abdul Monem Al Murshidi, CEO

B Eng. Mechanical Engineering from Sultan Qaboos University, with over 25 years' experience as below:

- Deputy CEO at Vale Oman Pelletizing Company LLC.
- GM at Gulfstone Company SAOG.
- Leadership position at Sohar Aluminum LLC.
- Different leadership roles at PDO.

4- Audit Committee and other Committees

4-1 The Audit Committee

Main functions:

Review and inform the Board of Directors about the quality and management of the internal accounts system and the reports of the account auditors (internal and external) and the accuracy of the financial information and the appropriateness of the accounting policies and financial control systems, as well as the procedure or approval of a change in any or all of what is mentioned above.

The tasks assigned to the committee according to the company's internal regulations:

1) Following the role of Audit Committee as per Code of Corporate Governance for MSM listed companies.
2) Recommending the appointment of the company's internal auditor.
3) Recommending the appointment of the external auditor.
4) Discussion and approval of internal audit plan and report.
5) Reviewing and discussing the reports of external auditors with the company's management, and providing the board with the opinion on these reports.
6) Setting standards for auditing and control.

The Audit Committee had five meetings during the year 2021 as follows:

Member's name	The Audit Committee	
	Post	Number of meetings
Mr. Ali bin Abdulla bin Ali Al-Badi	Chairman	5 Meetings
Mr. Rashid bin Salim bin Abdullah Al Toqi	Member	5 Meetings
Mr. Saed bin Saif Bin Nasser Al Sadi	Member	5 Meetings

4- 2 The Remuneration, Nomination and Executive Affairs Committee

Main Functions:

1- Following are the role of Remuneration, Nomination and Executive Affairs Committee as per the Code of Corporate Governance for MSM listed companies.
2- To supervise the routine works of the Company on behalf of the Board, and to supervise the execution of the internal regulations that regulate the Company's works such as tender regulation and purchase regulation.
3- To assist the shareholder at the Annual General Meeting in the nomination of proficient directors and the election of the most fit for purpose. Moreover, the committee aims to assist the Board in selecting the appropriate and necessary executives for the executive management.

The Committee had four meetings during the year 2021
Details of the members and the Committee meetings are as follows:

Member's Name	The Remuneration, Nomination and Executive Affairs Committee	
	Post	Number of meetings
Mr. Yousef bin Salman bin Baqer Al-Saleh	Chairman	4 Meetings
Mr. Nasser bin Saif bin Khalfan Al Maqbali	Member	4 Meetings
Mr. Rashid bin Saif bin Suliman Al-Bemani	Member	4 Meetings

5- Remuneration matters

The total annual amount of remuneration and allowances that were paid to the top five senior employees in the high administration level (salaries, allowances, gratuities) amounted to Rial 174,848 (One hundred Seventy Four Thousand Eight Hundred and Forty Eight Rials).

Nature of- Expense	Amount (RO)
Wages	174,848

Employment contracts: Expatriate employees are employed on a two-year contract, renewable on mutually acceptable terms. Notice period is generally 1 month or salary in lieu thereof. No severance terms are specified in the contracts.

The Directors of the Board are paid for attending the board meetings and the details of the Board Committees meetings for 2021 are as follows:

Board Member's Name	Remuneration of Members Attending the Meeting			
	Board Meeting	Remuneration, Nomination and Executive Affairs Committee	Audit Committee Meeting	Total (RO)
Mr. Humaid Masoud AlMuqbali	7,600	-	-	7,600
Mr. Ali bin Abdullah bin Ali Al-Badi	4,900	-	3,250	8,150
Mr. Yousef bin Salman bin Baqer Al-Saleh	5,600	2,600	-	8,200
Mr. Rashid bin Saif bin Suliman Al-Bemani	5,600	2,000	-	7,600
Mr. Nasser bin Saif bin Khalfan Al Maqbali	4,900	2,000	-	6,900
Mr. Rashid bin Salim bin Abdullah Al Toqi	5,600	-	2,500	8,100
Mr. Saed bin Saif bin Nasser Al Sadi	6,300	-	2,500	8,100
Total	39,800	6,600	8,250	54,650

6- Details of non-compliance by the Company:

The Company has never breached the laws provided by the charter or the requirements that are imposed by the supervision authorities, The Company has never been punished for any accusations.

7- Communication with the Shareholders and Investors:

The Board of Directors is very careful to spread out the essential information that are connected with the Shareholders and the Investors. The Company has a web-site (www.Omanchromite.com), which provides all information about Company's products and other different statements.

The quarterly results of the Company's operations are published in the main Arabic and English newspapers in Oman. The annual report along with fiscal financial statements summary are sent by registered post to the shareholders along with the invitation for the coming Annual General Meeting.

The Company has continuous contact with reporters and investors through the efficient participation in local, regional, international gatherings and forums.

8- Market Price statements:

High/ low during the financial year with MSM index for industrial sector.

Period	Opening Price	Highest Price	Lowest Price
February10, 2021	3.280	3.280	3.280
December02, 2021	3.640	3.640	3.640

Note that there is no trading in the months not mentioned in the above table.

9- Dividend for the year 2021:

There is no distribution of profit to the shareholders for the year ended 31 December 2021.

10- Distribution of the Company's shareholders allocation:

The following are the main shareholders who have (5%) or more shares of the Company's capital.

Particulars	Percentage shareholding
Mohammad Moosa Abdullah Al Yousuf	16.06%
Minerals Development Oman SAOC	15%
Mohamed Al Barwani Holding LLC	13.67%
Fincorp Investments LLC	10.18%
Al Qurum Establishment LLC	10%
Oman Mining Company LLC	10%
Al Munomh Establishment LLC	5%
Royal Oman Police Pension fund	5%

11- Specific matters regarding the non-compliance with the provisions of regulations and managing the Company:

- None.

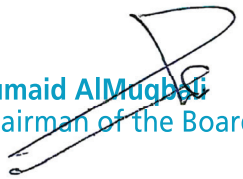
12- Professional Profile of the Statutory Auditors:

The shareholders of the Company have appointed Crowe Oman as the auditors for the year 2021 with a total Fees of RO 3,500. Crowe Oman is one of the leading accounting and advisory firms in Oman. Crowe Oman is a member firm of Crowe Global, which has a history of 100+ years. Crowe Global is one of the top 10 accounting networks worldwide, operating with more than 200 member firms in 146 countries, with 794 offices and employing more than 38,154 partners and staff. Crowe practitioners help multinational organizations reduce uncertainty in measuring and reporting the implications of transactions in and across diverse jurisdictions. Crowe provides audit & assurance, tax advisory, risk advisory, business advisory, management consultancy and forensic services to numerous SAOG, SAOC and other prestigious privately owned companies/groups in the Sultanate of Oman. Their clients can rely on extensive knowledge in specialized areas and personal delivery from the professionals they work with. Please see www.crowe.com/om to learn more. Crowe Oman is accredited by the Capital Market Authority (CMA) to audit joint stock companies (SAOG's). As per 12th Principle (para 2) of the Code of Corporate Governance and is eligible for reappointment as per MSM & CMA Regulation.

13- Any other aspects:

The Board of Directors acknowledge that:

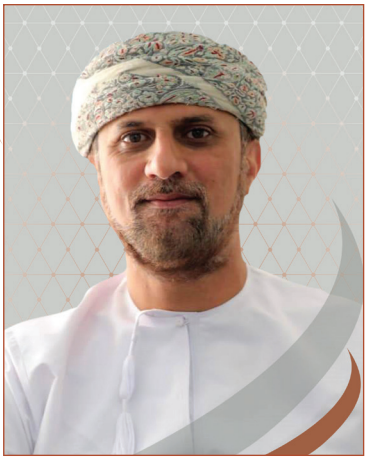
1- The internal control systems are regularly reviewed and comply with internal rules and regulations.
2- The Board of Directors are responsible to ensure that the financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting interpretations Committee (IFRIC) and the requirements of the Companies law of 2019 of the Sultanate of Oman and the Rules and Guidelines for Disclosure Requirements prescribed by the Capital Market Authority.
3- There are no material events affecting the continuation of the Company and its ability to continue its production and operations during the next financial year.



Humaid AlMughairi
Chairman of the Board



Management Discussion and Analysis Report



Introduction

The company achieved good growth in 2021 in various fields, where the highest annual production in the history of the company was achieved, exceeding 45 thousand tons. The highest quantity and highest sales return were also achieved despite these economic and operational challenges related to the global economic crisis and the repercussions of the impact of the Covid-19 virus. The company is working to renew its future strategies by focusing on growth and sustainability factors, looking forward to achieving the leadership in the field of Omani chrome ore mining, targeting keeping pace with the aspirations of the Sultanate and its future vision 2040 in the mining sector.

Exploration and reserves of ground chromium ore

Despite achieving good exploratory results in 2021 that will enable the company to continue achieving good results in 2022, the lack of reserve stock is still one of the most significant risks threatening the company's future. Accordingly, the company continues to work on several axes to grow the level of ore reserves. Where plans have been developed to raise the company's efficiency and exploratory capabilities, and to work on the use of modern technology in exploration.

The company is also continuing its efforts to obtain licenses for new mines of high quality and economic feasibility. As only one site permit was obtained during 2021 and we hope to obtain new permits during 2022.

Achieving record sales value and quantity, which is the highest in the company's history.

Production processes

The company's production amount increased during 2021 to 45,194 tons, compared to 10,597 tons in 2020, an increase of 426%. This achieved production quantities during 2021 is a qualitative leap in the amount of production in view of the past years. Also, the cost of the ton produced during 2021 decreased compared to 2020, despite the increase in fuel prices and other costs, were the increase in production and advance planning contributed to reducing costs and achieving good profitability. The company's management is working hard to control production costs by increasing the production rate and achieving operational excellence in the company's operations and the performance of its employees.

Marketing

Oman Chromite Company markets two types of chrome ore, namely metallic and thermal, as it markets locally and externally metallic ore with different grades. Thermal ore is also exported in smaller quantities



outside the country due to the small thermal market with the absence of a local market for the same ore.

Despite the challenges that faced the mining industry and the logistic sector at the global and regional levels, the company succeeded in achieving record sales value and quantity, which is the highest in the company's history. The total amount of sales until the end of the year 2021 reached 45,677 tons, with a value of 2,963,490 Omani Riyals, compared to 9,096 tons during the year 2020 with a value of 1,098,861 OMR.

The biggest challenge for export operations during 2021 and expected to continue during 2022 is the sea freight prices that continued to rise gradually since the end of the second quarter of 2021 until they reached their highest level in December due to the lack of sufficient containers for export and the difficulty of obtaining a place on board simultaneously with a small number of ships available for export.

The company is proud of its relationship and customer confidence in its products, which was built by creating solid relationships with the company's customers based on credibility and maintaining quality products. The company's high reputation and the continuous demand for its products is one of the most important pillars upon which the company builds its plans and future directions.

Sustainability and Social Responsibility

The company pays great attention to achieving a positive impact in its areas of operations by controlling the environmental impact associated with mining operations and implementing environmentally friendly procedures. The relationship with the community is also one of the most important pillars of the company's work in the mining areas through community contributions and achieving an Omanization rate of 77.4% of the company's total workforce in 2021. The company also continues its policy of enhancing its human resources competencies to be able to meet the challenges of the future stage.



Abdulmonem Al-Murshidi
CEO



Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN CHROMITE COMPANY SAOG

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Oman Chromite Company SAOG ('the Company'), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Key audit matters

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

Crowe

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN CHROMITE COMPANY SAOG (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of inventories (refer note: 9)	
As at 31 December 2021, the carrying value of the Company's chromite ore was RO 820,867 as disclosed in Note 9 to the financial statements. We consider this area as a key audit matter due to the materiality and significant judgments involved with regard to value, grades, volume and quality.	Our procedures included, amongst others: ▪ Verified the physical existence of inventories by attending the survey process and procedures as part of our site visit; ▪ Agreed the grading of chromite ore included in the inventory valuation; ▪ Assessed the competence and objectivity of the expert used by management for the preparation of the technical reports; ▪ Reviewed the monthly production reports to ensure the accuracy of the quantity produced and the cost of production; and ▪ Evaluated the available market prices at the end of reporting period to estimate the net realizable values.

Other information included in the Company's 2021 Annual Report

Those charged with governance and management are responsible for the other information. Other information consists of the information included in the Company's 2021 Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the other information comprising the Chairman's Report, Corporate Governance Report and Management Discussion and Analysis Report prior to the date of our auditor's report, and we expect to obtain the published 2021 Annual report after the date of our auditor's report.

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

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

Crowe

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN CHROMITE COMPANY SAOG (continued)

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Crowe

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN CHROMITE COMPANY SAOG (continued)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Crowe

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN CHROMITE COMPANY SAOG (continued)

Report on other legal and regulatory requirements

Further, we report that the financial statements comply in all material respects, with the relevant requirements of the Commercial Companies Law of the Sultanate of Oman, and the disclosure requirements for Public Joint Stock Companies issued by the Capital Market Authority.

CROWE MAK GHAZALI LLC



Davis Kallukaran
Managing Partner

Muscat, Sultanate of Oman
27 January 2022

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

(Expressed in Omani Rials)

	Note	AS AT 31 DECEMBER 2021	AS AT 31 DECEMBER 2020
ASSETS			
Non-current assets			
Plant and equipment	6	**264,853**	110,743
Intangible assets	7	**148,633**	145,797
Deferred tax asset	17	**38,192**	182,675
		451,678	439,215
Current assets			
Investments at fair value through profit or loss	8	**4,217**	6,115
Inventories	9	**833,194**	1,168,764
Trade and other receivables	10	**279,469**	147,392
Term deposits	11	**2,050,000**	1,600,000
Cash and bank balances	12	**500,407**	26,862
		3,667,287	2,949,133
Total assets		**4,118,965**	3,388,348
EQUITY AND LIABILITIES			
Equity			
Share capital	13	**3,000,000**	3,000,000
Legal reserve	14	**812,559**	775,634
Accumulated losses		**(300,445)**	(632,769)
Total equity		**3,512,114**	3,142,865
Liabilities			
Non-current liabilities			
Employees' end of service benefits	15	**21,644**	17,955
Current liabilities			
Trade and other payables	16	**474,287**	227,528
Income tax payable	17	**110,920**	-
		585,207	227,528
Total liabilities		**606,851**	245,483
Total equity and liabilities		**4,118,965**	3,388,348
Net assets per share	18	**1.171**	1.048

These financial statements were approved and authorised for issue by the Board of Directors on 07th February 2021 and signed on their behalf by:

CHAIRMAN **DEPUTY CHAIRMAN**

The notes on pages 40 to 62 form part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in Omani Rials)

	Note	AS AT 31 DECEMBER 2021	AS AT 31 DECEMBER 2020
Revenue	19	**2,963,490**	1,098,861
Cost of revenue	20	**(1,541,166)**	(1,275,448)
Gross profit/ (loss)		**1,422,324**	(176,587)
Other income	21	**24,511**	29,894
Salaries and other related staff costs	22	**(272,569)**	(308,591)
Selling and distribution expenses	23	**(435,129)**	(184,933)
General and administrative expenses	24	**(191,722)**	(182,732)
Finance charges	25	**(7,939)**	(5,590)
Profit/(loss) from operations		**539,476**	(828,539)
Unrealised fair value losses on investments at fair value through profit or loss		**(1,847)**	(264)
Interest income		**87,023**	82,980
Profit/(loss) for the year before taxation		**624,652**	(745,823)
Income tax	17	**(255,403)**	111,833
Profit/(loss) and total comprehensive income/(loss) for the year		**369,249**	(633,990)
Basic earnings/(loss) per share	27	**0.123**	(0.211)

The notes on pages 40 to 62 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in Omani Rials)

	Share capital RO	Legal reserve RO	(Accumulated loss) / Retained earnings RO	Total RO
At 1 January 2020	3,000,000	775,634	331,221	4,106,855
Loss for the year	-	-	(633,990)	(633,990)
Dividend paid for 2019	-	-	(330,000)	(330,000)
At 31 December 2020	3,000,000	775,634	(632,769)	3,142,865
At 1 January 2021	**3,000,000**	**775,634**	**(632,769)**	**3,142,865**
Profit for the year	-	-	369,249	369,249
Transfer to legal reserve	-	36,925	(36,925)	-
At 31 December 2021	**3,000,000**	**812,559**	**(300,445)**	**3,512,114**

The notes on pages 40 to 62 form part of these financial statements

SATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in Omani Rials)

	Notes	2021	2020
		RO	RO
Cash flows from operating activities			
Profit /(loss) for the year before taxation		624,652	(745,823)
Adjustments for:			
Depreciation	6	39,329	44,114
Amortisation of intangible assets	7	317,480	140,547
Unrealised loss on investments at fair value through profit or loss	8	1,847	264
Gain on disposal of plant and equipment	21	(24,511)	(6,739)
Interest income		(87,023)	(82,980)
Provision for employees' end of service benefit	15	3,689	192
Finance charges		7,939	5,590
Cash from/(used in) operations before working capital changes		883,402	(644,835)
Decrease in inventories		335,570	493,594
(Increase)/decrease in trade and other receivables		(132,077)	206,667
Increase/(decrease) in trade and other payables		246,759	(149,414)
Net cash from/(used in) operating activities		1,333,654	(93,988)
Cash flows from investing activities			
Purchase of plant and equipment	6	(193,439)	(12,503)
Proceeds from disposal of plant and equipment		24,511	6,739
Cost incurred on intangible assets	7	(320,316)	(223,880)
Proceeds from disposal of investments at fair value through profit or loss		51	-
Net movement in term deposits		(450,000)	400,000
Interest income		87,023	82,980
Net cash (used in)/from investing activities		(852,170)	253,336
Cash flows from financing activities			
Dividend paid		-	(330,000)
Finance charges	25	(7,939)	(5,590)
Net cash used in financing activities		(7,939)	(335,590)
Net change in cash and cash equivalents during the year		473,545	(176,242)
Cash and cash equivalents at the beginning of the year		26,862	203,104
Cash and cash equivalents at the end of the year	12	500,407	26,862

The notes on pages 40 to 62 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in Omani Rials)

1- Legal status and principal activities

Oman Chromite Company SAOG ('the Company') was incorporated in accordance with Royal Decree No. 65/91 dated 18 June 1991 for the purpose of mining and marketing of chromite ore. The Company was incorporated as a public joint stock company in the Sultanate of Oman in the year 1992 and commenced commercial operations in the year 1993.

The Company's principal place of business is located at Sohar, Sultante of Oman.
The Company has 70% interest in a Company, Al Batinah Chromium Mining Company LLC with Share Capital of RO 5,000, which has not commenced operations since its date of incorporation of 19 April 2020.

2- Going Concern

During the year, reserves at certain mines are exhausted. The Company is awaiting mining licenses from the Ministry of Energy and Minerals for sites where the exploration are going on having proven reserves. Accordingly, these financial statements have been prepared on the going concern assumption as the management is confident that the current on-going explorations will bear positive results for the year 2022.

3- Basis of preparation and adoption of new and amended International Financial Reporting Standards (IFRS)

Statement of compliance

The 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 Interpretation Committee (IFRIC), the relevant requirements of the Commercial Companies Law of 2019 of the Sultanate of Oman, and the relevant Rules and Guidelines on Disclosure as issued by the Capital Market Authority (CMA).

Basis of preparation

The financial statements have been prepared on the historical cost convention and going concern assumption, modified for certain assets and liabilities which are stated at their fair values as required by the IFRS. The preparation of financial statements is in conformity with IFRS that requires the use of certain critical accounting estimates. It also requires management to excercise judgment in the process of applying the Company's accounting policies.

Functional currencies

The financial statements are presented in Omani Rial (RO), which is the functional and reporting currency for the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in Omani Rials)

3- Basis of preparation and adoption of new and amended IFRS (continued)

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

COVID-19 Related Rent Concessions (Amendments to IFRS 16)

In March 2021, Standard setters of IFRS issued COVID-19 Related Rent Concessions (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2021.

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments above do not have any material impact on the financial statements of the entity for the year ended 31 December 2021.

Standards, amendments and interpretations to existing IFRS that are not yet effective

Certain new standards, amendments and interpretations to existing IFRS have been published that are not effective and mandatory for the Company accounting period commenced on 1 January 2021, which management has decided to adopt from the applicable periods.

Standards/Amendments to Standards	Effective Date
COVID-19 Related Rent Concessions beyond 30 June 2021	01 January 2022
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	01 January 2022
Annual Improvements to IFRS Standards 2018-2020	01 January 2022
Property, Plant and Equipment: Proceeds before intended Use (Amendments to IAS 16)	01 January 2022
Reference to the Conceptual Framework (Amendment to IFRS 3)	01 January 2022
Classification of Liabilities as Current or Non-Current (Amendment to IAS 1)	01 January 2023
IFRS 17 Insurance Contracts and Amendments to IFRS 17	01 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	01 January 2023
Disclosure of Accounting Policies (Amendment to IAS 1 and IFRS Practice Statement 2) Transaction Amendment to IAS 12	01 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment to IFRS 10 and IAS 28)	Deferred Indefinitely

Management believes that adoption of the above new standards and amendments is not likely to have any material impact on the presentation and disclosure of items in the financial statements for future periods.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in Omani Rials)

4- Summary of significant accounting policies

A summary of the significant accounting policies adopted in the preparation of these financial statements is set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

Revenue

Revenue is measured based on the consideration specified in a contract with a customer. Revenue is recognised when control of the products has transferred, being when the products are delivered to the customers, the recovery of the consideration is probable and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Other income

Other income earned by the Company is recognised on the accruals basis, or when the Company's right to receive payment is established, unless recovery is doubtful.

Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and any impairment in value. Cost includes all costs directly attributable to bringing the asset to working condition for their intended use.

Depreciation is calculated in accordance with the straight-line method to write-off the cost of each asset to its estimated residual value over its useful economic life.

Depreciation has been calculated from the date of acquisition for the following number of years:

Clause	Years
Mining equipment	5-15
Motor vehicles	5 - 10
Furniture, fixtures and office equipment	3 - 5

Expenditure incurred to replace a component of an item of plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written-off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of plant and equipment. All other expenditure is recognised in the statement of profit or loss and other comprehensive income as the expense is incurred.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in the year the asset is derecognised.

Intangible assets

Intangible assets include expenses incurred on exploration and development costs, stripping activities on mines and computer software which are capitalised. Intangible assets are stated at cost less accumulated amortisation and impairment losses.

The Company assesses the stage of either each mine exploration or under development to determine when a mine moves into the production phase, this being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date is determined based on the unique nature of each mine exploration and development, such as the complexity of the project and its location. The Company considers various relevant criteria to assess when the production phase is considered to have commenced. At this point, all related amounts are reclassified from 'exploration and development costs' to 'stripping activity asset'.

The stripping activity asset capitalised includes amount spent until the time the mines are ready for commercial production, including directly attributable overhead costs. The stripping activity asset is amortised on a systematic basis over the estimated useful life of the respective mines, which generally ranges between 2 and 3 years.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in Omani Rials)

4- Summary of significant accounting policies (continued)

Intangible assets (continued)

Subsequent expenses incurred after the mine has been brought into commercial production are expensed as incurred, except for significant stripping activity expenses, which are deferred and amortised over the period of extraction of the remaining reserves of the respective mine. Any amount of the unamortised balance of the stripping activity asset, which cannot be recovered from the expected future economic benefit, is written-off immediately as and when identified.

Computer software is amortised over a period of 3 years

Exploration and evaluation assets - Recognition and measurement

The Company accounts for exploration and evaluation ("E&E") costs, having regard to the requirements of IFRS 6 "Exploration for and Evaluation of Mineral Resources". E&E costs include costs incurred after the Company has obtained legal rights to explore in a specific area and costs incurred before the technical feasibility and commercial viability of extracting a mineral resource is demonstrable. Costs for exploring for and evaluating of mineral resources are capitalised and tested for impairment when facts and circumstances suggest that the carrying amount of an E&E asset may exceed its recoverable amount. Once the technical feasibility and commercial viability of extracting a mineral resource are demonstrated, E&E assets are tested for impairment and transferred to and are treated under stripping activity assets.

E&E costs may include cost of acquisition of exploration rights, technical services and surveying, geological, geochemical and geophysical, exploratory drilling, excavations, sampling and administration expenses, including remuneration of production personnel and supervisory management and the projected costs of retiring the assets (if any), but do not include general prospecting or evaluation costs incurred prior to having obtained the legal rights to explore an area, which are expensed directly to the profit or loss as they are incurred.

Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments

The Company determines the classification of its financial assets at initial recognition. The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

(i) Classification

The financial assets are classified in the following measurement categories:

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

For assets measured at fair value, gains and losses will either be recorded in the Company's statement of profit and loss or other comprehensive income. For investments in equity instruments, the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in Omani Rials)

4- Summary of significant accounting policies (continued)

Financial instruments (continued)

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit or loss and other comprehensive income as incurred.

The Company has classified fair value measurements on a recurring basis using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- 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) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

If the Company elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments shall continue to be recognised in the statement of profit or loss and other comprehensive income as other income when the Company's right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss shall be recognised in other gains/(losses) in the statement of profit or loss and other comprehensive income. The Company has elected to present fair value gains or losses on equity investments in the profit or loss.

(iii) De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(iv) Impairment of financial assets

The Company applies ECL model for measurement and recognition of impairment loss on the financial assets. ECL are the probability-weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that the Company expects to receive. The ECL considers the amount and timing of payments and, hence, a credit loss arises even if the Company expects to receive the payment in full but later than when contractually due. The ECL method requires assessing credit risk, default and timing of collection since initial recognition. This requires recognising allowance for ECL in the statement of profit or loss and other comprehensive income even for receivables that are newly originated or acquired.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in Omani Rials)

4- Summary of significant accounting policies (continued)

Impairment of financial assets (continued)

Trade receivables are of a short-duration, normally less than 12 months and hence the Company uses the practical expedient in IFRS 9 for measuring ECL for trade receivables using a provision matrix based on ageing of the trade receivables.

The Company uses historical loss experience and derived loss rates based on the past twelve months and adjusts the historical loss rates to reflect the information about current conditions and reasonable and supportable forecasts of future economic conditions. The loss rates differ based on the ageing of the amounts that are past due and are generally higher for those with the higher ageing.

(v) Income recognition

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets, interest income is recognised using the EIR, which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When a loan or receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial assets is recognised using the original EIR.

Financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. The classification depends on the business model for managing the financial liabilities and the contractual terms of the cash flows.

(i) Classification

The financial liabilities are classified in the following measurement categories:

a) those to be measured as financial liabilities at fair value through profit or loss; and
b) those to be measured at amortised cost.

(ii) Measurement

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Company does not trade in any financial liabilities and does not classify or measure any financial liabilities as at fair value through profit or loss. Consequently, all financial liabilities are classified and subsequently measured at amortized cost.

The Company's financial liabilities include trade and other payables which are measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in Omani Rials)

4- Summary of significant accounting policies (continued)

(iii) Derecognition of financial liabilities

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

Impairment of non-financial assets

The carrying amount of the Company's assets or its cash generating unit, other than financial assets, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other asset and groups. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset or a cash generating unit is the greater of its value in use or fair value less costs to sell. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

Inventories

Inventories comprise stock of chromite ore and spares that are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises of direct costs of mining/purchase price of spares, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to be incurred in selling and distribution.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and bank balances, net of bank overdrafts. Bank overdrafts are shown as part of current liabilities in then statement of financial position.

Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Employees' benefit liabilities

In respect of Omani employees, contributions are made in accordance with the Oman Social Insurance Law and recognised as an expense in the statement of profit or loss and other comprehensive income as incurred.

For non-Omani employees, provision is made for amounts payable under the Oman Labour Law, based on the employees' accumulated periods of service at the statement of financial position date. This provision is classified as a non-current liability.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in Omani Rials)

4- Summary of significant accounting policies (continued)

Employees' benefit liabilities (continued)

Employee entitlements to annual leave and air passage are recognised when they accrue to the employees and an accrual is made for the estimated liability for annual leave and air passage as a result of services up to the reporting date. The accruals relating to annual leave and air passage is disclosed as a part of current liabilities.

Borrowings costs

Borrowing costs are expensed in the period in which they are incurred. However borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset till such time as the asset is put to commercial use. Thereafter all the borrowings costs are expensed. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Leases - the Company as lessee

The Company assesses whether a contract is or contains a lease, at the inception of the contract. The Company 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 Company 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.

Directors' remuneration

The Company follows the Commercial Companies Law of 2019 of the Sultanate of Oman, and other latest relevant directives issued by CMA, in regard to determination of the amount to be paid as Directors' remuneration. Directors' remuneration is charged to the statement of profit or loss and other comprehensive income in the year to which they relate.

Dividend

The Board of Directors recommends to the shareholders the dividend to be paid out of the Company's net profits. The Directors take into account appropriate parameters including the requirements of the Commercial Companies Law of 2019 of the Sultanate of Oman while recommending the dividend. Dividend distribution is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources allocated to the segment and assess its performance, and for which discreet financial information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Foreign currencies

Foreign currency transactions are accounted for at the rates of exchange prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation, at the year-end rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of profit or loss and other comprehensive income. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the end of the year. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date when the carrying value was determined.

Income tax

Income tax is provided for in accordance with the fiscal regulations of the Sultanate of Oman.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in Omani Rials)

4- Summary of significant accounting policies (continued)

Current tax is recognised in the statement of profit or loss and other comprehensive income as the expected tax payable on the taxable income for the year, using tax-rates enacted or substantially enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years. Deferred taxation is provided using the balance sheet liability method on all temporary differences at the reporting date. It is calculated adopting a tax-rate that is the rate that is expected to apply to the periods when it is anticipated the liabilities will be settled, and which is based on tax-rates (and laws) that have been enacted at the statement of financial position date.
A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on certain methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

5- Critical accounting estimates and key source of estimation uncertainty

Preparation of financial statements in accordance with IFRS requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The determination of estimates require judgments which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates. The most significant areas requiring the use of management estimates and assumptions in these financial statements relate to:

(i) Economic useful lives of plant and equipment

The Company's plant and equipment are depreciated on a straight-line basis over their economic useful lives. The economic useful lives of plant and equipment are reviewed periodically by management. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Company.

(ii) Economic useful life of intangible assets

Intangible assets are amortised on a straight-line basis over their economic useful lives. The economic useful lives of intangible assets are reviewed periodically by management. The review is based on the current condition of the intangible assets and the estimated period during which they will continue to bring economic benefit to the Company.

(iii) Stripping activity assets / Exploration and Evaluation assets

The Company assesses the stage of each mine under development/construction to determine when a mine moves into the production phase, this being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date is determined based on the unique nature of each mine development/construction project, such as the complexity of the project and its location. The Company considers various relevant criteria to assess when the production phase is considered to have commenced. Some of the criteria used to identify the production start date include, but are not limited to:

- Level of capital expenditure incurred compared with the original construction cost estimate
- Completion of a reasonable period of testing of the mines plant and equipment
- Ability to produce chromite ore in saleable form (within specifications)
- Ability to sustain ongoing production of chromite ore

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in Omani Rials)

5- Critical accounting estimates and key source of estimation uncertainty (continued)

When a mine development project moves into the production phase, the capitalisation of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that depreciation/amortisation commences.

(iv) Valuation and impairment of inventories

The carrying value of chromite ore stocks is a significant area of judgement by management, including determining estimates of future chrome prices, future processing costs, ore grades, volume and quality.

The Company creates an impairment provision for obsolete and slow-moving inventories. Estimates of net realisable value of inventories are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the statement of financial position date to the extent that such events confirm conditions existing at the end of the reporting period.

(v) Impairment losses on trade receivables

Trade receivables are stated at their amortised cost as reduced by appropriate provision for ECL for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the trade receivable balances and historical experience adjusted appropriately for the future expectations. Individual trade receivables are written-off when management deems them not to be collectible.

(vi) Going concern

The management reviews the financial position of the Company on a periodical basis and assesses the requirement of any additional funding to meet the working capital requirements and estimated funds required to meet the liabilities as and when they become due.

(vii) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

(viii) Taxation

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

(ix) Fair value measurements

A number of assets and liabilities included in the Company's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. The classification of an item into the level 1, level 2 and level 3 hierarchy is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in Omani Rials)

6- Plant and equipment

	Mining equipment	Motor vehicles and trucks	Furniture, fixtures and office equipment	Total
	RO	RO	RO	RO
Cost				
At 1 January 2020	1,488,986	672,299	126,521	2,287,806
Additions	5,600	-	6,903	12,503
Disposals	-	(41,400)	-	(41,400)
At 31 December 2020	1,494,586	630,899	133,424	2,258,909
At 1 January 2021	**1,494,586**	**630,899**	**133,424**	**2,258,909**
Additions	**83,974**	**100,000**	**9,465**	**193,439**
Relating to disposals	**-**	**(132,800)**	**-**	**(132,800)**
At 31 December 2021	**1,578,560**	**598,099**	**142,889**	**2,319,548**
Depreciation				
At 1 January 2020	1,420,760	605,833	118,859	2,145,452
Charge for the year	22,218	18,428	3,468	44,114
Relating to disposals	-	(41,400)	-	(41,400)
At 31 December 2020	1,442,978	582,861	122,327	2,148,166
At 1 January 2021	**1,442,978**	**582,861**	**122,327**	**2,148,166**
Charge for the year	**17,929**	**16,956**	**4,444**	**39,329**
Relating to disposals	**-**	**(132,800)**	**-**	**(132,800)**
At 31 December 2021	**1,460,907**	**467,017**	**126,771**	**2,054,695**
Net book value				
At 31 December 2021	**117,653**	**131,082**	**16,118**	**264,853**
At 31 December 2020	51,608	48,038	11,097	110,743

The depreciation charge has been allocated in the statement of comprehensive income as follows:

	2021 RO	2020 RO
Cost of revenue (note 20)	**36,711**	42,495
General and administrative expenses (note 24)	**2,618**	1,619
	39,329	44,114

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in Omani Rials)

7- Intangible assets

	Exploration and evaluation assets RO	Stripping activity assets RO	Computer software RO	Total RO
Cost				
At 1 January 2020	62,464	698,236	6,000	766,700
Additions	223,880	-	-	223,880
At 31 December 2020	286,344	698,236	6,000	990,580
At 1 January 2021	**286,344**	**698,236**	**6,000**	**990,580**
Additions	**2,836**	**317,480**	**-**	**320,316**
At 31 December 2021	**289,180**	**1,015,716**	**6,000**	**1,310,896**
Amortisation				
At 1 January 2020	-	698,236	6,000	704,236
Charge for the year	140,547	-	-	140,547
At 31 December 2020	140,547	698,236	6,000	844,783
At 1 January 2021	140,547	698,236	6,000	844,783
Charge for the year	-	317,480	-	317,480
At 31 December 2021	140,547	1,015,716	6,000	1,162,263
Net book value				
At 31 December 2021	**148,633**	**-**	**-**	**148,633**
At 31 December 2020	145,797	-	-	145,797

a) The amortisation charge for the year has been allocated in the statement of comprehensive income as follows:

	2021 RO	2020 RO
Cost of revenue (note 20)	**317,480**	140,547

b) xploration and evaluation assets represents costs incurred on exploration activities of mines which are currently on-going.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in Omani Rials)

8- Investment at fair value through profit or loss

	2021 Fair value RO	2021 Cost RO	2020 Fair value RO	2020 Cost RO
Listed securities:				
Local quoted investments	**4,217**	**10,852**	6,115	10,852

a) The movement in investments at fair value through profit or loss is as follows:

	2021 RO	2020 RO
At the beginning of the year	**6,115**	6,379
Sold during the year	**(51)**	-
Unrealised losses on investments at fair value through profit or loss	**(1,847)**	(264)
At the end of the year	**4,217**	6,115

b) Investments at fair value through profit or loss comprise shares in companies quoted on the Muscat securities Market. At the end of reporting period, investments at fair value through profit or loss with a carrying value of RO 4,217 (2020: RO 6,115) are held by portfolio managers in their capacity as trustees on behalf of the Company.

c) The fair value of the investments at fair value through profit or loss has been determined under the level 1 hierarchy.

d) None of the Company's investment at fair value through profit or loss represents 10% or more of the investee Company's share capital.

9- Inventories

	2021 RO	2020 RO
Chromite ore at full production cost	**985,916**	2,121,721
Less: reduction due to waste, abnormal volumes and net realizable values	**(10,049)**	(806,699)
	975,867	1,315,022
Less: provision for slow and non-moving inventories	**(155,000)**	(155,000)
	820,867	1,160,022
Spares	**12,327**	8,742
	833,194	1,168,764

The movement in provision for slow and non-moving inventories during the year is as follows:

	2021 RO	2020 RO
At 1 January	**155,000**	155,000
At 31 December	**155,000**	155,000

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in Omani Rials)

10- Trade and other receivables

	2021 RO	2020 RO
Trade receivables	102,591	108,853
Prepayment and other receivables	84,878	38,539
Guarantee deposits (note b)	92,000	-
	279,469	147,392

a) Tradereceivablesaregenerallyon30to90dayscreditterms.Thecarryingvalueoftradereceivablesstatedatamortisedcostapproximatetheirfairvalues.Themaximumexposuretocreditriskatthereportingdateisthefairvalueofeachclassofreceivablementionedabove.TheCompanydoesnotholdanycollateralassecurity.

The Company applies the IFRS 9 simplified approach to measure ECL using a lifetime ECL provision for trade receivables. To measure ECL on a collective basis, trade receivables are grouped based on similar credit risk and aging. The ECL rates are based on the Company's historical credit losses experienced over the prior periods. The historical losses are then adjusted for the current and forward-looking information on macro-economic factors affecting the Company's customers.

The aging for the trade receivables is as follows:

	2021 RO	2020 RO
Due with in 30 days	102,591	106,579
Due from 30 days to 60 days	-	2,274
	102,591	108,853

The provision for ECL is determined based on the ECL model and reviewed periodically. At the end of the reporting period, since trade receivables amounting to RO 102,591 (2020: RO 108,853) are not past due, no ECL provision has been created based on historical experiences of the management. The carrying amounts of the Company's trade receivables are primarily denominated in RO.

b) Guarantee deposits relates to amount submitted to Environment Authority for different mining sites and refundable on the completion of project and return of the site.

11- Term deposits

	2021 RO	2020 RO
Fixed deposits with commercial banks	2,050,000	1,600,000

Term deposits are placed with local commercial banks and earn interest rates 3.9% - 4.5% per annum (2020: 4.8% per annum). The term deposits have remaining maturity period of less than 12 months.

12- Cash and bank balances

	2021 RO	2020 RO
Cash in hand	1,600	1,600
Cash at bank:		
- Current account	707	14,331
- Call account	498,100	10,931
	500,407	26,862

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in Omani Rials)

The current account balances with banks are non-interest bearing. The call account balances with banks earns interest at 3% per annum.

13- Share capital

The authorised share capital of the Company comprises 10,000,000 ordinary shares of RO 1 each. The issued and fully paid up share capital of the Company comprises 3,000,000 ordinary shares of RO 1 each (2020: 3,000,000 ordinary shares of RO 1 each).

Shareholders who owns 5% or more of the Company's share capital and the number of shares they hold are as follows:

	2021 shares	percentage %	2020 shares	percentage %
Name of shareholders				
Mohammad Moosa Abdullah Al Yousuf	**481,797**	**16.06%**	481,797	16.06%
Minerals Development Oman SAOC	**450,000**	**15.00%**	450,000	15.00%
MB Holding Company LLC	**410,049**	**13.67%**	410,049	13.67%
Fincorp Investments LLC	**305,489**	**10.18%**	305,489	10.18%
Oman Mining Company LLC	**300,000**	**10.00%**	300,000	10.00%
Al Qurum Establishment	**300,000**	**10.00%**	300,000	10.00%
Al Manuma Establishment	**150,000**	**5.00%**	150,000	5.00%
Royal Oman Police	**150,000**	**5.00%**	150,000	5.00%
	2,547,335	**84.91%**	2,547,335	84.91%

14- Legal reserve

As per the Commercial Companies Law of the Sultanate of Oman, annual appropriation of 10% of a company's net profit is to be made to a non-distributable legal reserve, until the amount of legal reserve becomes equal to one-third of the amount of issued share capital.

15- Employees' end of service benefits

	2021 RO	2020 RO
Movement in expatriate employees' end of service benefits:		
At 1 January	**17,955**	17,763
Benefits recognized during the year	**3,689**	192
At 31 December	**21,644**	17,955

16- Trade and other payables

	2021 RO	2020 RO
Trade payables	**192,955**	55,752
Royalties payable	**46,267**	11,830
Staff benefits payable	**82,549**	63,164
Accruals and other payables	**152,516**	96,782
	474,287	227,528

Trade payables are generally settled within 30 to 90 days of the suppliers' invoice date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in Omani Rials)

17- Income tax

	2021 RO	2020 RO
Statement of comprehensive income		
The tax charge for the year comprises:		
Prior period tax	110,920	-
Deferred tax	144,483	(111,833)
	255,403	(111,833)

	2021 RO	2020 RO
Statement of financial position		
Non-current assets		
Deferred tax asset	38,192	182,675

a) TheCompanyisliabletoincometaxattherateof15%ontheentiretaxableincome(2020:taxattherateof15%).

b) The Company's income tax assessments for tax years from 2017 to 2020 have not been finalised by the Tax Authority. Management is of the opinion that the additional taxes, if any, that may become payable on finalisation of the pending tax assessments would not be significant to the Company's financial position at 31 December 2021. Further, the Company has filed an appeal on 3 January 2022 towards the assessment order dated 1 December 2021 for the tax year 2017. The reason for appeal is that the Tax Authority has disallowed the value of additional investment amounting to RO 1,076,201 in the Associate Company - Al Batnah Quaries LLC. The amount of tax arising on this additional investment is RO 161,430. A provision for this amount has been made in the financial statements for the year 2021.

c) Deferred tax assets / (liabilities) and deferred tax (charge) / credit in the financial statements consists of:

	01 January 2021	Recognized in the Statement of Comprehensive Income	31 December 2021
Accelerated depreciation	(3,057)	(9,918)	(12,975)
Carry forward losses	162,482	(134,565)	27,917
Provision for slow and non-moving inventories	23,250	-	23,250
	182,675	(144,483)	38,192

	01 January 2020	Recognized in the Statement of Comprehensive Income	31 December 2020
Accelerated depreciation	(2,918)	(139)	(3,057)
Carry forward losses	50,510	111,972	162,482
Provision for slow and non-moving inventories	23,250	-	23,250
	70,842	111,833	182,675

18- Net assets per share

Net assets per share is calculated by dividing the equity attributable to the shareholders at the end of the reporting date by the number of shares outstanding.

	2021 RO	2020 RO
Shareholders' equity	**3,512,114**	3,142,865
Number of issued and fully paid-up shares	**3,000,000**	3,000,000
Net assets per share	**1.171**	1.048

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in Omani Rials)

19- Revenue

Disaggregation of revenue from contracts with customers:

The Company's revenue represents income from the contracts with customer by transfer of products at point in time on the following region and product line:

a) Primary geographical region

	The Year Ended 31 December 2021	The Year Ended 31 December 2020
GCC (Oman)	1,485,718	161,096
East Asia	1,331,613	778,721
Europe	27,118	58,563
South Africa	11,261	-
Others	107,780	100,481
	2,963,490	1,098,861

b) Product line

	The Year Ended 31 December 2021	The Year Ended 31 December 2020
Refractory sales	1,281,642	937,720
Metal lump sales	1,681,848	161,141
	2,963,490	1,098,861

20- Cost of revenue

	The Year Ended 31 December 2021	The Year Ended 31 December 2020
Opening inventories	1,160,022	1,656,832
Salaries and other staff related costs	397,137	339,592
Cost of mining	240,442	234,721
Equipment hire charges	210,241	21,283
Depreciation on plant and equipment (note 6)	36,711	42,495
Amortisation charge on intangible assets (note 7)	317,480	140,547
	2,362,033	2,435,470
Less: closing inventories	(820,867)	(1,160,022)
	1,541,166	1,275,448

21- Other income

	The Year Ended 31 December 2021	The Year Ended 31 December 2020
Gain on disposal of plant and equipment	24,511	6,739
Miscellaneous income	-	23,155
	24,511	29,894

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in Omani Rials)

22-Salaries and other related staff costs

	The Year Ended 31 December 2021	The Year Ended 31 December 2020
Salaries	251,020	278,505
Other related staff costs	21,549	30,086
	272,569	308,591

23-Selling and distribution costs

	The Year Ended 31 December 2020	The Year Ended 31 December 2019
Royalty	282,666	102,498
Sales commission	53,463	24,272
Transport and clearing charges	48,419	33,815
Freight charges	39,062	16,259
Other related expenses	11,519	8,089
	435,129	184,933

In consideration for the mining rights, the Company is required to pay to the Government of the Sultanate of Oman, a royalty fee at the rate of 10% of revenues, excluding certain selling and distribution costs.

24-General and administrative expenses

	The Year Ended 31 December 2020	The Year Ended 31 December 2019
Directors' meeting attendance fees	54,650	58,650
Corporate social responsibility expenses	27,988	15,068
Rent	17,925	19,800
Fees and subscription	11,777	30,230
Legal and professional fees	34,686	28,632
Repairs and maintenance	8,343	5,200
Office expenses	2,557	1,010
Depreciation on plant and equipment (note 6)	2,618	1,619
Insurance	6,316	5,524
Training	3,550	362
Communication	5,131	4,596
Business travel and entertainment	1,583	640
Utilities	2,169	1,726
Marketing expenses	755	1,645
Miscellaneous expenses	11,674	8,030
	191,722	182,732

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

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25-Finance charges

	The Year Ended 31 December 2021	The Year Ended 31 December 2020
Bank charges	**7,939**	4,375
Interest on bank borrowings	**-**	1,215
	7,939	5,590

26-Employee costs

a) Total employee costs included under cost of revenue (note 20) and general and administrative expenses (note 22) comprise:

	The Year Ended 31 December 2021	The Year Ended 31 December 2020
Salaries and wages	**514,151**	544,403
Employees' end of service benefits (note 15)	**3,689**	192
Other benefits	**151,866**	103,588
	669,706	648,183

b) Employee costs are allocated as follows:

	The Year Ended 31 December 2021	The Year Ended 31 December 2020
Cost of revenue (note 20)	**397,137**	339,592
Salaries and other related staff costs (note 22)	**272,569**	308,591
	669,706	648,183

27-Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) for the year with the weighted average number of shares issued and outstanding during the year.

	The Year Ended 31 December 2021	The Year Ended 31 December 2020
Net profit/(loss) for the year	**369,249**	(633,990)
Weighted average number of shares	**3,000,000**	3,000,000
Basic earnings/(loss) per share	**0.123**	(0.211)

No figure for diluted (loss) / earnings per share has been presented because the Company has not issued any instruments which would have an impact on (loss) / earnings per share when exercised.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

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28-Related party transactions

The Company, in the ordinary course of business, deals with parties which fall with in the definition of 'related parties' as contained in the International Accounting Standard Number 24. The terms of these transactions are approved by the management and the management believes that such transactions are at arm's length and are not materially different from those with unrelated parties.

	The Year Ended 31 December 2021	The Year Ended 31 December 2020
Salaries and other related costs	**174,848**	181,951
Directors' meeting attendance fees	**54,650**	58,650
Travel allowances paid to directors	**5,900**	2,800
	235,398	243,401

The Directors' meeting attendance fees are subject to Shareholders' approval at the forthcoming Annual General Meeting.

29- Contingencies and commitments

	2021	2020
Bank guarantees	**85,000**	157,000

30- Capital management

The primary objective of the management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value.
The Company manages its capital structure and make adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies and processes during the years ended 31 December 2021.

31-Financial instruments and related risk management

Financial assets include trade and other receivables, Cash and bank balances, term deposits and investment at fair value through profit or loss. Financial liabilities include trade and other payables. Management believes that the fair values of the financial assets and liabilities approximate their carrying values.

The Company's activities expose it to various financial risks, primarily being, market risk (including currency risk, interest rate risk and foreign exchange risk), credit risk and liquidity risk.

Management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in Omani Rials)

31- Financial instruments and related risk management (continued)

The Audit Committee oversees how Management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk on sales, purchases, receivables and payables arising primarily from US Dollar, Euro and GCC currencies. The revenue and operating costs denominated in USD and other GCC currencies are covered by the fact that the RO is pegged to the currencies and has remained unchanged since 1986.

(ii) Interest rate risk

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

The Company is exposed to interest rate risk as the Company has interest-earning term deposits and call deposits at commercial interest rates.

b) Credit risk

Credit risk arises from cash and cash equivalents, as well as credit exposures to outstanding receivables.

(i) Credit risk on financial assets

The expected loss rates are based on the payment profiles of customers and the corresponding historical credit losses experienced within this period.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance for trade receivables is immaterial to the financial statements as at 31 December 2021 and 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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(Expressed in Omani Rials)

31- Financial instruments and related risk management (continued)

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's management monitors liquidity requirements on a regular basis to ensure that sufficient funds are available, including unutilised credit facilities with banks, to meet any future commitments. The Company manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecasted and actual cash flows.

At 31 December 2021	Less than 1 year	Total
Trade and other payables	474,287	474,287
	474,287	474,287

At 31 December 2020	Less than 1 year	Total
Trade and other payables	227,528	227,528
	227,528	227,528

d) Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows of the chromite ore will fluctuate because of changes in market prices (other than those arising from foreign exchange risk or interest rate risk), whether those changes are caused by factors specific to the individual commodity or factors affecting all similar commodities traded in the market. The Company is exposed to commodity price risk on the chromite ore. To manage its risk arising from price fluctuations, the management continuously monitors the organised market and the key factors that affect the commodity in which the Company trades.

32- Fair value of financial instruments

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 liability, the Company 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.

All financial assets and liabilities have been accounted at amortised cost, except for investments in equity instruments designated at fair value through profit or loss, which are routed through profit or loss.

The management has assessed that the other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in Omani Rials)

32-Fair value of financial instruments (continued)

Nature of the financial instrument	Carrying va	Level 1	Level 2	Level 3
At 31 December 2021				
Investment at fair value through profit or loss	4,217	4,217	-	-
At 31 December 2020				
Investment at fair value through profit or loss	6,115	6,115	-	-

33- Operating segments

The Company operates in two segments, one of production and sale of refractory materials (chips and fines) and the other of metal lumps. The information regarding the results of each reportable segment is as follows:
The Company's total sales and trade receivables to external customers are as follows:

At 31 December 2020	Trade receivables		Sales	
	The Year Ended 31 December 2021	The Year Ended 31 December 2020	The Year Ended 31 December 2021	The Year Ended 31 December 2020
Refractory sales	**102,591**	108,853	**1,281,642**	937,720
Metal lump sales	**-**	-	**1,681,848**	161,141
	102,591	108,853	**2,963,490**	1,098,861

34- Dividend per share

There is no distribution of profit to the shareholders for the year ended 2021 (2020: Nil).

35-Subsequent events

There were no events occuring subsequent to 31 December 2021 and before the date of the approval that are expected to have a significant impact on these financial statements.

The notes on pages 40 to 62 form part of these financial statements