شـركة الكـروم العـمانية (ش.م.ع.ع)
OMAN CHROMITE COMPANY (S.A.O.G)

# Financial Statement for the Third Quarter 2022

## Financial statements for the third quarter ended on 30 September 2022

Oman Chromite Company (S,O,A,G)

In the name of Allah, the Beneficent, the Merciful.

Dear, Shareholders,

After compliments,

On behalf of the Board of Directors, I would like to present the unaudited financial statement for the third quarter ended on 30th September 2022.

During the period, the company managed to produce 55,550 tons of chromite ore, compared to 22,849 tons in the same period last year and achieving revenues of 3,121,031 riyals, compared to 2,161,621 riyals in the same period last year. A profit after tax of 1,267,868 Omani riyals achieved in the period, compared to 368,547 riyals for the same period last year, an increase of 344%. The company will continue its efforts to improve and to achieve good financial results to take advantage of the expected high raw materials prices during the coming period.

Finally, on behalf of the board of directors and the executive management of the company, I would like to express my sincere loyalty, appreciation and gratitude to His Majesty Sultan Haitham bin Tarik, may God protect him, and convey our thanks to the wise government for the extended support. I would also like to thank all the shareholders of the company for their continued support, confidence and above all for their trust in the board and the, executive management of the company and its employees.

Thank you,

Humaid bin Masoud Al Maqbali

Chairman

| Statement of Financial position, Current/ non-current | Actuals/Omani Rial/Unaudited<br>Standalone<br>30/09/2022 | Standalone<br>30/09/2021 | Standalone<br>31/12/2021 |
|---|---|---|---|
| **STATEMENT OF FINANCIAL POSITION** | | | |
| **CONSOLIDATED AND SEPARATE** | | | |
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 645,890 | 269,014 | 264,853 |
| Intangible assets other than goodwill | 613,477 | 241,657 | 148,633 |
| Deferred tax assets | 38,192 | 182,676 | 38,192 |
| **Total non-current assets** | **1,297,559** | **693,347** | **451,678** |
| **CURRENT ASSETS** | | | |
| **Current inventories** | **861,392** | **647,894** | **833,194** |
| Current financial assets at fair value through profit or loss | 3,125 | 5,142 | 4,268 |
| **Trade and other current receivables** | **587,839** | **301,406** | **279,418** |
| **Cash and bank balances** | **2,604,816** | **2,273,747** | **2,550,407** |
| **Total current assets other than non-current assets or disposal groups classified as held for sale or as held for distribution to owners** | **4,057,172** | **3,228,189** | **3,667,287** |
| **Total current assets** | **4,057,172** | **3,228,189** | **3,667,287** |
| **Total assets** | **5,354,731** | **3,921,536** | **4,118,965** |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Issued capital | 3,000,000 | 3,000,000 | 3,000,000 |
| Statutory reserve | 939,346 | 812,489 | 812,559 |
| Retained earnings (accumulated Losses) | 840,636 | (301,077) | (300,445) |
| **Total equity** | **4,779,982** | **3,511,412** | **3,512,114** |
| **LIABILITIES** | | | |
| **NON-CURRENT LIABILITIES** | | | |
| **NON-CURRENT PROVISIONS** | | | |
| **CURRENT LIABILITIES** | | | |
| **CURRENT PROVISIONS** | | | |
| **Current provisions for employee benefits** | **21,644** | **17,955** | **21,644** |
| **Total current provisions** | **21,644** | **17,955** | **21,644** |
| **Trade and other current payables** | **324,273** | **327,131** | **474,287** |
| Current tax liabilities, current | 228,832 | 65,038 | 110,920 |
| **Total current liabilities other than liabilities included in disposal groups classified as held for sale** | **574,749** | **410,124** | **606,851** |
| **Total current liabilities** | **574,749** | **410,124** | **606,851** |
| **Total liabilities** | **574,749** | **410,124** | **606,851** |
| **Total equity and liabilities** | **5,354,731** | **3,921,536** | **4,118,965** |
| Net assets per share | 1.593 | 1.170 | 1.171 |

| Subclassifications of Assets, Liabilities and Equity, Current, Non-current | Actuals/Omani Rial/Unaudited<br>Standalone<br>30/09/2022 | Standalone<br>30/09/2021 | Standalone<br>31/12/2021 |
|---|---|---|---|
| **SUBCLASSIFICATIONS OF ASSETS, LIABILITIES AND EQUITIES** | | | |
| **CONSOLIDATED AND SEPARATE** | | | |
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| **EXPLORATION AND EVALUATION ASSETS** | | | |
| **INVESTMENT ACCOUNTED FOR USING EQUITY METHOD** | | | |
| **INVESTMENT PROPERTIES** | | | |
| **INVESTMENT PROPERTIES AT COST** | | | |
| **INVESTMENT PROPERTIES AT FAIR VALUE** | | | |
| **OTHER NON-CURRENT NON-FINANCIAL ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| **INVENTORIES** | | | |
| Raw materials | 847,909 | 634,462 | 820,867 |
| Current spare parts | 13,483 | 13,432 | 12,327 |
| **Total inventories, current** | **861,392** | **647,894** | **833,194** |
| **TRADE AND OTHER CURRENT RECEIVABLES** | | | |
| Accounts receivables | 288,986 | 186,554 | 102,591 |
| **PREPAYMENTS, ADVANCES AND ACCRUED INCOME** | | | |
| Prepayments | 298,853 | 114,852 | 176,827 |
| **Total prepayments and accrued income** | **298,853** | **114,852** | **176,827** |
| **Total trade and other current receivables** | **587,839** | **301,406** | **279,418** |
| **CASH AND CASH EQUIVALENTS** | | | |
| **CASH** | | | |
| Cash on hand | 1,600 | 1,600 | 1,600 |
| Balances with banks | 553,216 | 672,147 | 498,807 |
| **Total cash** | **554,816** | **673,747** | **500,407** |
| **CASH EQUIVALENTS** | | | |
| Short-term deposits, classified as cash equivalents | 2,050,000 | 1,600,000 | 2,050,000 |
| **Total cash equivalents** | **2,050,000** | **1,600,000** | **2,050,000** |
| **Total cash and cash equivalents** | **2,604,816** | **2,273,747** | **2,550,407** |
| **Total cash and bank balances** | **2,604,816** | **2,273,747** | **2,550,407** |
| **OTHER CURRENT NON-FINANCIAL ASSETS** | | | |
| **EQUITY** | | | |
| **OTHER RESERVES** | | | |
| **LIABILITIES** | | | |
| **NON-CURRENT LIABILITIES** | | | |
| **NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS** | | | |
| **BORROWINGS, NON CURRENT** | | | |
| **CURRENT LIABILITIES** | | | |
| **CURRENT PROVISIONS FOR EMPLOYEE BENEFITS** | | | |

INTERIM CONDENSED FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF DIRECTORS ON 27 Oct 2022

| | | | |
|---|---|---|---|
| Employee End of Term Benefits, current | 21,644 | 17,955 | 21,644 |
| **Total current provisions for employee benefits** | **21,644** | **17,955** | **21,644** |
| **TRADE AND OTHER CURRENT PAYABLES** | | | |
| Trade payable | 232,656 | 234,024 | 239,222 |
| **ACCRUALS AND DEFERRED INCOME** | | | |
| Accruals | 53,023 | 46,522 | 152,516 |
| **Total accruals and deferred income** | **53,023** | **46,522** | **152,516** |
| Other payables | 38,594 | 46,585 | 82,549 |
| **Total trade and other current payables** | **324,273** | **327,131** | **474,287** |
| **BORROWINGS, CURRENT** | | | |

INTERIM CONDENSED FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF DIRECTORS ON 27 Oct 2022

| Income Statement - Function of expense | Standalone 01/07/2022-30/09/2022 | Standalone 01/07/2021-30/09/2021 | Standalone 01/01/2022-30/09/2022 | Standalone 01/01/2021-30/09/2021 |
|---|---|---|---|---|
| | | | | Actuals/Omani Rial/Unaudited |
| **PROFIT OR LOSS** | | | | |
| **CONSOLIDATED AND SEPARATE** | | | | |
| **PROFIT (LOSS)** | | | | |
| **Revenue** | **1,274,725** | **665,460** | **3,121,031** | **2,161,621** |
| **Cost of sales** | **317,508** | **369,442** | **1,019,490** | **1,194,155** |
| **Gross profit** | **957,217** | **296,018** | **2,101,541** | **967,466** |
| **Other income** | **25,132** | **33,502** | **74,837** | **75,300** |
| **General and administrative expense** | **118,855** | **117,355** | **319,385** | **309,432** |
| **Selling, distribution and marketing expenses** | **141,422** | **91,483** | **364,241** | **298,776** |
| **Profit (loss) from operating activities** | **722,072** | **120,682** | **1,492,752** | **434,558** |
| Impairment (reversal of impairment) on financial assets | (252) | 694 | 1,143 | 973 |
| **Profit (loss) before income tax, continuing operations** | **722,324** | **119,988** | **1,491,609** | **433,585** |
| Income tax expense, continuing operations | 108,349 | 17,998 | 223,741 | 65,038 |
| **Profit (loss) from continuing operations** | **613,975** | **101,990** | **1,267,868** | **368,547** |
| **Net Profit / (Loss) for the period** | **613,975** | **101,990** | **1,267,868** | **368,547** |
| **PROFIT (LOSS), ATTRIBUTABLE TO** | | | | |
| **BASIC AND DILUTED EARNINGS PER SHARE** | | | | |
| **BASIC EARNINGS PER SHARE** | | | | |
| Total basic earnings (loss) per share | 0.205 | 0.034 | 0.423 | 0.123 |
| **DILUTED EARNINGS PER SHARE** | | | | |

| Statement of comprehensive income - Net of tax | Standalone 01/07/2022-30/09/2022 | Standalone 01/07/2021-30/09/2021 | Standalone 01/01/2022-30/09/2022 | Standalone 01/01/2021-30/09/2021 |
|---|---|---|---|---|
| | | | | Actuals/Omani Rial/Unaudited |
| **STATEMENT OF COMPREHENSIVE INCOME** | | | | |
| **CONSOLIDATED AND SEPARATE** | | | | |
| **Net Profit / (Loss) for the period** | **613,975** | **101,990** | **1,267,868** | **368,547** |
| **OTHER COMPREHENSIVE INCOME** | | | | |
| **OTHER COMPREHENSIVE INCOME (LOSS) TO BE RECLASSIFIED TO STATEMENT OF INCOME IN SUBSEQ UENT PERIODS,NET OF TAX** | | | | |
| **OTHER COMPREHENSIVE INCOME (LOSS) NOT TO BE RECLASSIFIED TO STATEMENT OF INCOME IN SUBSEQ UENT PERIODS** | | | | |
| **Total comprehensive income** | **613,975** | **101,990** | **1,267,868** | **368,547** |
| **COMPREHENSIVE INCOME ATTRIBUTABLE TO** | | | | |

| Analysis of Income and Expense - Function of Expense | Standalone 01/07/2022-30/09/2022 | Standalone 01/07/2021-30/09/2021 | Standalone 01/01/2022-30/09/2022 | Standalone 01/01/2021-30/09/2021 |
|---|---|---|---|---|
| | | | | Actuals/Omani Rial/Unaudited |
| **ANALYSIS OF INCOME AND EXPENSE** | | | | |
| **CONSOLIDATED AND SEPARATE** | | | | |
| **REVENUE** | | | | |
| Revenue from sale of goods | 1,274,725 | 665,460 | 3,121,031 | 2,161,621 |
| **Total revenue** | **1,274,725** | **665,460** | **3,121,031** | **2,161,621** |
| **OTHER INCOME** | | | | |
| Interest income | 25,132 | 23,781 | 74,837 | 65,579 |
| Miscellaneous income | | 9,721 | | 9,721 |
| **Total other income** | **25,132** | **33,502** | **74,837** | **75,300** |
| **EXPENSES** | | | | |
| **COST OF SALES** | | | | |
| Cost of material consumed | 0 | 0 | 820,866 | 1,160,022 |
| Employee benefit expenses | 115,704 | 102,622 | 286,151 | 244,762 |
| Fuel and electricity | 26,383 | 20,171 | 77,247 | 45,636 |
| Depreciation and amortisation | 117,043 | 159,357 | 164,051 | 182,667 |
| Inventory write-down | (167,427) | (38,532) | (847,785) | (634,462) |
| Repairs and maintainance | 17,739 | 21,696 | 39,902 | 33,807 |
| Other cost of goods sold | 208,066 | 104,128 | 479,058 | 161,723 |
| **Total Cost of sales** | **317,508** | **369,442** | **1,019,490** | **1,194,155** |
| **SELLING, DISTRIBUTION AND MARKETING EXPENSES** | | | | |
| Commission on sales | 3 | 9,489 | 3 | 29,183 |
| Other selling and distribution expenses | 141,419 | 81,994 | 364,238 | 269,593 |
| **Total selling, distribution and marketing expenses** | **141,422** | **91,483** | **364,241** | **298,776** |
| **GENERAL AND ADMINISTRATIVE EXPENSES** | | | | |
| Rent and utility expenses | 3,825 | 4,200 | 11,475 | 14,100 |
| Employee benefit expenses | 70,710 | 62,987 | 202,177 | 186,379 |
| Director's remuneration and sitting fees | 15,174 | 18,150 | 39,709 | 44,390 |
| Depreciation and amortisation | 688 | 723 | 2,096 | 1,872 |
| Head office expenses | 1,189 | 343 | 3,031 | 947 |
| Professional and consultants fees | 1,887 | 15,071 | 7,801 | 23,674 |
| Legal and professional expense | 650 | 753 | 4,182 | 3,176 |
| Registrations and renewals | 2,266 | 3,049 | 6,431 | 7,477 |
| Vehicle expenses | 2,116 | 3,610 | 5,317 | 6,336 |
| Printing and stationary | 752 | 394 | 1,396 | 873 |
| Advertisment and business promotion | 8,032 | 347 | 8,032 | 347 |
| Recruitment and training expenses | 2,027 | 0 | 5,948 | 1,650 |
| Other expenses and fees | 9,539 | 7,728 | 21,790 | 18,211 |
| **Total General and administrative expenses** | **118,855** | **117,355** | **319,385** | **309,432** |

INTERIM CONDENSED FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF DIRECTORS ON 27 Oct 2022

| Statement of cash flows, indirect method | Actuals/Omani Rial/Unaudited<br>Standalone<br>01/01/2022-30/09/2022 | <br>Standalone<br>01/01/2021-30/09/2021 |
|---|---|---|
| **STATEMENT OF CASH FLOWS** | | |
| **CONSOLIDATED AND SEPARATE** | | |
| **CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES** | | |
| **Profit (loss) before tax** | **1,491,609** | **433,585** |
| **ADJUSTMENTS TO RECONCILE PROFIT (LOSS)** | | |
| Adjustments for depreciation and amortisation expense | 172,105 | 196,312 |
| Adjustments for finance costs | 6,563 | 6,287 |
| Adjustments for losses (gains) on financial asset at fair value through profit and loss | 1,143 | 973 |
| Adjustments for gain (loss) on disposals, property, plant and equipment | 0 | 9,721 |
| Provision for employees' end of service benefits | 0 | 0 |
| Net gains / (losses) from investments | 74,837 | 65,579 |
| Other adjustments for non-cash items | 0 | 22,886 |
| **Total adjustments to reconcile profit (loss)** | **104,974** | **151,158** |
| **Cash flows from (used in) operations before changes in working capital** | **1,596,583** | **584,743** |
| **WORKING CAPITAL CHANGES** | | |
| Adjustments for decrease (increase) in inventories | (28,198) | 520,870 |
| Adjustments for decrease (increase) in trade and other receivables | (308,421) | (154,014) |
| Adjustments for increase (decrease) in trade and other payables | (150,014) | 99,603 |
| **Total adjustments to working capital changes** | **(486,633)** | **466,459** |
| **Cash flows from (used in) operations** | **1,109,950** | **1,051,202** |
| Income taxes paid (refund), classified as operating activities | (105,847) | 0 |
| **Net cash flows from (used in) operating activities** | **1,004,103** | **1,051,202** |
| **CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES** | | |
| Proceeds from sales of property, plant and equipment, classified as investing activities | 0 | 9,721 |
| Purchase of property, plant and equipment, classified as investing activities | 424,301 | 187,194 |
| Purchase of intangible assets, classified as investing activities | 593,667 | 286,134 |
| Interest received | 74,837 | 65,579 |
| **Net cash flows from (used in) investing activities** | **(943,131)** | **(398,028)** |
| **CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES** | | |
| Interest paid | 6,563 | 6,287 |
| **Net cash flows from (used in) financing activities** | **(6,563)** | **(6,287)** |
| **Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes** | **54,409** | **646,887** |
| **Net increase (decrease) in cash and cash equivalents** | **54,409** | **646,887** |
| **Cash and cash equivalents at beginning of period** | **2,550,407** | **1,626,861** |
| **Cash and cash equivalents at end of period** | **2,604,816** | **2,273,747** |

INTERIM CONDENSED FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF DIRECTORS ON 27 Oct 2022

Actuals/Omani Rial/Unaudited

| Statement of changes in equity | Issued capital<br>Standalone<br>01/01/2022-30/09/2022 | Retained earnings (accumulated Losses)<br>Standalone<br>01/01/2022-30/09/2022 | Statutory reserve<br>Standalone<br>01/01/2022-30/09/2022 | Standalone<br>01/01/2022-30/09/2022 | Issued capital<br>Standalone<br>01/01/2021-30/09/2021 | Retained earnings (accumulated Losses)<br>Standalone<br>01/01/2021-30/09/2021 | Statutory reserve<br>Standalone<br>01/01/2021-30/09/2021 | Standalone<br>01/01/2021-30/09/2021 |
|---|---|---|---|---|---|---|---|---|
| **STATEMENT OF CHANGES IN EQ UITY** | | | | | | | | |
| **STATEMENT OF CHANGES IN EQ UITY** | | | | | | | | |
| Equity at beginning of period (before adjustments) | 3,000,000 | (300,445) | 812,559 | 3,512,114 | 3,000,000 | (632,769) | 775,634 | 3,142,865 |
| **Equity at beginning of period (after adjustments)** | **3,000,000** | **(300,445)** | **812,559** | **3,512,114** | **3,000,000** | **(632,769)** | **775,634** | **3,142,865** |
| **CHANGES IN EQ UITY** | | | | | | | | |
| **COMPREHENSIVE INCOME** | | | | | | | | |
| **Net Profit / (Loss) for the period** | | **1,267,868** | | **1,267,868** | | **368,547** | | **368,547** |
| **Total comprehensive income** | | **1,267,868** | | **1,267,868** | | **368,547** | | **368,547** |
| Transfer to reserve | | (126,787) | 126,787 | 0 | | (36,855) | 36,855 | 0 |
| **Total increase (decrease) in equity** | | **1,141,081** | **126,787** | **1,267,868** | | **331,692** | **36,855** | **368,547** |
| **Equity at end of period** | **3,000,000** | **840,636** | **939,346** | **4,779,982** | **3,000,000** | **(301,077)** | **812,489** | **3,511,412** |

INTERIM CONDENSED FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF DIRECTORS ON 27 Oct 2022

# Oman Chromite Company SAOG

# Unaudited Financial statements for the Period ended 30 September 2022

## 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, Sultanate of Oman.

## 2- Going concern

The amount of Ore reserve at the company's existing locations represents the biggest challenge for the company's future. In this regard, the Board of Directors and the Executive Management are working to obtain licenses for new sites, carry out periodic follow-up and hold meetings with the relevant official authorities. At the same time, the Executive Management continues to follow up the exploration and prospecting activities in its existing sites, where new encouraging explorations have been obtained.

## 3- Basis of preparation and adoption of new and amended 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 2020 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.

### New and amended IFRS Standards that are effective for the current year

The financial statements have been prepared based on accounting standards in effect for accounting periods beginning on or after January 1, 2020. The Company has adopted the following standards for the first time for the annual reporting period beginning on January 1, 2020:

a) Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7
b) Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16
c) Amendments to References to the Conceptual Framework in IFRS Standards
d) Amendments to IFRS 3 – Definition of a business
e) Amendments to IAS 1 and IAS 8 – Definition of material

**New and revised IFRS Standards in issue but not yet effective**

At the date of authorization of these financial statements, the entity has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17: Insurance contracts

IFRS 10 & IAS 28 (amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint.
Venture

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

Amendments to IFRS 3: Reference to the Conceptual Framework

Amendments to IAS 16: Property, Plant and Equipment—Proceeds before Intended Use

Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to IFRS Standards 2018-2020 Cycle: Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41 Agriculture

The entity does not expect that the adoption of the Standards listed above will have a material impact on the financial statements in future periods.

## 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.

(a) **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:

| Building | Years |
|---|---|
| Mining equipment | 7 - 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.

(b) **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.
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 amortized 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.

(c) **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 assets**

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) 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.

**(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).

**debt instruments**

The subsequent measurement of debt instruments is based on the company's business model for managing the assets and the cash flow characteristics of the asset. The Company classifies debt instruments at amortized cost based on the following:

a) the asset is held within a business model in order to collect contractual cash flows; And
b) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount unpaid.

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

**Equity Tools**

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.
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.

**(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.

(d) **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.

**(h) 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.

**(w) 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.

**(z) 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.

**(L) 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
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.

### (K) 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.

### (L) 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.

### (M) 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.

### (S) 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.

### (Q) 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.

### (F) Income tax

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

### (O) 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

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.

### (iii) 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.

### (iv) 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.

**(v) 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.

**(vi) 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.

**(vii) 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.

**(viii) 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.

## 6- Plant and equipment

### (a) The movement in plant and equipment is as set out below:

**Sep 2022**

| Cost | Mining equipment | Motor vehicles | Furniture, fixtures and office equipment | Total |
|---|---|---|---|---|
| At 31 December 2021 | 1,545,072 | 598,095 | 176,387 | 2,319,554 |
| Additions during the period | 360,513 | 40,525 | 23,263 | 424,301 |
| Disposals during the period | 0 | 0 | 0 | 0 |
| At 30 September 2022 | 1,905,585 | 638,620 | 199,650 | 2,743,855 |

| Accumulated depreciation | Mining equipment | Motor vehicles | Furniture, fixtures and office equipment | Total |
|---|---|---|---|---|
| At 31 December 2021 | 1,431,637 | 467,017 | 156,042 | 2,054,696 |
| Charge for the period | 19,251 | 15,435 | 8,583 | 43,269 |
| Relating to disposals | 0 | 0 | 0 | 0 |
| At 30 September 2022 | 1,450,888 | 482,452 | 164,625 | 2,097,965 |

| Net book amount | Mining equipment | Motor vehicles | Furniture, fixtures and office equipment | Total |
|---|---|---|---|---|
| 30 September 2022 | 454,697 | 156,168 | 35,025 | 645,890 |

**September 2021**

| Cost | Mining equipment | Motor vehicles | Furniture, fixtures and office equipment | Total |
|---|---|---|---|---|
| At 31 December 2020 | 1,489,439 | 630,895 | 138,576 | 2,258,910 |
| Additions during the period | 79,035 | 100,000 | 8,159 | 187,194 |
| Disposals during the period | 0 | (50,000) | 0 | (50,000) |
| At 30 September 2021 | 1,568,474 | 680,895 | 146,735 | 2,396,104 |

| Accumulated depreciation | Mining equipment | Motor vehicles | Furniture, fixtures and office equipment | Total |
|---|---|---|---|---|
| At 31 December 2020 | 1,443,120 | 582,860 | 122,187 | 2,148,167 |
| Charge for the period | 13,113 | 12,083 | 3,727 | 28,923 |
| Disposals depreciation | | -50,000 | | -50,000 |
| At 30 September's 2021 | 1,456,233 | 544,943 | 125,914 | 2,127,090 |

| Net book amount | Mining equipment | Motor vehicles | Furniture, fixtures and office equipment | Total |
|---|---|---|---|---|
| At 30 September's 2021 | 112,241 | 135,952 | 20,821 | 269,014 |

(a) The depreciation charge has been allocated in the statement of profit or loss as follows:

| | December 2021 | Sep 2022 | Sep 2021 |
|---|---|---|---|
| Cost of sales (Note 20) | 36,711 | 35,215 | 16,651 |
| transfer to capitalization | 0 | 5,958 | 10,400 |
| General and administrative expenses (Note 24) | 2,618 | 2,096 | 1,872 |
| | 39,329 | 43,269 | 28,923 |

(b) The Company operates business from its premises in Sohar, leased out at a monthly rent of RO 1,275 (2021: RO 1,275 per month).

**7- Intangible assets**

(a) The movement in intangible assets are as set out below:

**September 2022**

| Cost | Exploration and evaluation assets | Stripping activity assets | Computer software | Total |
|---|---|---|---|---|
| At 31 December 2021 | 148,633 | 0 | 0 | 148,633 |
| Additions during the period | 593,680 | 0 | 0 | 593,680 |
| At 30 Sep 2022 | 742,313 | 0 | 0 | 742,313 |

| Amortization | Exploration and evaluation assets | Stripping activity assets | Computer software | Total |
|---|---|---|---|---|
| Charge for the period | (128,836) | 0 | 0 | (128,836) |
| At 30 Sep 2022 | (128,836) | 0 | 0 | (128,836) |

| Net book amount | Exploration and evaluation assets | Stripping activity assets | Computer software | Total |
|---|---|---|---|---|
| At 30 Sep 2022 | 613477 | 0 | 0 | 613477 |

**September 2021**

| Cost | Exploration and evaluation assets | Stripping activity assets | Computer software | Total |
|---|---|---|---|---|
| At 31 December 2020 | 145,797 | 0 | 0 | 145,797 |
| Additions during the period | 286,135 | 0 | 0 | 286,135 |
| Disposal during period | (22,886) | 0 | 0 | (22,886) |
| At 30 Sep 2021 | 409,046 | 0 | 0 | 409,046 |

| Amortization | Exploration and evaluation assets | Stripping activity assets | Computer software | Total |
|---|---|---|---|---|
| Charge for the period | (167,389) | 0 | 0 | (167,389) |
| At 30 Sep 2021 | (167,389) | **0** | **0** | (167,389) |

| Net book amount | Exploration and evaluation assets | Stripping activity assets | Computer software | Total |
|---|---|---|---|---|
| At 30 Sep 2021 | 241,657 | - | - | 241,657 |

A) The amortization charge for the year has been allocated in the statement of profit or loss as follows:

| | December 2021 | Sep 2022 | Sep 2021 |
|---|---|---|---|
| Cost of sales (Note 20) | 317,480 | 128,836 | 167,389 |
| General and administrative expenses (Note 24) | 0 | 0 | 0 |
| | 317,480 | 128,836 | 167,389 |

**Exploration and evaluation assets represent costs incurred on exploration activities of mines which are currently on-going.**

## 8- Investments at fair value through profit or loss

| | December 2021 | Sep 2022 | Sep 2021 |
|---|---|---|---|
| At the beginnning of the year | 6,115 | 4,268 | 6,115 |
| Purchased(sold) during the year | 0 | 0 | 0 |
| Fair value changes during the year | 0 | 0 | 0 |
| Realized gains on sales of financial assets at fair value through profit or loss | (1,847) | (1,143) | (973) |
| Net of investment | **4,268** | 3,125 | 5142 |

The following further notes apply:

a) Investments at fair value through profit or loss, comprising of shares in companies quoted on the Muscat Securities Market, are managed by portfolio managers on a discretionary basis. The investments are held by the portfolio managers in their capacity as trustees on behalf of the Company.

b) The fair value of the investments is determined at fair value through profit or loss under Level 1 of the hierarchy.

c) The company does not own any investments at fair value through profit or loss representing 10% or more of the capital of the investee company.

## 9- Inventories

| | December 2021 | Sep 2022 | Sep 2021 |
|---|---|---|---|
| Chromite ore | 985,916 | 847,909 | 634,462 |
| Less: the reduction in fair value between cost and market price, whichever is lower | (10,049) | 0 | 0 |
| | 975,867 | 847,909 | 634,462 |
| Less: provision for slow and non-moving inventories | *(155,000) | 0 | 0 |
| Net chromite ore inventory | 820,867 | 847,909 | 634,462 |
| Spares parts | 12,327 | 13,483 | 13,432 |
| Total | 833,194 | 861,392 | 647,894 |

*** Related to the provision of stock of 5000 tons at the company's Al-Farfar site**

## 10- Trade and other receivables

| | December 2021 | Sep 2022 | Sep 2021 |
|---|---|---|---|
| Trade receivables | 102,591 | 288,986 | 186,554 |
| Prepayments and other receivables | 84,827 | 206,853 | 114,852 |
| Guarantee deposits | 92,000 | 92,000 | 0 |
| Total | 279,418 | 587,839 | 301,406 |

Trade receivables are generally on 30 to 90 days credit terms.
The carrying values of trade receivables stated at amortised cost approximate their fair values.
The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Company does not hold any collateral as security.
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 two years period prior to the year-end. The historical losses are then adjusted for the current and forward-looking information on macro-economic factors affecting the Company's customers.

## 11- Related party transactions and balances

The Company, in the ordinary course of business, deals with parties which fall within the definition of ‘related parties’ as contained in 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.

### a) The key management personnel Salaries & Siting Fees for the period:

| | Sep 2022 | Sep 2021 |
|---|---|---|
| Salaries and other related costs | 202,177 | 186,379 |
| Directors’ meeting attendance fees | 39,709 | 44,390 |
| | 241,886 | 230,769 |

## 12- Cash and bank balance

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

| | December 2021 | Sep 2022 | Sep 2021 |
|---|---|---|---|
| Cash on hand | 1,600 | 1,600 | 1,600 |
| Current account balances with banks | 498,807 | 553,216 | 672,147 |
| | **500,407** | 554,4816 | 673,747 |

The current account balances with banks are non-interest bearing.

## 13- Term deposits / Interest income

| | December 2021 | Sep 2022 | Sep 2021 |
|---|---|---|---|
| Term deposits | 2,050,000 | 2,050,000 | 1,600,000 |
| Interest income | 87,023 | 74,837 | 65,579 |

Term deposits are placed with local commercial banks and earn interest rates 4.43% per annum (2021-4.8% per annum). The term deposits have remaining maturity period of less than 12 months.

## 14- Share capital

The authorized, issued and fully paid-up share capital of the Company, as registered with the Ministry of Commerce and Industry, is RO 3,000,000, comprising of 3,000,000 shares of RO 1 each (2021: RO 3,000,000, comprising of 3,000,000 shares of RO 1 each).

## 15- Legal reserve

In accordance with the provisions of the Commercial Companies Law of 2019, an amount equivalent to 10% of the Company's net profit before appropriations is required to be transferred to a non-distributable reserve until such time as a minimum of one-third of the share capital is set aside. During the period ended 30 September 2022, the Company has transferred an amount of RO 126,776 to the legal reserve (2021: 36,855 RO).

| | December 2021 | Sep 2022 | Sep 2021 |
|---|---|---|---|
| Opening balance | 775,634 | 812,559 | 775,634 |
| Charge for the period | 36,925 | 126,787 | 36,855 |
| Closing balance | 812,559 | 939,346 | 812,489 |

## 16- Employees' benefit liabilities

| | December 2021 | Sep 2022 | Sep 2021 |
|---|---|---|---|
| Opening balance | 17,955 | 21,644 | 17,955 |
| Provision for the year | 3,689 | 0 | 0 |
| Payments during the year | 0 | 0 | 0 |
| Benefits recognized during the year | 0 | 0 | 0 |
| Closing balance | 21,644 | 21,644 | 17,955 |

## 17-Bank borrowings

Bank overdrafts are obtained from commercial banks in the Sultanate of Oman and bear interest at commercial rates. The bank overdrafts are generally repayable on demand.

| | December 2021 | Sep 2022 | Sep 2021 |
|---|---|---|---|
| **Bank borrowings** | 0 | 0 | 0 |

## 18- Trade and other payables

| | December 2021 | Sep 2022 | Sep 2021 |
|---|---|---|---|
| Trade payables | 192,955 | 124,930 | 176,671 |
| Royalties payable | 46,267 | 107,726 | 57,353 |
| Staff benefits payable | 82,549 | 38,594 | 46,585 |
| Accruals and other payables | 152,516 | 53,023 | 46,522 |
| | 474,287 | 324,273 | 327,131 |

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

## 19- Revenue

| | Sep 2022 | Sep 2021 |
|---|---|---|
| Sale of Chromite ore | | |
| Refractory sales | 546,156 | 768137 |
| Metal lump sales | 2,574,875 | 1,393,484 |
| | 3,121,031 | 2,161,621 |

## 20- Cost of sales

| | Sep 2022 | Sep 2021 |
|---|---|---|
| Opening inventories | 820,866 | 1,160,022 |
| Salaries and other related staff costs | 286,151 | 244,762 |
| Water & electricity | 77,247 | 45,636 |
| Depreciation (note 7) | 35,215 | 15,278 |
| Amortization (note 6) | 128,836 | 167,389 |
| Less: closing inventories | (847,785) | (634,462) |
| Repairs and maintenance | 39,902 | 33,807 |
| Other cost of mining (Production Cost) | 479,058 | 161,723 |
| | 1,019,490 | 1,194,155 |

## 21-Other income

| | Sep 2022 | Sep 2021 |
|---|---|---|
| Profit on sale of plant and equipment | 0 | 9721 |
| Miscellaneous income | 0 | 0 |
| | 0 | 9721 |

## 22- Selling and distribution costs

| | Sep 2022 | Sep 2021 |
|---|---|---|
| Royalty (Refer Note (a) below) | 307,871 | 208,236 |
| Sales commission | 3 | 29,184 |
| Transport and clearing charges | 4,052 | 4,604 |
| Freight charges | 43,906 | 48,533 |
| Other related expenses | 8,409 | 8220 |
| | 364,241 | 298,777 |

(a) 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.

## 23- General and administrative expenses

| | Sep 2022 | Sep 2021 |
|---|---|---|
| Rent | 11,475 | 14,100 |
| Directors' meeting attendance fees | 39,709 | 44,390 |
| Corporate social responsibility expenses | 4182 | 3176 |
| Fees and subscription | 6,431 | 7477 |
| Salaries and Other related staff costs | 202,177 | 186,379 |
| Bank charges and Interest on bank overdraft | 6,563 | 6,287 |
| Legal and professional fees | 7801 | 23,674 |
| Repairs and maintenance | 5317 | 6336 |
| Office expenses | 3,031 | 947 |
| Depreciation on plant and equipment (Note 6) | 2096 | 1872 |
| Insurance | 4,257 | 4499 |
| Training | 5948 | 1,650 |
| Communication | 4121 | 3005 |
| Business travel and entertainment | 2183 | 976 |
| Utilities | 1,396 | 873 |
| Marketing expenses | 8032 | 347 |
| Amortization charge on intangible assets (Note 7) | 0 | 0 |
| Miscellaneous expenses | 4666 | 3444 |
| Total | 319,385 | 309,432 |

## 24- Prior period tax / Income tax (estimate)

(a) Provision for income tax has been made after giving due consideration to adjustments for potential allowances and disallowances. The management considers that the amount of additional taxes, if any, that may become payable in relation to the tax years for which assessments are pending would not be material to the Company's financial position as at the end of financial period.

A) Deferred tax asset:

| | December 2021 | Sep 2022 | Sep 2021 |
|---|---|---|---|
| Opening balance | 182675 | 38192 | 182675 |
| Deferred tax | (144,483) | 0 | 0 |
| Closing balance | 38192 | 38192 | 182675 |

b) Income tax payable:

| | December 2021 | Sep 2022 | Sep 2021 |
|---|---|---|---|
| Income tax | 255,403 | 223,741 | 65,038 |
| Deferred tax | (144,483) | 0 | 0 |
| Income tax payable * | 0 | 5091 | 0 |
| Closing balance | 110,920 | 228,832 | 65,038 |

*difference of provision tax for the year 2018 / 2019

**25- Net assets per share**

Net assets per share is calculated by dividing the shareholders' equity at the end of the reporting period by the number of shares outstanding as follows:

| | December 2021 | Sep 2022 | Sep 2021 |
|---|---|---|---|
| Shareholders' equity | 3,512,114 | 4,779,982 | 3,511,411 |
| Number of issued and fully paid-up shares | 3,000,000 | 3,000,000 | 3,000,000 |
| Net assets per share | 1.171 | 1.593 | 1.170 |

**26- Basic earnings per share**

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

| | December 2021 | Sep 2022 | Sep 2021 |
|---|---|---|---|
| Net profit for the year | 369,249 | 1,267,868 | 368,547 |
| Weighted average number of shares | 3,000,000 | 3,000,000 | 3,000,000 |
| Basic earnings per share | 0.123 | 0.423 | 0.123 |

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

**27- Capital risk management**

The capital is managed by the Company in a way that it is able to continue to operate as a going concern
while maximising returns to the shareholders.
The capital of the Company consists of share capital, reserves and retained earnings. The Company manages its capital by making adjustments in bringing additional capital in light of changes in business conditions.

## 28- Capital management

The company manages the capital in a way that enables it to continue its operations according to the principle of continuity with increasing returns for shareholders.
The company's capital consists of the amount of capital, reserves and retained earnings. The Company manages capital by making adjustments to bring in additional capital in light of changes in business conditions. There were no changes in the objectives, policies and operations during the period.

## 29-Financial assets and liabilities and risk management

### (a) Capital management

The lending rate was not calculated as the company had negative net debt during the period.
The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

### (b) Market 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 exchange risk arising from various currency exposures. Significant portion of revenues and operating costs are either denominated in RO or USD. The revenue and operating costs denominated in USD are covered by the fact that the RO is pegged to the USD and has remained unchanged since 1986. As this currency is pegged against the RO, the management does not believe that the Company is exposed to any material foreign exchange risk.
Management considers that sensitivity analysis is not necessary due to the Company's limited exposure to foreign exchange risk.

#### (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.

### (iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

### (c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
The Company is potentially exposed to credit risk principally on its trade receivables and bank balances. The credit risk on trade receivables is subjected to credit evaluations and a provision is made based on the ECL model developed by the management of the Company. The bank balances are held with national and international banks with good credit ratings.

### (d) 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.

### (e) 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.

## 30- Fair values 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.

## 31- Comparative figures

Certain comparative figures of the previous period have been either regrouped or reclassified, wherever necessary, in order to conform with the presentation adopted in the current period. Such regrouping or reclassifications do not affect previously reported net profit.