Jazeera Steel حديد الجزيرة

THE ONE SOURCE FOR WORLD CLASS STEEL PRODUCTS

27TH ANNUAL

REPORT

2024

Al Jazeera Steel Products Co. SAOG
Suhar Industrial City, P.O. Box 40, Suhar 327, Sultanate of Oman
Tel : (968) 26751763 / 4 / 5, Fax : (968) 26751766
Email : contact@jazeerasteel.com
Website : www.jazeerasteel.com
C.R.No.: 1550438

The Quality Standard in Steel

CONTENTS

Registered Office
Post Box 40, Suhar Industrial City,
Postal Code 327, Suhar
Sultanate of Oman
Tel : 968 26751763 / 4 / 5
Email : marketing@jazeerasteel.com
Website : www.jazeerasteel.com

Company Auditor
KPMG LLC

Internal Auditor
Moore Stephens LLC

Legal Advisor
Rajab Al Kathiri & Partners
Law Firm

Dubai Office
Office # 1208, Level 112,
Arenco Tower,
Sheikh Zayed Road,
Post Box 391841, Dubai,
United Arab Emirates
Tel : +971 54 3445 511

Sharjah Yard
Al Sajaa Industrial,
Emirates Street,
Post Box 38648, Sharjah,
United Arab Emirates
Tel : +971 6 558 1927 / 573 5308

Bankers
Ahli Bank, Bank Dhofar, Bank Muscat, Gulf International Bank, National Bank of Oman, Oman Arab Bank, Sohar International Bank, Bank Nizwa, Bank of Baroda, Abu Dhabi Commercial Bank UAE, Emirates NBD Bank UAE, First Abu Dhabi Bank PJSC.

BOARD OF DIRECTORS

Sheikha. Amal Suhail Salim Bahwan	Chairperson
Mr. Shihab Salim Al-Barwani	Vice - Chairman
Mr. Abdul Kader Darwish Al Balushi	Director
Mr. Rahul Kar	Director
Ms. Amna Ahmed Ali Bahwan Al Mukhaini	Director
Mr. Ali Ahmed Ali Bahwan Al Mukhaini	Director
Mr. Mahmood Mohammed Salim Al-Aamri	Director

Chairperson's Report

Dear Shareholders,

By the grace, assistance, and direction of the Almighty God and in a period of renewed renaissance under the leadership of His Majesty Sultan Haitham Bin Tariq, it gives me pleasure on behalf of the Board of Directors of Al Jazeera Steel Products Co. SAOG, to invite you all to the 27th Annual General Meeting of the Company and to present the Annual Report for the company, Audited Financial Statement and Auditors Report for the year ended 31 December 2024.

Key points of 2024 Operational Performance

The company performed strongly in 2024, with a significant rise in net profits of 93% year on year. Sales for the year have increased by 1% over the previous year. This has been achieved by increased focus on profitability and optimizing sales, inventory management and cost control. The company could capitalize on the rebound in the construction sector along with new project awards notably in Saudi Arabia and the United Arab Emirates and sustained construction activity in Oman.

The Company focused on the health and safety of its employees as a paramount concern and continues to do everything possible to ensure that employees stay protected, and the plant operations continued uninterruptedly.

Geopolitical events shaped the global economy through the year and will continue to do so in the coming year as well. Chinese growth in domestic consumption remained lower than expected while the positive impact of stimulus injection is expected to be felt soon on the economy. European economies remained stagnant, and the world was speculating on the policies that would be introduced by the new US government and the far-reaching impact that their policies would have on economies around the world.

Despite the economic headwinds faced by developed countries, GCC continued to be a glimmer of hope for steel consumption. We are seeing mega projects taking shape predominantly in the United Arab Emirates and Saudi Arabia, and other GCC economies catching up. 2024's performance has been better than 2023 and has set a record for the value of projects awarded, at 264 Bln USD in the GCC. Saudi Arabia has shown the strongest growth among all GCC countries at 22% yoy at 144.3 Bln USD worth of projects awarded. The United Arab Emirates and Oman remained stable at 81 Bln USD and 11 Bln USD worth of project awards respectively.

2024 has been a game-changer in terms of investments in the GCC. While construction had been the major sector for investments until 2023, 2024 has seen a shift to power, oil and transport, indicating strong focus on the GCC governments in these sectors for the years to come.

The company has upgraded its Tube mills to cater to the Oil and Gas companies especially in Oman and reduce its reliance on the commodity pipe segment. I am glad to mention that the company has successfully got American Petroleum Institute (API) approval for use of its monogram, this will help us address the oil and gas segment in Oman and wider GCC.

The Company has also successfully completed the upgrade of their merchant bar mill and has developed the capability to produce a wider product range and move up towards higher-end products for the construction sector.

The Company continues to invest in human resources and provides training to its employees to develop their skills at various levels. Local employment is encouraged, and we have achieved 43% Omanisation in our workforce. Recently the company successfully completed annual sports events aimed at encouraging teamwork and improving employee motivation.

Despite the multiple challenges faced, the company with its consistent operations, optimizing sales and smarter procurement could end the year with a net profit of RO 7,767 million which represents a 93% jump year on year. This is commendable especially considering numerous unexpected challenges faced by the team.

Particulars	Group			Parent		
	2024	2023	Change %	2024	2023	Change %
Production quantity in MT	**452,357**	449,061	1%	**452,357**	449,061	1%
Sales quantity in MT	**476,789**	476,319	0%	**479,500**	476,045	1%
Sales Value in RO	**146,685,336**	142,402,924	3%	**145,864,579**	140,676,654	4%
Net Profit in RO	**7,090,156**	4,099,514	73%	**7,767,025**	4,024,107	93%

Looking Ahead

While it is widely expected that 2025 will see some geopolitical solutions to the raging wars in the region and various parts of the world, there is widespread speculation of new trade wars.

The market continues to look for key clues from the US on the shape of future tariff barriers and their impact. Trade imbalances due to increased imports from China, could be a major challenge. However, we are confident that the company will continue its "close to the customer" approach to mitigate the challenges to a great extent.

According to International Monetary Fund (IMF) global growth remains divergent and uncertain. Global growth is projected at 3.3 percent both in 2025 and 2026.

We remain cautiously optimistic about the future growth of our company and the region with the hope of continuing investments by the governments into the infrastructural sector and continuing international investments players into the residential sector in this region.

Dividends:

The Board of Directors is pleased to recommend a cash dividend of 43 Baiza for the year for every share held. The following table shows the dividend declared during the past years.

Year	2019	2020	2021	2022	2023
Cash Dividend (in Baiza)	5	14	44	15	19

Internal Control Systems and their adequacy

The Company has proper and adequate systems of internal controls required to ensure that all assets are safeguarded and protected against unauthorized use or disposition and that all transactions are authorized and reported correctly. The internal control system is supplemented by an extensive program of internal audits, review by management, documented policies, guidance, and procedures. The internal control system is designed to ensure that all data is reliable for preparing and maintaining financial statements.

The Company has an audit committee comprising of non-executive directors to review the audit work which in turn is reviewed by the Board.

The greatest strength of your Company is the quality and spirit of its people. Also, it enjoys a good reputation in the market for its quality and dependability. Both these factors have contributed positively to its growth and development. I would like to record my appreciation and sincere gratitude to all the employees of Jazeera Steel, who toiled under very difficult conditions taking all due precautions to produce positive results.

M/s KPMG the Company's Auditors have audited the accounts up to 31 December 2024 and their report is enclosed.

On behalf of the Board, I would like to thank all our stakeholders consisting of Management, the Union, Bankers, Suppliers, Customers, Muscat Stock Exchange and all our Shareholders for their support and cooperation, which in turn reflects their confidence placed in us.

Above all, we pay tribute to the visionary leadership of His Majesty Sultan Haitham bin Tariq as he leads Oman into a new era and vow to support all his endeavors to take Oman to greater heights of prosperity and development.

On Behalf of the Board

Amal Suhail Salim Bahwan
Chairperson
9 February 2025

Management Discussion and Analysis Report

The Management of Al Jazeera Steel Products Co. SAOG is pleased to present the Management Discussion and Analysis Report for the year ended 31 December 2024.

Global Economic Environment

The year 2024 has been positive for GCC countries in terms of oil prices, and investments in various infrastructure investments and generally for the construction industry.

In September 2024, the credit rating Agency Standard & Poor's had upgraded Oman's rating from BB+ to BBB- with a stable outlook, reflecting the improved financial performance of the country.

The BBB- rating indicates a safe investment environment as the first level of investment grade according to Standard & Poor's credit rating scale. The improvement in Oman's credit rating is attributed to ongoing financial reforms as the Government is on track to achieve national objectives of restoring fiscal balance and attaining financial sustainability.

On the economic front, Oman's trade surplus increased by RO 218 mn to reach RO 6.562 Bln during the first ten months of 2024 compared to RO 6.344 Bln recorded in the corresponding period of 2023. This was due to a significant rise in oil and gas exports, particularly a sharp growth in refined oil exports in 2024.

Oman's industrial sector has achieved significant growth, with manufacturing industries holding the largest share in contributing towards growth in GDP. This improvement reflects the progress of the industrial sector and the success of government policies in promoting economic growth.

In the United Arab Emirates, the real estate market continued its growth trajectory, with high number of transaction volumes and values. The market demonstrated momentum throughout 2024, supporting Dubai's thriving off-plan sector and Abu Dhabi's steady growth in residential property transactions.

Dubai achieved transactions worth 142.3 Bln USD in 2024, an increase of 36.50% in volume and 27.20% in value compared to the previous peak in 2023. A substantial portion of this growth came from the off-plan market, which accounted for 60.50% of total transactions, up from 43.60% last year.

However, for the larger Middle East region, the year 2024 was a year of major turmoil. The Middle east conflict has significantly increased the risks for trade in the Middle East, Red Sea region. As a result, logistics costs escalated sharply, impacting export trade routes in the region.

In international markets, Chinese growth in domestic consumption remained lower than previous years, while hopes remained pinned on the awaited positive impact of injection of stimulus packages.

U.S. GDP grew 2.5% in 2024 but slowed slightly in Final Quarter. Consumer spending fueled growth, despite ongoing fears about inflation. The US economy remains on a solid growth trajectory supported by healthy employment and income growth, robust consumer spending and strong productivity momentum that is helping tame inflationary pressures. It is expected that these positive dynamics will carry into 2025.

Industry Structure and Company Development

The GCC continued its strong performance in terms of project awards, led by the United Arab Emirates and Saudi Arabia. Value of GCC contracts awarded exceeded 264 Bln USD in 2024 against 248 Bln USD in 2023, increase of 7% year on year, and highest since 2015. The biggest increase in project awards came from Saudi Arabia, which has increased from 117 Bln USD to 144 Bln USD, an increase of about 18% year on year. Further, in Saudi Arabia the giga projects continued at pace.

The company has upgraded its Tube mills to cater to the Oil & Gas companies especially in Oman and reduce its reliance on the commodity pipe segment. The company has successfully got American Petroleum Institute (API) approval for use of its monogram.

The Company has also successfully completed the upgrade of their Merchant bar mill and has developed the capability to produce a wider product range and move up towards higher-end products for the construction sector.

Health and Safety

The Company considers the health and safety of its employees to be of the utmost importance. The company continues its relentless focus on the occupational safety of its employees.

The Company has its own clinic with facilities to provide basic medical assistance to the employees. The clinic employs a full-time male nurse, and a doctor is available part-time every day.

The Company has also obtained a group medical policy for its employees and eligible dependents from a reputed insurance company in Oman. Furthermore, the Company also has a group life policy for all its employees.

Operational Review

Despite various headwinds in terms of global economy and turbulence in the Middle East, the company performed strongly in 2024, with a significant rise in net profits of 93% year on year. Sales quantity for the year have increased by about 1% over the previous year, from 476,045 MT in 2023 to 479,500 MT in 2024. This has been achieved by increased focus on profitability and optimizing sales, inventory management and cost control.

Financial Review

The financial performance of the Company in 2024 as compared to that of 2023 is given below:

(Amount in RO)

Particulars	Group			Parent		
	2024	2023	Variance %	2024	2023	Variance %
Sales	146,685,336	142,402,924	3%	145,864,579	140,676,654	4%
Gross Profit	23,597,584	19,683,769	20%	22,575,975	18,643,665	21%
Other Income	2,367	4,530	(48%)	464,085	414,946	12%
Selling and Distribution Expenses	8,193,855	8,546,205	(4%)	8,047,677	8,434,780	(5%)
Administration Expenses	5,829,171	4,865,260	20%	4,771,148	4,432,384	8%
Other operating expenses	25,102	14,957	68%	25,102	15,582	61%
Provision for ECL on trade receivables	(49,041)	72,179	(168%)	(56,486)	63,841	(188%)
Finance Cost – Net	1,209,744	1,426,680	(15%)	1,113,128	1,366,863	(19%)
Income Tax expenses	1,300,965	663,504	96%	1,372,466	721,054	90%
Net Profit	7,090,156	4,099,514	73%	7,767,025	4,024,107	93%
Earnings Per Share	0.057	0.033	73%	0.062	0.032	94%

Future Outlook

While it is widely expected that 2025 will see some geopolitical solutions to the raging wars in the region and various parts of the world, there is widespread speculation of new tariffs impacting global trade. Various participants in the market are waiting for clarity on the new US administration's stance in terms of tariffs.

According to International Monetary Fund (IMF) global growth remains divergent and uncertain. Global growth is projected at 3.3 percent both in 2025 and 2026. While GCC countries continued to march ahead in residential and infrastructure construction, led by UAE and KSA, thanks to the large surpluses created by strong oil prices in the last few years. However, much depends on the impact of US policies on the energy sector, and future oil prices.

We remain cautiously optimistic about the future growth of our company and the region with the hope of continuing investments by the governments into the infrastructural sector and continuing investments from international players into the residential sector in this region.

Human Resources and Omanisation

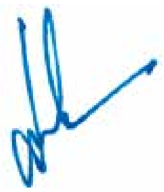
Our total employee strength is 682. One of the ways in which the Company improves its competence in the present market is through employee training and personal development.

We are happy with the fact that we are an important contributor to the Omani economy and are proud that 43% of our employees are Omanis.

Our trained and skilled workforce, along with their hard work, has contributed to enhancing productivity and sales.

Corporate Social Responsibility

The Company sees Corporate Social Responsibility as an essential element of any corporate development. The Company sees itself as part of the wider Suhar and Omani society. We actively support the underprivileged in medical treatment, employability, and education. The company has donated to schools and charitable organizations. Further, the Company sponsored events that support the promotion of various arts, cultural forums, and sports.



A N Venkat

Chief Executive Officer

KPMG LLC
Children's Public Library Building
4th Floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
Tel. +968 24 749600, www.kpmg.com/om

Private and confidential
Our ref: aud/mc/sm/19590/25

Agreed-upon procedures on Code of Corporate Governance ("the Code") of Al Jazeera Steel Products Company SAOG

To the Board of Directors of Al Jazeera Steel Products Company SAOG

Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution

Our report is solely for the purpose of assisting the Al Jazeera Steel Products Company SAOG for submission of agreed upon procedures report on the compliance with the Code of Corporate Governance (the "Code") to Financial Services Authority ("FSA") (formerly Capital Market Authority) to assist in compliance of requirements prescribed in the CMA Circular No. E/10/2016 dated 1 December 2016 (together the "Governance Code") and may not be suitable for another purpose. This report is intended solely for the Al Jazeera Steel Products Company SAOG and the intended users and should not be used by, or distributed to, any other parties.

Responsibilities of the Al Jazeera Steel Products Company SAOG

The Board of Directors has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Management of Al Jazeera Steel Products Company SAOG is responsible for the accuracy and completeness of the subject matter on which the agreed-upon procedures are performed.

Practitioners' Responsibilities

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

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Practitioners' Responsibilities (continued)

Professional Ethics and Quality Management

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

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

Procedures and Findings

We have performed the procedures described below, which were agreed upon with Al Jazeera Steel Products Company SAOG in the terms of engagement dated 13 January 2025, on the compliance with the Code:

S. No	Procedures	Findings
(a)	We checked that the corporate governance report (the report) issued by the Board of Directors includes as a minimum, all items suggested by FSA to be covered by the report as detailed in the Annexure 3 of the Code by comparing the report with such suggested content in the Annexure 3	No exceptions noted.
(b)	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 2024. With respect to procedure above, we inquired from and obtained written representation from management and those charged with governance for non-compliance with the Code for the year ended 31 December 2024.	No non-compliance with the Code noted during the year.

This report relates only to the items specified above and does not extend to the Company's financial statements taken as a whole.

KPMG

KPMG LLC

17 February 2025

KPMG
KPMG LLC
Children's Public Library Building
4th floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
CR.No: 1358131

Corporate Governance Report

Pursuant to the Code of Corporate Governance laid out by the Financial Services Authority (FSA), the Board has adopted a set of governance policies that cover its relationship with the shareholders and the conduct by the Board of its own affairs. The Company is pleased to present the Corporate Governance Report for the year ended 31 December 2024. The Company's external auditor, KPMG LLC, has issued a separate report on the Company's Corporate Governance Report for the year ended 31 December 2024.

A. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Al Jazeera Steel Products Co SAOG ("Al Jazeera" or "the Company") believes that for a company to succeed on a sustainable basis, it must maintain high standards of Corporate Governance towards its employees, consumers and society. Al Jazeera has always focused on good Corporate Governance, which is a key driver of sustainable growth and profitability in the long-term and value addition for our shareholders.

In this report, Al Jazeera Steel Products Co SAOG confirms its compliance with the Code.

B. BOARD OF DIRECTORS

a) Composition of the Board

As of 31 December 2024, the Company had 7 members as its Board of Directors. During the year, the composition of the Board was as given below:

Brief Profile of the Board of Directors

Ms. Amal Suhail Salim Bahwan – Chairperson

Sheikha Amal Bint Bahwan is currently Vice-Chairperson of SUHAIL BAHWAN GROUP HOLDING COMPANY, with extensive experience in managing the companies within the Suhail Bahwan Group.

She also is the Chairperson of the Board of Directors of: National Bank of Oman SAOG, Al Jazeera Steel Products Co SAOG, Al Afia Healthcare Development and Investment Co SAOC, and DHL Global Forwarding Co. LLC.

Also, she serves as a member of the Board Members of the following companies: Oman Oil Marketing Co SAOG and National Pharmaceutical Industries SAOC. In addition, she serves as a member of Board of Trustees of "Silatech Institution". She is also a Board Member of the Centre for Social Investment and a member of the Consultative Committee for the Children's Association.

She is the first Omani lady whose photo was published on the cover of Forbes Middle East in 2017. She was classified within the list of the most influential women in the Middle East for many consecutive years from 2017 to 2024.

She holds a Master Degree in Administration and BA in Education from Sultan Qaboos University.

Mr. Shihab Salim Al Barwani – Vice Chairman

Mr. Shihab Al Barwani holds B.Eng. (Hons) in Instrumentation and Control System Engineering from UK (1987) with over 41 years of experience in oil and gas industry, both in Oman and internationally. He worked with Petroleum Development Oman in diverse roles and held position of Senior VP Project Delivery and HSSE at OQ. Additionally, Mr. Shihab is also a Director at Galfar Engineering & Contracting SAOG.

Mr. Abdul Kader Darwish Al Balushi – Director

Mr. Abdul Kader has over 44 years of experience in the banking sector out of which 25 years with Bank Muscat SAOG in various managerial positions before retiring as General Manager-Credit Policy & Planning. He holds a master's degree in business administration from Heriot-Watt University, UK and CPA from Oregon State Board of Accountancy, USA.

Mr. Rahul Kar – Director

Mr. Rahul Kar is a Chartered Accountant and is currently working as the Financial Advisor to the Chairman of Suhail Bahwan Group Holding LLC. Mr. Kar is a Director and Nomination & Remuneration Committee member of Oman United Insurance Company SAOG.

Ms. Amna Bahwan Al Mukhaini – Director

After venturing into the competitive and fast-paced world of finance followed by an exciting and educational period in strategic planning and events, Ms. Bahwan has confidently garnered an array of experiences and is proudly deputy CEO of Inventure Metal Product Industries.

Having a background in accounting and finance coupled with a creative mindset, she has had a wide variety of experience which has helped her develop the versatile techniques through which she deals with new challenges daily.

It is because of this that her perspective has widened, and her unorthodox outlook has proved beneficial to any business or company she has worked with.

Ms. Amna Bahwan holds a bachelor's degree in accounting and finance from University of Bradford and Certification on Circular Economy and Sustainability Strategies from University of Cambridge with 10+ years of experience in finance field.

Mr. Ali Ahmed Ali Bahwan Al Mukhaini – Director

Mr. Ali Bahwan holds a Mechanical Engineering degree MEng (hons) from the University of Bath, United Kingdom, with various past enriching experiences with reputable companies such as Steyr Mannlicher in Austria, Oman India Fertilizer Co. SAOC, Suez Tractabel Operation & Maintenance Oman LLC in Oman, and most recently as a Materials and Processes Engineer at Leonardo Aircraft in Varese, Italy with a prominent role in the strategic planning and initiation of new R&D projects, in particular from the aspect of sustainability.

Mr. Mahmood Salim Al-Aamri – Director

Mr. Mahmood holds Bachelor of Engineering (B.Eng.) Mechanical Engineering - Sunderland University, United Kingdom and MSC in Industrial Engineering from Sultan Qaboos University with more than 30 years of experience in the Oil and Gas industry and management of large-scale Integrated Engineering and Tourism Complex projects and Asset Management.

Mr. Mahmood has worked in various senior positions with Petroleum Development Oman, The Wave, Oman Gas Company and presently working with OQ as VP Project Center of Excellence.

b) Directors' attendance record at the Board meeting and Last Annual General Meeting

During the year 2024, six board meetings were held on the following dates:

1.	05 February 2024	2.	24 March 2024	3.	28 April 2024
4.	28 July 2024	5.	27 October 2024	6.	19 December 2024

The maximum interval between any two meetings in 2024 was 91 days. The interval between the last meeting in 2023 and the first meeting in 2024 was 71 days.

The attendance record of each director at the Board meetings and at the General meetings held during the year 2024 is given below:

Name of the Director	Category	Board Meeting						AGM
		5 Feb	24 Mar	28 Apr	28 Jul	27 Oct	19 Dec	24 Mar
Ms. Amal Suhail Salim Bahwan	NE	√	√	√	√	√	√	√
Mr. Shihab Salim Al Barwani	NE & ID	√	√	√	√	√	√	√
Mr. Abdul Kader Darwish Al Balushi	NE & ID	√	√	√	√	√	√	√
Mr. Rahul Kar	NE & ID	√	√	√	√	√	√	√
Ms. Amna Bahwan Al Mukhaini	NE	√	√	√	√	√	√	√
Mr. Ali Ahmed Ali Bahwan Al Mukhaini	NE	√	√	√	√	√	√	√
Mr. Mahamood Salim Al Aamri	NE & ID	ND	√	√	√	√	√	ND
Mr. Yasser Abdullah Salim Al Rashdi	NE & ID	√	ND	ND	ND	ND	ND	√

NE: Non-Executive Director ID: Independent Director √: Present ND: Not a Director

* Mr. Mahamood Mohammed Salim Al Aamri was elected in place of Mr. Yasser Abdullah Salim Al Rashdi during the AGM on 24 March 2024.

The Board Secretary, under the guidance of the Board members, coordinated the meetings. The meetings were conducted with exhaustive agendas and proceedings were minuted. The Chief Executive Officer reports to the Board the operations of the Company and all related issues were discussed, ensuring the growth and progress of the Company.

c) Public Joint Stock Companies where our Director is a Chairman / Director

Name of Director	Name of the Company	Position
Ms. Amal Suhail Salim Bahwan	National Bank of Oman SAOG Oman Oil Marketing Co. SAOG	Chairperson Director
Mr. Rahul Kar	Oman United Insurance SAOG	Director
Mr. Shihab Salim Al Barwani	Galfar Engineering & Contracting SAOG	Director

No Director is a member of the Board for more than four public joint stock companies whose principal place of business is the Sultanate of Oman or is a chairperson of more than two such companies. No Director is a member of the Board of Directors of a public and another joint stock company which carry-out similar objectives and whose principal place of business is in the Sultanate of Oman.

Company Management

The names, designations, description of the responsibilities of the Key Management staff in Al Jazeera Steel Products Co SAOG and a brief profile of them are as follows:

Mr. AN Venkat – Chief Executive Officer

Mr. AN Venkat is an engineering graduate in Metallurgy from IIT- Roorkee, India, with additional Financial Certifications from Xavier School of Management (XLRI), Jamshedpur, India & London School of Economics. He has more than 33 years' experience in the international steel industry at various management levels across the globe, with a special focus on GCC, Middle East and India. In his previous engagement, he worked as Vice President - Sales at Emsteel (previously known as Emirates Steel Arkan), Abu Dhabi, the UAE. As a part of the executive management committee, he was instrumental in the growth of 1.5 million tonnes predominantly a re-rolling facility to a 3.5 million tonnes completely integrated steel facility.

His experience spans across geographies, markets and product segments in the steel industry, which lends him a unique blend of product & market knowledge. He has proven abilities in operations management, marketing, sales & commercial functions, with a proven track record of leading multi-cultural teams and bringing out record-breaking performances within a very short span of time. He has successfully handled change management in large enterprises in extremely challenging market conditions. Mr. AN Venkat started his career with Tata Steel as a graduate engineer, later moved to ArcelorMittal and was finally designated as Managing Director of AMI GCC & India. He is currently also serving as an Independent Board Member in Steel1, an advanced steel fabrication facility in India.

Mr. Bejoy John – Chief Financial Officer
Mr. Bejoy is a Chartered Accountant by profession with an experience of 27 years in the field of finance and accounts functions in various industries at the management level, responsible for all the Finance and Commercial functions of the Company and reports to the Chief Executive Officer and the Board of Directors of the Company.

Mr. Arun Kumar Sinha – Chief Marketing Officer
Mr. Arun is a post-graduate in Marketing Management and has an experience of 35 years in steel industry at various management levels; responsible for all the marketing activities of the Company and reports to the Chief Executive Officer of the Company.

Mr. Yousuf Al Kamali – Chief of HR & Administration
Mr. Yousuf holds graduate degree in History and has a total experience of 42 years. He retired from Ministry of Education as a School Headmaster. He is with the Company since its inception and is responsible for all HR & Administration related activities and reports to the Chief Executive Officer. He holds the additional responsibility of being Advisor to the CEO on Government affairs and relations & external corporate affairs.

Mr. Milind Kulkarni – Chief Operating Officer
A Mechanical Engineering graduate from Dr Ambedkar Marathwada University with distinction throughout. Started career with Ispat Profiles India limited (a formerly Ispat group company). Worked in Saudi Arabia, Oman & Indonesia, specifically in Section Rolling Mills, with total 30 years of experience in operations of different types of section mills and projects.

Mr. Virendra Kumar Sharma – Asst. General Manager - Merchant Bar Mill
Is a graduate Mechanical Engineer and has experience of over 35 years in the various steel plants at various levels. Responsible for all the production, dispatch and plant related activities of Merchant Bar Mill for the Company and reports to the Chief Operating Officer.

d) Information supplied to the Board

Among others, this includes:

- Capital and operating budgets and quarterly updates
- Quarterly results of the Company before submission to MSX / FSA
- Monthly Management Reports
- Minutes of the Audit and Other Committee meetings
- Information of recruitment, resignation and removal of senior executives along with the updated organization chart
- Legal cases which are material
- Serious accidents, dangerous occurrences and pollution problems, if any
- Material default in financial obligations to or by the Company
- Issues involving public or product liability claims of significance
- Joint Venture proposals and agreements
- Transactions involving payment towards intellectual property/goodwill/brand equity

- Any significant industrial relations problem including new wage agreements
- Sale of investments, assets and divisions which are not in normal course of business
- Non-compliance with any regulatory requirement
- Details of any foreign exchange exposure and steps taken to hedge the risk

The Board of Al Jazeera Steel Products Co. SAOG is routinely presented with all the above information whenever applicable and are materially significant. These are submitted either as part of the agenda well in advance of the Board meetings or are being tabled during the course of the Board meetings.

e) Directors with materially significant related party transactions, pecuniary or business relationship with the Company

During the year, there were no materially significant related party transactions of pecuniary nature between Al Jazeera Steel Products Co. SAOG and its Directors who may have potential conflict with the interests of the Company at large. The normal contracts and transactions in ordinary course of business are decided at arms' length basis based on competitive quotes and on transparent mode of tendering.

f) Remuneration of Directors

All Directors are eligible for sitting fees of RO 400 for every Board meeting attended during the period. The Company also pays RO 300 to all members towards sitting fees for every Audit Committee, Nomination and Remuneration Committee and Investment Committee meeting attended during the period.

An amount of RO 100,000 was paid during the year as Directors' Remuneration for 7 Directors, relating to the previous year.

Directors' Remuneration payable as per FSA regulations and subject to the approval of the shareholders in the forth-coming Annual General Meeting amounted to RO 112,100 for the year ended 31 December 2024.

Sitting fees payable/paid to individual directors for the year (in RO) are as set out below:

Name of the Director	Board Meetings	Audit Committee	ENR Committee	Investment Committee	Total
Ms. Amal Suhail Salim Bahwan	2,400	-	600	-	3,000
Mr. Shihab Salim Al Barwani	2,400	1,200	-	1,500	5,100
Mr. Abdul Kader Darwish Al Balushi	2,400	1,200	-	-	3,600
Mr. Rahul Kar	2,400	300	300	1,500	4,500
Ms. Amna Bahwan Al Mukhaini	2,400	900	600	-	3,900
Mr. Ali Ahmed Ali Bahwan Al Mukhaini	2,400	-	-	1,500	3,900
Mr. Mahamood Salim Al Aamri	2,000	-	-	1,200	3,200
Mr. Yasser Abdullah Salim Al Rashdi	400	-	300	-	700
Total	16,800	3,600	1,800	5,700	27,900

g) Process of nomination of the Directors

The Company adheres to the process as has been laid down in the Commercial Companies Law and by the Financial Services Authority in conjunction with the Articles of Association of the Company, which stipulate that the nomination of the Directors is usually done by the shareholders in the Annual General Meeting.

h) Audit Committee (AC)

The Board has established an Audit Committee comprising of three independent members.

i. Terms of Reference of the Audit Committee are as set out below:

- To recommend to the Board, name of the independent auditors to audit the financial statements of the Company.
- To evaluate the performance of the independent auditors and, where appropriate, replace such auditors.
- To review the audited financial statements and discuss them with the management and the independent auditors. Based on such review, the Committee makes its recommendation to the Board as to the inclusion of the Company's audited financial statements in the Company's Annual Report.
- To monitor all reporting, accounting, control and the financial aspects of the executive management's activities.
- To review and recommend policies for approval by the Board
- To investigate any activity within the Company.
- To seek information from any employee.
- To discuss with a representative of management, the interim financial information contained in the Company's Quarterly Report prior to its filing (These discussions may be held either with the Committee as a whole, or with the Committee chairperson, or by telephone.)
- To oversee internal audit activities, including discussing with management and the internal auditors the internal audit function's organization, objectivity, responsibilities, plans, results, budget and staffing.
- Discussing with the management, the internal auditors and the independent auditors the quality and adequacy of and compliance with the Company's internal controls and provide assurance to the Board of Directors regarding the adequacy of the internal control environment within the Company.
- Discussing with management and/or the Company's lawyer any legal matters (including the status of pending litigation) that may have a material impact on the Company's financial statements and any material reports or inquiries from regulatory or governmental agencies.

The Committee carries out its functions in accordance with the policy approved by the Board and in line with the resolutions issued by the Financial Services Authority.

ii. Four Audit Committee meetings were held during the financial year ended 31 December 2024. The dates of the meetings and the member's attendance are as follows:

Name of the Director	Position	Audit Committee Meeting			
		5 Feb 24	28 Apr 24	28 Jul 24	27 Oct 24
Mr. Abdul Kader Darwish Al Balushi	Chairman	√	√	√	√
Mr. Shihab Salim Al Barwani	Member	√	√	√	√
Ms. Amna Bahwan Al Mukhaini	Member	NM	√	√	√
Mr. Rahul Kar	Member	√	NM	NM	NM

√: Present NM: Not a member

* Ms. Amna Bahwan Al Mukhaini was appointed as member of ACM on 24 March 2024.

Total sitting fees payable/paid to the Audit Committee members is RO 3,600 for the year 2024.

i) Internal Control

The Audit Committee, on behalf of the Board regularly reviewed the internal control prevailing in the Company. The Audit Committee (AC) has appointed a full time in-house internal auditor from August 2011 onwards.

The Company has an internal audit firm for reviewing and reporting on various issues of the Company along with recommendations and management comments thereupon. The Audit Committee reviews the internal auditor's reports on a regular basis. The Internal Controls prevailing in the Company are adequate. The internal audit activities for the whole year were carried out by an audit firm, Moore Stephens LLC and the total audit fees paid / payable for the whole year 2024 was RO 10,000.

j) Executive and Nomination & Remuneration Committee (ENRC)

Executive and Nomination & Remuneration Committee operates within its terms of reference issued by the Board of Directors.

i. ENRC's key responsibilities include:

- Set performance-based criteria to determine the bonus and remuneration of the Directors and Executive Management
- Succession planning for Directors and Executive Management
- Look for and nominate qualified persons to the Board of Directors
- Assist in selecting qualified persons for the Executive Management

ii. Two ENRC meetings were held during the financial year ended 31 December 2024, the dates of the meeting and the member's attendance are as follows.

Name of the Director	Position	Executive and Nomination & Remuneration Committee	
		5 Feb 24	28 Apr 24
Ms. Amal Suhail Salim Bahwan	Chairperson	√	√
Mr. Rahul Kar	Member	NM	√
Ms. Amna Bahwan Al Mukhaini	Member	√	√
Mr. Yasser Abdullah Salim Al Rashdi	Member	√	NM

√: Present NM: Not a member

* Mr. Rahul Kar was appointed as member of ENRC on 24 March 2024.

Total sitting fees payable/paid to the ENRC committee members amounted to RO 1,800 for the year 2024.

k) Investment Committee (IC)

Investment Committee operates within its terms of reference issued by the Board of Directors.

i. Investment Committee's key responsibilities include:

- **Investment Strategy and Policy Oversight**
  - ◊ Collaborate with executive management to review and recommend investment strategies, policies, and guidelines for Board approval.
  - ◊ Continuously review and refine the investment strategy and policies to align with changes in the external environment and applicable regulations.
- **Evaluation of Investment Opportunities**
  - ◊ Study and assess investment opportunities presented by executive management, including:
    - Mergers and acquisitions of companies, businesses, or assets.
    - Disposals, exits, or transfers of ownership of existing investments.

- Joint ventures, partnerships, and related agreements.
- New investments, project expansions, and related financing opportunities.

- **Portfolio Performance Monitoring**
  - ◊ Oversee and evaluate the performance of the company's investment portfolio to ensure alignment with strategic objectives.
- **Risk and Compliance Management**
  - ◊ Ensure compliance with regulatory requirements and adherence to ethical investment standards.
  - ◊ Provide guidance on risk management strategies to safeguard the company's investment portfolio.
- **Advisory Role to the Board**
  - ◊ Offer recommendations to the Board regarding key investment decisions and their potential impact on the company's growth and sustainability.

ii. Five investment committee meetings were held during the financial year ended 31 December 2024, the dates of the meeting and the member's attendance are as follows.

Name of the Director	Position	Investment Committee				
		16 Jan 24	21 Apr 24	4 Jun 24	22 Jul 24	21 Oct 24
Mr. Shihab Salim Al Barwani	Chairman	√	√	√	√	√
Mr. Rahul Kar	Member	√	√	√	√	√
Mr. Ali Ahmed Ali Bahwan Al Mukhaini	Member	√	√	√	√	√
Mr. Mahamood Salim Al Aamri	Member	NM	√	√	√	√

√: Present NM: Not a member

* Mr. Mahamood Mohammed Salim Al Aamri was appointed as member of IC on 24 March 2024.

Total sitting fees payable/paid to the investment committee members amounted to RO 5,700 for the year 2024.

MANAGEMENT REMUNERATION

The remuneration package of the executives is made up of a fixed and a variable component. The fixed component includes a salary, valued perquisites and retirement benefits. The variable component is a performance-linked incentive, which is calculated based on pre-determined parameters of performance.

During the year 2024, the total cost of the top executives of the Company was RO 715,343 (Salary & others RO 689,429 Gratuity RO 25,914).

The severance notice period of these executives is three months with end of service benefits payable as per the Omani Labour Law.

Employment Contract

Al Jazeera enters into a formal Contracts of Employment with each employee and such contracts are in line with the regulations of the Ministry of Manpower and Omani Labour Law.

EVALUATION OF BOARD PERFORMANCE

In accordance with the Fourth Principle of the Corporate Governance of Public Shareholding Companies issued by the Financial Services Authority, the shareholders in the Annual General Meeting held on 24 March 2024 approved the criteria for evaluating the performance of the Board of Directors of the Company and appointed Abu Timam Grant Thornton to evaluate their performance in line with the approved criteria. Abu Timam Grant Thornton completed their evaluation and concluded that the Board of Directors are performing adequately their roles and responsibilities assigned to them. This will be presented to the shareholders in the forth-coming AGM to be held on 23 March 2025.

This evaluation process will be carried out once in each electoral session as authorized by the shareholders.

DETAILS OF NON-COMPLIANCE BY THE COMPANY

There were no penalties or strictures imposed by the Financial Securities Authorities (FSA) or Muscat Stock Exchange (MSX) or any other authorities on the Company for any matters related to the capital market during the last three years.

MEANS OF COMMUNICATION WITH THE SHAREHOLDERS AND INVESTORS

Al Jazeera Steel Products Co SAOG has its own web site at the URL www.jazeerasteel.com, which was built for our worldwide customers and partners. The website contains detailed specifications on the various product ranges manufactured, along with timely updates on all the vital information relating to the Company, annual financial results, official press releases and presentation to analysts.

The quarterly/annual results were published in the local newspapers both in Arabic and English. The financial results are also uploaded on the website of Muscat Stock Exchange (www.msx.om) website. The results were not sent individually to the shareholders in view of the above. Shareholders wishing to acquire a set of results can download them from the MSX website or were advised to contact our offices directly. The company has an appropriate disclosure policy and adequate procedures are in place to ensure implementation and monitoring of compliance of the policy.

In 2024, the company conducted two interactive meetings with investors and analysts. A public invitation was issued through the Muscat Stock Exchange, inviting investors and media representatives to attend and participate.

The first meeting took place on March 7, 2024, during which the company's management presented the audited financial statements for the year ended 31 December 2023, were discussed. The second meeting, held on August 14, 2024, during which the unaudited financial statements for the period ending 30 June 2024 was discussed. The management addressed participants' questions and inquiries during both meetings, which saw participation from investors and analysts from both within and outside the Sultanate. Following both meetings, the company provided the recording files to the Muscat Stock Exchange for publication on its website.

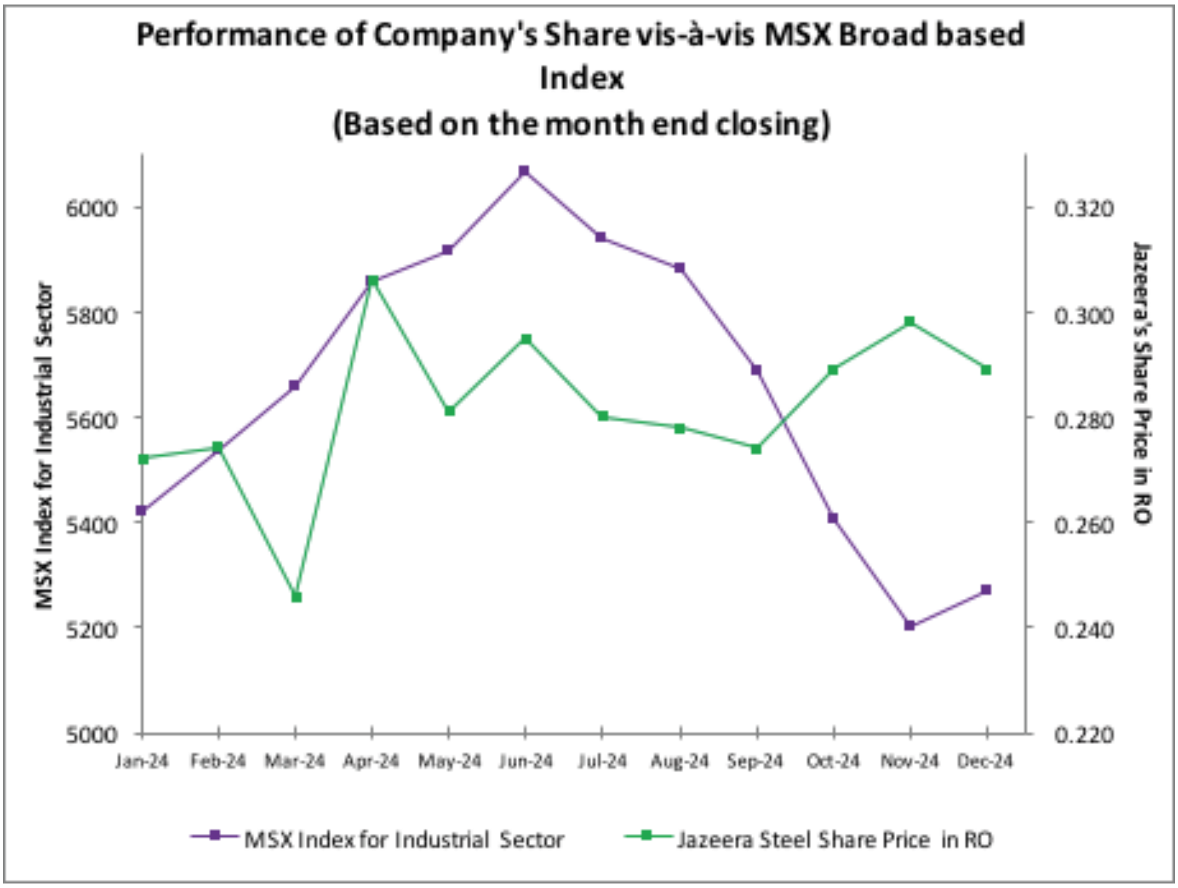
A copy of the Management Discussion and Analysis is circulated along with the financial statements.

MARKET PRICE DATA

Market Price Data for the year 2024 – High / Low during each month:

Month	Company Share Price (RO)		MSX Industrial Index	
	High	Low	High	Low
January 2024	0.289	0.256	5,521	5,375
February 2024	0.290	0.246	5,586	5,330
March 2024	0.280	0.246	6,122	5,516
April 2024	0.319	0.243	5,944	5,555
May 2024	0.305	0.280	5,946	5,850
June 2024	0.295	0.275	6,079	5,901
July 2024	0.295	0.270	6,098	5,820
August 2024	0.285	0.275	5,992	5,797
September 2024	0.280	0.273	5,932	5,549
October 2024	0.300	0.273	5,709	5,402
November 2024	0.298	0.286	5,444	5,149
December 2024	0.298	0.282	5,323	5,104

Performance of the Company's share price in comparison to the broad-based MSX Index of the Industrial sector in Oman during the year 2024 based on month-end closing is illustrated in the below chart:



Distribution of shareholding

Distribution schedule of each class of equity security with number of holders and percentage in the following categories as at 31 December 2024 is as follows:

Categories	No. of Shares	No. of Shareholders	% of Total Outstanding Shares
Less than 1%	14,062,999	816	11.26%
1% to less than 5%	20,023,193	8	16.03%
5% to less than 10%	27,113,808	3	21.71%
More than 50%	63,697,960	1	51.00%
Total	124,897,960	828	100.00%

The shareholding pattern of shareholders holding more than 5% as on 31 December 2024 was:

Name of the Shareholders	Total Shares	% of Share Capital
Ms. Amal Suhail Salim Bahwan	63,697,960	51.00%
Social Protection Fund	10,379,234	8.31%
Oman Investment Authority - 2	10,118,576	8.10%
Al Araimi Group Holding LLC	6,615,998	5.30%
Total	90,811,768	72.71%

The Company does not have any GDRs, ADRs, warrants or any convertible instruments as of 31 December 2024 and hence the likely impact on equity is NIL.

PROFESSIONAL PROFILE OF THE STATUTORY AUDITOR

The shareholders of the Company appointed KPMG LLC as its external auditors for 2024. KPMG has been operating in Oman since 1974 and is part of KPMG Lower Gulf Limited. KPMG in Oman employs more than 160 people, amongst whom are six partners and Seven directors, including Omani nationals. KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. It operates in 143 countries and territories and have 265,000 people working in member firms around the world. KPMG LLC and KPMG Lower Gulf Limited are member firms of the KPMG global organization of independent member firms affiliated with KPMG International Limited. KPMG LLC billed an amount of RO 22,842 towards professional services (audit and related services) rendered to the Company for the year 2024.

DETAILS OF NON-COMPLIANCE WITH THE PROVISIONS OF CORPORATE GOVERNANCE

This Corporate Governance Report is prepared in compliance with the Code of Corporate Governance issued by the Financial Services Authority.

BOARD OF DIRECTORS ACKNOWLEDGES THAT:

The Company has all its systems and procedures formally documented and in place. The Company has “Internal Regulations” separately compiled as per regulatory requirements. The Board of Directors has reviewed this manual and approved it. The “Internal Regulations” has all the necessary and prescribed procedures. The Board has reviewed these regulations.

The Board of Directors is 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), the requirements of the Commercial Companies Law of the Sultanate of Oman and the Rules and Guidelines on disclosure prescribed by the Financial Services Authority.

There are no material events affecting the continuation of Al Jazeera Steel Products Co SAOG and its ability to continue its production operations during the next financial year.

Amal Suhail Salim Bahwan
Chairperson

Abdul Kader Darwish Al Balushi
Director

KPMG LLC
Children's Public Library Building
4th Floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
Tel. +968 24 749600, www.kpmg.com/om

Independent auditors' report

To the Shareholders of Al Jazeera Steel Products Company SAOG

Report on the Audit of the Consolidated and Parent Company (Separate) Financial Statements

Opinion

We have audited the consolidated and parent company (separate) financial statements of Al Jazeera Steel Products Company SAOG ("the Parent Company") and its subsidiaries ("the Group"), which comprise the consolidated and parent company (separate) statement of financial position as at 31 December 2024, the consolidated and parent company (separate) statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and parent company (separate) financial statements present fairly, in all material respects, the consolidated and unconsolidated financial position of the Group and the Parent Company as at 31 December 2024, and their consolidated and unconsolidated financial performance and their consolidated and unconsolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated and Parent Company (Separate) Financial Statements* section of our report. We are independent of the Group and the Parent Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and parent company (separate) 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 consolidated and parent company (separate) financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and parent company (separate) financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Key Audit Matters (continued)

Revenue Recognition

See note 4(k) and note 19 to the consolidated and parent company (separate) financial statements.

The key audit matter	How the matter was addressed in our audit
Total revenue recognized during the year by the Parent Company amounted to RO 145.8 million and the Group amounted to RO 146.7 million. Revenue from the sale of steel products, under IFRS 15, is based on the terms specified in the contract with customers and is recognised when the performance obligation is satisfied for the transaction. We have identified it as a key audit matter, because of the voluminous transactions with varying incoterms across the different geographical locations.	Our audit procedures included, among others, the following: – We obtained an understanding of the Group and Parent Company's process relating to revenue recognition. – We involved our dedicated IT audit team to test the design and operating effectiveness of both general IT controls and application controls involved in the revenue recording process. – We tested the design and implementation of the relevant internal controls over recognition of revenue. – We assessed the appropriateness of the Group's revenue recognition policies with the relevant IFRS. – In testing revenue recognition, our audit involved performing test of details on a sample basis. We inspected the relevant underlying supporting documents, for the samples selected, to verify that revenue recognition for the sample sales transactions is appropriate as per IFRS 15 in line with the applicable incoterms. – We performed sales cut-off procedures by selecting a sample of invoices for goods delivered by road and sea to test whether the sales are recorded in the appropriate period.

KPMG

Other Information

Management is responsible for the other information. The other information comprises the Chairman's report, the Corporate Governance Report and Management Discussion and Analysis Report.

Our opinion on the consolidated and parent company (separate) financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and parent company (separate) financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and parent company (separate) financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Parent Company (Separate) Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and parent company (separate) financial statements in accordance with IFRS Accounting Standards, and their preparation in compliance with the relevant requirements of the Financial Services Authority (formerly the Capital Market Authority) and the applicable provisions of the Commercial Companies Law of 2019, and for such internal control as management determines is necessary to enable the preparation of consolidated and parent company (separate) financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and parent company (separate) financial statements, management is responsible for assessing the Group's and Parent 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 Group and the Parent Company or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Group's and the Parent Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated and Parent Company (Separate) Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and parent company (separate) financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated and parent company (separate) 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 consolidated and parent company (separate) 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.

- 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 Group's and the Parent Company's internal control.

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Auditors' Responsibilities for the Audit of the Consolidated and Parent Company (Separate) Financial Statements (continued)

- 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 Group's and the Parent 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 auditors' report to the related disclosures in the consolidated and parent company (separate) 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 auditors' report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and parent company (separate) financial statements, including the disclosures, and whether the consolidated and parent company (separate) financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

Further, we report that these financial statements as at and for the year ended 31 December 2024, comply, in all material respects, with the:

- relevant requirements of the Financial Services Authority (formerly the Capital Market Authority); and
- applicable provisions of the Commercial Companies Law of 2019.

KPMG
KPMG LLC
Children's Public Library Building
4th floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
CR.No: 1358131

KPMG

Mobeen Chaudhri

17 February 2025

KPMG LLC

FINANCIAL STATEMENTS

Al Jazeera Steel Products Company SAOG
Consolidated and separate statement of financial position as at
(Expressed in Omani Rial)

	Notes	Group		Parent Company	
		31 Dec 2024	31 Dec 2023	**31 Dec 2024**	31 Dec 2023
ASSETS					
Non-current assets					
Property, plant and equipment	6	**35,188,707**	18,561,586	**21,509,139**	17,061,353
Right-of-use assets	7	**12,129,682**	12,429,096	**2,780,953**	2,923,897
Intangible assets	8	**245,821**	320,781	**245,821**	320,781
Investment in a subsidiary	9	**-**	-	**6,072,663**	1,914,283
Deferred tax assets	26	**223,328**	137,800	**77,273**	68,127
Total non-current assets		**47,787,538**	31,449,263	**30,685,849**	22,288,441
Current assets					
Inventories	10	**27,209,359**	27,422,174	**25,877,812**	26,781,209
Trade and other receivables	11	**38,071,198**	39,194,446	**35,916,061**	37,168,132
Prepayments		**420,725**	225,031	**291,821**	189,993
Bank deposits	12 (i)	**669,557**	654,218	**608,495**	593,156
Cash and cash equivalents	12 (ii)	**7,182,785**	10,753,793	**6,516,915**	9,692,215
Total current assets		**73,553,624**	78,249,662	**69,211,104**	74,424,705
Total assets		**121,341,162**	109,698,925	**99,896,953**	96,713,146
EQUITY AND LIABILITIES					
Equity					
Share capital	13	**12,489,796**	12,489,796	**12,489,796**	12,489,796
Share premium	13	**13,856,484**	13,856,484	**13,856,484**	13,856,484
Legal reserve	14	**4,166,344**	4,166,344	**4,163,266**	4,163,266
Retained earnings		**26,191,144**	21,513,187	**26,139,333**	20,826,135
Equity attributable to owners		**56,703,768**	52,025,811	**56,648,879**	51,335,681
Non-controlling interest		**1,398,306**	399,132	**-**	-
Total Equity		**58,102,074**	52,424,943	**56,648,879**	51,335,681
Non-current liabilities					
Bank borrowings	16	**7,543,554**	1,319,246	**-**	-
Employees' end of service benefits	17	**2,759,104**	2,044,383	**2,672,674**	1,997,428
Lease liabilities - non-current portion	7	**13,457,617**	13,292,909	**3,065,418**	3,057,790
Other long term liabilities	18	**60,428**	-	**-**	-
Total non-current liabilities		**23,820,703**	16,656,538	**5,738,092**	5,055,218
Current liabilities					
Trade and other payables	18	**20,595,245**	18,749,020	**19,173,499**	18,481,169
Bank borrowings	16	**16,787,084**	21,102,981	**16,787,084**	21,102,981
Lease liabilities - current portion	7	**687,357**	233,560	**205,654**	223,664
Income tax payable	26	**1,348,699**	531,883	**1,343,745**	514,433
Total current liabilities		**39,418,385**	40,617,444	**37,509,982**	40,322,247
Total liabilities		**63,239,088**	57,273,982	**43,248,074**	45,377,465
Total equity and liabilities		**121,341,162**	109,698,925	**99,896,953**	96,713,146
Net assets per share	29	**0.454**	0.417	**0.454**	0.411

The audited consolidated and separate financial statements, and the accompanying notes, were approved and authorised for issue by the Board of Directors on 09 February 2025 and signed on their behalf by:

Amal Suhail Salim Bahwan Chairperson	Abdul Kader Darwish Al Balushi Director	A N Venkat Chief Executive Officer	Bejoy John Chief Financial Officer

Al Jazeera Steel Products Co. SAOG

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December

(Expressed in Omani Rial)

		Group		Parent	
	Notes	2024	2023	2024	2023
Revenue from contract with customers	19	146,685,336	142,402,924	145,864,579	140,676,654
Cost of revenue	20	(123,087,752)	(122,719,155)	(123,288,604)	(122,032,989)
Gross profit		23,597,584	19,683,769	22,575,975	18,643,665
Other income	23	2,367	4,530	464,085	414,946
		23,599,951	19,688,299	23,040,060	19,058,611
Expenses					
Selling and distribution expenses	21	(8,193,854)	(8,546,205)	(8,047,677)	(8,434,780)
General and administrative expenses	22	(5,829,171)	(4,865,260)	(4,771,148)	(4,432,384)
Other operating expenses	24	(25,102)	(14,957)	(25,102)	(15,582)
Release /(Allowance for) of expected credit losses on trade receivables	11	49,041	(72,179)	56,486	(63,841)
		(13,999,086)	(13,498,601)	(12,787,441)	(12,946,587)
Operating profit for the year		9,600,865	6,189,698	10,252,619	6,112,024
Finance expense	25 (a)	(1,320,871)	(1,528,467)	(1,224,255)	(1,468,650)
Finance income	25 (b)	111,127	101,787	111,127	101,787
Profit before tax for the year		8,391,121	4,763,018	9,139,491	4,745,161
Income tax expense	26	(1,300,965)	(663,504)	(1,372,466)	(721,054)
Profit for the year		7,090,156	4,099,514	7,767,025	4,024,107
Profit attributable to:					
Parent Company		7,131,223	4,114,392	7,767,025	4,024,107
Non-controlling interest		(41,067)	(14,878)	-	-
		7,090,156	4,099,514	7,767,025	4,024,107
Basic and diluted earnings per share attributable to shareholders of the Parent Company	28	0.057	0.033	0.062	0.032

Al Jazeera Steel Products Co. SAOG
Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December (continued)
(Expressed in Omani Rial)

Other comprehensive income

		Group		Parent	
Items not to be reclassified to profit or loss in subsequent periods	Notes	**2024**	2023	**2024**	2023
Remeasurement of defined benefit liability	17	**(93,492)**	283,984	**(95,019)**	289,952
Related tax on other comprehensive income	26	**13,933**	(43,493)	**14,253**	(43,493)
Other comprehensive income for the year, net of tax		**(79,559)**	240,491	**(80,766)**	246,459
Total comprehensive income for the year		**7,010,597**	4,340,005	**7,686,259**	4,270,566
Total comprehensive income attributable to:					
Parent Company		**7,051,018**	4,354,883	**7,686,259**	4,270,566
Non-controlling interest		**(40,421)**	(14,878)	**-**	-
		7,010,597	4,340,005	**7,686,259**	4,270,566

Al Jazeera Steel Products Co. SAOG
Consolidated statement of changes in shareholders' equity for the year ended 31 December 2024
(Expressed in Omani Rial)

Group	Notes	Share capital	Share premium	Legal reserve	Retained earnings	Attributable to Parent Company Shareholders	Non-controlling Interests	Total
Balance at 1 January 2023		12,489,796	13,856,484	4,166,344	19,031,773	49,544,397	-	49,544,397
Profit for the year		-	-	-	4,114,392	4,114,392	(14,878)	4,099,514
Other comprehensive income net of tax								
Defined benefit plan actuarial gain, net of tax	-	-	-	-	240,491	240,491	-	240,491
Dividends paid	15	-	-	-	(1,873,469)	(1,873,469)	-	(1,873,469)
Transactions with non - controlling interest		-	-	-	-	-	414,010	414,010
Balance at 31 December 2023		12,489,796	13,856,484	4,166,344	21,513,187	52,025,811	399,132	52,424,943
Balance at 1 January 2024		**12,489,796**	**13,856,484**	**4,166,344**	**21,513,187**	**52,025,811**	**399,132**	**52,424,943**
Profit for the year		-	-	-	**7,131,223**	**7,131,223**	**(41,067)**	**7,090,156**
Other comprehensive income net of tax								
Defined benefit plan actuarial (loss)/gain, net of tax		-	-	-	**(80,205)**	**(80,205)**	**646**	**(79,559)**
Dividends paid	15	-	-	-	**(2,373,061)**	**(2,373,061)**	-	**(2,373,061)**
Transactions with non - controlling interest		-	-	-	-	-	**1,039,595**	**1,039,595**
Balance at 31 December 2024		**12,489,796**	**13,856,484**	**4,166,344**	**26,191,144**	**56,703,768**	**1,398,306**	**58,102,074**

Al Jazeera Steel Products Co. SAOG
Consolidated statement of changes in shareholders' equity for the year ended 31 December 2024
(Expressed in Omani Rial)

Parent Company	Notes	Share capital	Share premium	Legal reserve	Retained earnings	Total
Balance at 1 January 2023		12,489,796	13,856,484	4,163,266	18,429,038	48,938,584
Net profit after tax and total comprehensive income for the year		-	-	-	4,024,107	4,024,107
Other comprehensive income for the year						
Defined benefit plan actuarial gain, net of tax		-	-	-	246,459	246,459
Transactions with owners for the Company						
Dividends paid	15	-	-	-	(1,873,469)	(1,873,469)
Balance at 31 December 2023		12,489,796	13,856,484	4,163,266	20,826,135	51,335,681
Balance at 1 January 2024		**12,489,796**	**13,856,484**	**4,163,266**	**20,826,135**	**51,335,681**
Profit for the year		-	-	-	**7,767,025**	**7,767,025**
Other comprehensive income for the year						
Defined benefit plan actuarial loss, net of tax		-	-	-	**(80,766)**	**(80,766)**
Dividends paid	15	-	-	-	**(2,373,061)**	**(2,373,061)**
Balance at 31 December 2024		**12,489,796**	**13,856,484**	4,163,266	**26,139,333**	**56,648,879**

Al Jazeera Steel Products Co. SAOG

Consolidated and separate statement of cash flows for the year ended 31 December

(Expressed in Omani Rial)

	Notes	Group 2024	Group 2023	Parent Company 2024	Parent Company 2023
Cash flows from operating activities					
Profit after tax for the period		7,090,156	4,099,514	7,767,025	4,024,107
Adjustments for:					
Finance expense	25 (a)	1,320,871	1,528,467	1,224,255	1,468,650
Finance income	25 (b)	(111,127)	(101,787)	(111,127)	(101,787)
Depreciation on property, plant and equipment	6	1,668,827	1,530,406	1,659,954	1,522,418
Depreciation on right-of-use assets	7	166,512	188,778	142,944	165,275
Amortisation of intangible assets	8	104,148	98,771	104,148	98,771
Provision for obsolete and slow-moving inventories	10	(65,208)	447,697	(73,023)	444,097
Allowance for expected credit losses on trade receivables	11	(49,041)	72,179	(56,486)	63,841
Loss on disposal of property, plant and equipment	24	25,102	14,957	25,102	15,582
Dividend income from a subsidiary	23	-	-	(461,718)	(410,416)
Provision for employees' end of service benefits	17	579,456	404,712	553,998	388,735
Interest on defined benefit liability	17	104,186	74,959	101,575	73,997
Income tax expense	26	1,300,965	663,504	1,372,466	721,054
		12,134,847	9,022,157	12,249,113	8,474,324
Changes in:					
Inventories		278,023	2,788,024	976,420	2,618,958
Trade and other receivables		1,172,289	1,143,870	1,293,717	3,238,921
Prepayments		(195,694)	(85,861)	(101,828)	(66,693)
Trade and other payables		1,770,946	4,231,798	615,176	4,227,816
Cash generated from operating activities		15,160,411	17,099,988	15,032,598	18,493,326
Income tax paid		(555,744)	(457,492)	(538,047)	(444,350)
Employees' benefit liabilities paid	17	(62,413)	(45,557)	(60,506)	(45,557)
Net cash generated in operating activities		14,542,254	16,596,939	14,434,045	18,003,419
Cash flows from investing activities					
Purchase of property, plant and equipment	6	(17,136,882)	(4,947,913)	(5,857,847)	(4,273,391)
Purchase of intangible assets	8	(29,188)	(5,638)	(29,188)	(5,638)
Increase in bank deposits	12 (ii)	(15,339)	(333,587)	(15,339)	(272,525)
Proceeds from disposal of property, plant and equipment		2,858	7,826	2,858	7,201
Investment in a subsidiary		-	-	(4,158,380)	(1,656,039)
Dividend income from a subsidiary	23	-	-	461,718	410,416
Interest income received	25 (b)	111,127	91,219	111,127	91,219
Net cash used in investing activities		(17,067,424)	(5,188,093)	(9,485,051)	(5,698,757)
Cash flows from financing activities					
Interest paid	36	(1,523,445)	(1,699,850)	(1,424,954)	(1,640,033)
Dividends paid	15	(2,373,061)	(1,873,469)	(2,373,061)	(1,873,469)
Proceeds from Non-controlling Interest		1,039,595	414,010	-	-
Payment of lease liabilities	7 (b)	(97,338)	(113,400)	(10,382)	(28,050)
Proceeds from term loan	16	6,224,308	1,319,246	-	-
Proceeds from bank borrowings	16	74,676,967	80,150,091	74,676,967	80,150,091
Repayments against bank borrowings	16	(78,992,864)	(84,422,585)	(78,992,864)	(84,422,585)
Net cash used in financing activities		(1,045,838)	(6,225,957)	(8,124,294)	(7,814,046)
Net change in cash and cash equivalents		(3,571,008)	5,182,889	(3,175,300)	4,490,616
Cash and cash equivalents, beginning of the year		10,753,793	5,570,904	9,692,215	5,201,599
Cash and cash equivalents, end of the year	12 (ii)	7,182,785	10,753,793	6,516,915	9,692,215

Disclosure as required by IAS 7 "Statement of Cash Flows" has been shown in Note 36 to the financial statements.

Al Jazeera Steel Products Co. SAOG
Notes to the consolidated and separate financial statements for the year ended 31 December 2024
(Expressed in Omani Rial)

1. Legal status and principal activities

Al Jazeera Steel Products Company SAOG ("the Parent Company") is an Omani public joint stock company registered with the Ministry of Commerce, Industry and Investment Promotion in accordance with the requirements of the Commercial Companies Law and Regulations of the Sultanate of Oman. The Company's shares are listed on the Muscat Stock Exchange. The principal activities of the Parent Company are manufacturing and sale of steel products including associated works.

The Parent Company operates two plants namely tube mill and merchant bar mill. The commercial operations of the tube mill commenced in May 1999 and the merchant bar mill commenced in October 2009. During the year 2015, the Parent Company also added a new facility to manufacture rebar products in the existing merchant bar mill. The Parent Company has following subsidiaries:-

- Al Jazeera Oman Steel Products Company, single member Company, Saudi Arabia

The Parent Company holds 100% shares in Al Jazeera Oman Steel Products Company Ltd., a limited liability company registered in the Kingdom of Saudi Arabia. The principal activities of the subsidiary are import and sale of steel products manufactured by the Parent Company. The Parent Company acquired 51% shareholding in the subsidiary on 15 June 2015 and acquired the remaining 49% shareholding on 31 March 2017.

- Al Jazeera Steel Products Co L.L.C., United Arab Emirates

The Parent Company holds 80% shares in Al Jazeera Steel Products Company LLC., a limited liability company registered in the United Arab Emirates. The subsidiary company is setting up a 450,000 metric tons per annum state of the art new medium section mill in Khalifa Economic Zone Abu Dhabi (KEZAD), UAE. The subsidiary was incorporated on 4 October 2022.

The consolidated and separate financial information as at, and for the year ended, 31 December 2024, comprise the results of the Company and its subsidiaries (together referred to as "the Group").

The Parent Company's principal place of business is located at Suhar, Sultanate of Oman.

These consolidated and separate financial statements were approved for issue by the Board of Directors on 09 February 2025.

2. Basis of preparation

(a) Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by IASB, and the applicable requirements of the Commercial Companies Law 2019 and Ministerial Decision 146/2021 issuing Commercial Companies' Regulations, and the applicable regulations of Financial Services Authority of the Sultanate of Oman.

(b) Basis of measurement

The consolidated and separate financial statements have been prepared on a historical cost basis except for end of service benefits which are measured at fair value. The preparation of consolidated and separate financial statements is in conformity with IFRS that requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies as mentioned in note 5 of these financial statements.

(c) Functional currencies

The consolidated and separate financial statements are presented in Omani Rials (RO) which is the functional and reporting currency of the Parent Company. All amounts have been rounded to the nearest Omani Rial, unless otherwise indicated.

3. Adoptions of new and revised international financial reporting standards (IFRS)

3.1 New standards or amendments for 2024 and forthcoming requirements

A number of new standards, amendments to standards and interpretations are effective for the year beginning on or after 1 January 2024. Those which are relevant to the consolidated and separate financial statements of the Group and the Parent Company, are set out below.

3. Adoptions of new and revised international financial reporting standards (IFRS) (continued)

3.1 New standards or amendments for 2024 and forthcoming requirements (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Non-current Liabilities with Covenants –Amendments to IAS 1	1 January 2024
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
Supplier Finance Arrangements (Amendments to IAS 7, Statement of Cashflows and IFRS 7, Financial Instruments: Disclosures)	1 January 2024

The above standards do not have an impact on the consolidated and separate financial statements of the Group and the Parent Company.

3.2 New and revised IFRS issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group and the Parent Company's financial statements are disclosed below. The Group and the Parent Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

The following new or amended standards are not expected to have a significant impact on the Group and the Parent Company's financial statements.

New and revised IFRSs	Effective for annual periods beginning on or after
Lack of Exchangeability-Amendments to IAS 21	1 January 2025
Classification and Measurement of Financial Instruments -Amendments to IFRS 9 and IFRS 7	1 January 2026
Annual Improvements to IFRS Accounting Standards Volume 11	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability· Disclosures	1 January 2027
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption/ effective date deferred indefinitely.

Early adoption of amendments or standards in the year 2024

The Group and the Parent Company did not early-adopt any new or amended standards in the year ended 31 December 2024.

Classification of Liablities as Current or Non-Current and Non-Current Liablities with Covenants (Amendments to IAS1)

The amendments, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1 January 2024.

As disclosed in Notes 16(i), the Group has a secured bank loan that is subject to specific covenants. While the liability is classified as non-current at 31 December 2024, a future breach of the related covenants may require the Group to repay the liability earlier than the contractual maturity dates. The Group has completed the assessment of the potential impact of amendments on the classification of this liability and the related disclosures, and has determined that there is no impact.

4. Material accounting policies

The material accounting policies adopted in the preparation of these consolidated and separate financial statements is set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and its subsidiaries up to the reporting date. Control is achieved where the Parent Company has the power over the investee, is exposed or has rights to variable return from its involvement with the investee and has the ability to use its power to affect its returns.

4. Material accounting policies (continued)

a) Basis of consolidation (continued)

Entities are consolidated from the date on which control is transferred to the Parent Company and ceases to be consolidated from the date on which control is transferred out of the Parent Company. Specifically, income and expenses of a subsidiary acquired or disposed-off during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary. The Parent Company applies the acquisition method to account for business combinations in accordance with IFRS 3.

Non-controlling interests are presented in the consolidated statement of financial position within shareholders' equity, separate from the equity attributable to the shareholders. Non-controlling interests are separately disclosed in the consolidated statement of profit or loss and other comprehensive income. Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring the accounting policies used in line with those used by the Parent Company.

All inter-company transactions, balances and gains or losses on transactions between the Parent Company and its subsidiaries are eliminated as part of the consolidation process.

b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment and can be measured reliably. All other expenditures are recognised in profit or loss as an expense when incurred.

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 life.

The estimated useful lives are as follows:

	Useful lives
Buildings	20 - 25
Plant and equipment	15 - 25
Motor vehicles	5
Tools and spares	4
Furniture and fixtures	5
Computer and other equipment	3 - 5

The assets' residual values, depreciation methods and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Repairs and renewals are charged to the profit or loss when the expenditure is incurred.

Gains or losses on disposals of items of property, plant and equipment are determined as the difference between the sales proceeds and their carrying amounts and are recognised in the profit or loss.

c) Capital work-in-progress

Capital work-in-progress is stated at cost less any recognised impairment loss including capital advances incurred up to the date of the consolidated and separate statement of financial position and is not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

The interest costs on borrowings to finance the construction of qualifying assets are capitalized during the period that is required to complete and prepare the asset for its intended use. All other finance costs are charged to the statement of profit or loss using the effective interest method.

4. Material accounting policies (continued)

c) Capital work-in-progress (continued)

Capital work-in-progress includes all expenditure incurred on process design, development, engineering, construction, project management and other costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the management. Certain costs which are attributable to the project though cannot be identified to a specific asset are being charged to capital work in progress.

d) Intangible assets

Software

Software comprise the amount paid for acquiring the licence and implementation of ERP software's which are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to write-off the cost of the software over its estimated useful life of 5 years. The amortisation expense on intangible assets is recognised in profit or loss.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure is recognised in profit or loss as incurred.

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

e) Investment in a subsidiary

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The investment in the subsidiary is stated at cost less impairment.

f) Financial instruments

Recognition and Initial measurement of financial instruments

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group and the Parent Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss account, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

The principal financial instruments used by the Group and the Parent Company, from which financial instrument risk arises, are as follows:

1) Trade and other receivables

2) Bank deposits

3) Cash and cash equivalents

4) Borrowings

5) Trade and other payables

4. Material accounting policies (continued)

f) Financial instruments (continued)

Classification and initial measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost; fair value through other comprehensive income [FVOCI] – debt instruments; fair value through other comprehensive income - equity instruments; or fair value through profit or loss account [FVTPL].

Financial assets are not reclassified subsequent to their initial recognition unless the Group and the Parent Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

Financial assets – Business model assessment

The Group and the Parent Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operations of these policies in practice.
- How the performance of portfolio is evaluated and reported to the management.
- The risks that affect the performance of the business model and how these risks are managed.
- How managers of the business are compensated.
- The frequency, volume and timing of sale of financial assets in prior periods.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss account:

Business model test: The objective of the entity's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).

Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Equity instruments which are not held for trading or issued as contingent consideration in business combination, and for which the company has made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss. This election is made on an investment-by-investment basis.

A debt investment is measured at FVOCI if is meets both of the following conditions and it is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss account

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss account. This includes derivative financial assets.

On initial recognition, the Group and the Parent Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

4. Material accounting policies (continued)

f) Financial instruments (continued)

Financial liabilities

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit and loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gain and losses are recognised in profit and loss. Any gain or loss on derecognition is also recognised in profit or loss.

Subsequent measurement and gain or losses of financial assets

Financial assets at amortised cost:

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the profit or loss account. Any gain or loss on derecognition is recognised in the profit or loss account.

Financial assets at fair value through other comprehensive income

Debt instruments

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the profit or loss account. Other net gains and losses are recognised in the statement of other comprehensive income. On derecognition, gains and losses accumulated in the statement of other comprehensive income are reclassified to the profit or loss account.

Equity instruments

These assets are subsequently measured at fair value. Dividends are recognised as income in the profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in the statement of other comprehensive income and are never reclassified to the profit or loss account.

Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the profit or loss account.

Subsequent measurement and gain or losses of financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method, if applicable. The effective interest method is the method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss account. Any gain or loss on derecognition is also recognised in the profit or loss account.

Reclassification of financial assets

The Group and the Parent Company will only reclassify financial assets if, and only if, the objective of the business model for managing those financial assets is changed. Such changes are expected to be very infrequent as these changes must be significant to the Company's operations and demonstrable to external parties.

If the Group and the Parent Company determines that its business model has changed in a way that is significant to its operations, then it reclassifies all affected assets prospectively from the first day of the next reporting period (the reclassification date). Prior periods are not restated.

4. Material accounting policies (continued)

f) Financial instruments (continued)

Reclassification of financial liabilities

The Group and the Parent Company determines the classification of financial liabilities on initial recognition. Subsequent reclassification is not allowed.

Derecognition of financial assets

The Group and the Parent Company derecognise financial asset when:

a) The contractual rights to receive cash flows from the financial asset have expired; or

b) The Group and the Parent Company transfers the right to receive the contractual cash flows in a transaction in which either:

- Substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- The Group and the Parent Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group and the Parent Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Derecognition of financial liabilities

A financial liability is derecognised when the contractual obligation under the liability is discharged or cancelled or expired. The Group and the Parent Company also recognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, the Group and the Parent Company updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applied the policies on accounting for modifications to the additional changes.

Offsetting

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if:

- there is a currently enforceable legal right to offset the recognised amounts; and
- there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4. Material accounting policies (continued)

f) Financial instruments (continued)

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets, interest income is recognised using the effective interest rate (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 Group and the Parent Company reduces the carrying amount to their 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.

Interest expense

Interest expense includes interest on bank borrowings and lease liability. Interest expense is recognised using the EIR method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments.

Impairment of financial assets

The Group and the Parent Company recognizes expected credit loss on financial assets measured at amortized cost, contract assets receivables, lease receivables and debt investments at FVOCI, but not on investments in equity instruments. The financial assets at amortized cost consist of trade receivables and cash and cash equivalents.

The Group and the Parent Company measures loss allowance at an amount equal to lifetime ECLs, except for the following, which are measured as 12- month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Finance assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

General approach

The Group and the Parent Company applies a three-stage approach to measuring ECL. Assets migrate through the three stages based on the change in credit quality since initial recognition. Financial assets with significant increase in credit risk since initial recognition, but not credit impaired, are transitioned to stage 2 from stage 1 and ECL is recognized based on the probability of default (PD) of the counter party occurring over the life of the asset. All other financial assets are considered to be in stage 1 unless it is credit impaired and an ECL is recognized based on the PD of the customer within next 12 months. Financial assets are assessed as credit impaired when there is a detrimental impact on the estimated future cash flows of the financial asset. The Group and the Parent Company applies general approach to all financial assets except trade receivable without significant financing component.

Significant increase in credit risk

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and the Parent Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group and the Parent Company's historical experience and informed credit assessment and including forward- looking information.

4. Material accounting policies (continued)

f) Financial instruments (continued)

Impairment of financial assets (continued)

Default

The Group and the Parent Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Group and the Parent Company to actions such as realising security (if any is held) or based on the certain delinquency period (days past due).

Simplified approach

The Group and the Parent Company applies simplified approach to measuring credit losses, which mandates recognition of lifetime expected loss allowance for trade receivables without significant financing component. Under simplified approach, there is no need to monitor for significant increases in credit risk and the Group and the Parent Company will be required to measure lifetime expected credit losses at all times.

Credit- impaired financial assets

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

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group and the Parent Company's procedures for recovery of amounts due.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment of non-financial assets

The carrying amounts of the Group and the Parent Company's non-financial assets other than inventories, contract assets, and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped into smaller group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost of disposals.

An impairment loss is recognised if the carrying amount of an asset or cash generating unit exceeds its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

g) Inventories

Inventories, which include goods-in-transit, are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined by the weighted average method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In respect of finished goods and work-in-progress, costs comprise of material, labour costs and proportionate direct expenses. Provision is made, where necessary, for slow and non-moving inventories.

4. Material accounting policies (continued)

h) Cash and cash equivalents

For the purpose of consolidated statement of cash flow and consolidated statement of financial position, cash and cash equivalents include cash on hand and at bank with a maturity of less than 3 months from the date of placement, net of bank overdrafts, if any.

i) Provisions

Provisions are recognised when the Group and the Parent Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group and the Parent Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

j) Employees' benefit liabilities

Employees' end-of-service benefits are accrued in accordance with the terms of employment of the Parent Company's qualifying employees at the reporting date, having regard to the requirements of the Oman Labour Law, as amended. Provision for staff indemnities of the Saudi subsidiary is made for the amounts payable under Saudi Labour Law applicable to employees' accumulated period of service at the reporting date. Provision for Employees' end of service benefit for the subsidiary registered in UAE is recorded in accordance with the terms of UAE Labour Law. The obligation is calculated using the projected unit credit method and is discounted to its present value.

Employee entitlements to annual leave are recognised when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the reporting date. These accruals are included in current liabilities, while that relating to end-of-service benefits are disclosed as a part of non-current liabilities.

Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurance Law of 1991 are recognised as an expense in profit or loss as incurred.

k) Revenue from contracts with customers

The Group and the Parent Company manufactures and sells steel products which are used in various industries. Revenue is measured based on the consideration specified in the contract with the customers. Revenue is recognised at a point-in-time i.e. when control of the products has been transferred, the recovery of the consideration is probable and there is no unfulfilled obligation. To determine the point in time at which a customer obtains control of products based on relevant Inco terms, below indicators of the transfer of control are considered:

i) The entity has a present right to payment for the asset

ii) The customer has legal title to the asset

iii) The entity has transferred physical possession of the asset

iv) The customer has the significant risks and rewards of ownership of the asset

v) The customer has accepted the asset

Revenue is recognised on fulfilment of performance obligations and transfer of control, which is mainly on delivery of goods and acceptance of goods, as per the applicable Inco terms.

4. Material accounting policies (continued)

k) Revenue from contracts with customers (continued)

If the consideration promised in a contract includes a variable amount, the Group and the Parent Company estimates the amount of consideration to which it expects to be entitled. Consideration can vary because of discounts, rebates, refunds, credits, price concessions or other similar items.

Type of product and performance obligation	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policy
Manufacturing and delivery of steel and related products to customers by road.	Customers obtain control of goods when the goods are delivered at the Customer's premises and have been accepted by the customers. Revenue is generated at that point in time. Invoices are paid as per the agreed payment terms which are normally within 120 days.	Revenue is recognised at a point of time when the goods are delivered and have been accepted by customers.
Manufacturing and delivery of steel and related products to customers by sea.	Customers obtain control of goods as per the Inco terms mentioned in the contract. Revenue is generated at that point in time. Invoices are paid as per the agreed payment terms which are normally within 120 days.	Revenue is recognised on fulfilment of performance obligations and transfer of control, which is mainly on delivery of goods, either at port of origin or port of destination as per the applicable Inco terms.

l) Other income

Other income is accounted for on the accruals basis, unless collectability is in doubt.

m) Directors' remuneration

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

n) Dividend

The Board of Directors recommends to the shareholders the dividend to be paid out of the Group's net profits. The Directors take into account appropriate parameters including the requirements of the Commercial Companies Law and Regulations 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 Parent Company's shareholders.

Dividend received from subsidiary is recorded as an income in Parent Company's financial statements.

o) Leases

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

Group and the Parent Company as a lessee

The Group and the Parent Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Parent Company recognises lease liability to make lease payments and right-of-use assets representing the right to use the underlying assets.

At commencement or on modification of a contract that contains a lease component, the Group and the Parent Company allocates the consideration in the contract on the basis of its relative stand-alone prices.

4. Material accounting policies (continued)

o) Leases (continued)

(i) Right-of-use assets

The Group and the Parent Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before commencement date, plus any initial direct costs incurred less any lease incentive received.

The right-of-use assets are subsequently depreciated using straight-line method from the date of commencement till the end of lease term. Right-of-use assets are subject to impairment.

(ii) Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate can not be readily determined, the Group and the Parent Company's incremental borrowing rate as the discount rate. Generally, the Group and the Parent Company uses its incremental borrowing rate as the discount rate.

The Group and the Parent Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

All leases of the Group and the Parent Company are based on a discount rate of 5% to 7% with the lease term ranging from 2 years to 50 years.

The lease payments include fixed payments (including in- substance fixed payments), variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees and exercise price under a purchase option that the Group and the Parent Company is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index of rate , if there is a change in the Group and the Parent Company's estimate of the amounts expected to be payable under a residual value guarantee, if the Group and the Parent Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) Short-term leases and leases of low-value assets

The Group and the Parent Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

p) Earnings per share

The Parent Company presents earnings per share (EPS), diluted earnings per share (DEPS) and net assets per share for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year.

The DEPS is calculated by dividing profit or loss attributable to ordinary shareholders of the Parent Company by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

4. Material accounting policies (continued)

q) Net assets per share

The Company presents net assets per share for its ordinary shareholders. Net assets per share is calculated by dividing the net assets attributable to ordinary shareholders by the weighted average number of shares outstanding as at the statement of financial position date.

r) Share premium

The share premium is the amount subscribed to the share capital in excess of the nominal value. The share premium is stated net of share issuance costs.

s) Operating segments

A segment is a distinguishable component of the Group and the Parent Company that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment) whose operating results are regularly reviewed by the Group's and Parent Company's Chief Operating Decision Maker ("CODM"). Operating segment information is disclosed in note 30 of these financial statements.

t) Foreign currency transactions

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 profit or loss. 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 of transaction.

u) Foreign operations

The assets and liabilities of foreign operations are translated into Omani Rial at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Omani Rial at the exchange rates at the dates of the transactions.

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

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

v) Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent it relates to a business combination, or items recognised directly in equity or in OCI. The Company has determined the interest and penalties related to income tax, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current tax

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

Current tax is recognised in the profit or loss and as the expected tax payable on the net taxable income for the year, using tax-rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

4. Material accounting policies (continued)

v) Taxation (continued)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is not recognised for:

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

The Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

Zakat provisions are computed in accordance with the regulation of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia for the subsidiary.

w) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group and the Parent Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group and the Parent Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group and the Parent Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group and the Parent Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

5 Critical accounting estimates and key source of estimation uncertainty

Preparation of consolidated and separate financial statements in accordance with IFRS requires the Group's and the Parent 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 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 consolidated and separate financial statements relate to:

i) Economic useful lives of property, plant and equipment

The Group's and the Parent Company's property, plant and equipment are depreciated on a straight-line basis over their economic useful lives. The economic useful lives of property, 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 Group and the Parent Company.

ii) Write down of inventories to net realisable value

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

iii) Impairment losses on trade receivables

An estimate of the collectible amount of trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance for ECL applied according to the length of time and historical recovery rates.

iv) Significant judgement in determining the term of lease contracts

The Group and the Parent Company determines the lease term as non-cancellable term of the lease, together with any periods covered by an option to extend the lease, if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group and the Parent Company have an option, under some of its leases to lease the assets for additional terms. The Group and the Parent Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group and the Parent Company reassesses the lease-term if there is a significant event or change in the circumstances that is within its control and effects its ability to exercise (or not exercise) the option to renew or to terminate (e.g., a change in business strategy, construction of significant leasehold improvements or significant customisation to the leased assets).

v) End of service benefits

The reporting entity recognizes its end of service benefit obligations, which represent the reporting entity's liability towards its employees' post-employment benefits. The measurement of these obligations involves judgment and estimation, primarily due to the long-term nature and inherent uncertainties of these liabilities. The present value of defined benefit obligations is determined by projected unit credit method to estimate the benefits that employees have earned in return for their service in the current and prior periods. Please refer note - 17 for key actuarial assumption used in the estimate.

6. Property, plant and equipment

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

Group 2024	Buildings	Plant and equipment	Motor vehicles	Tools and spares	Furniture and fixtures	Computer and other equipment	Capital work-in-progress	Total
Cost								
Balance at 1 January 2024	**9,031,529**	**30,037,135**	**265,908**	**2,789,466**	**256,185**	**792,736**	**5,159,066**	**48,332,025**
Additions during the year	111,165	190,605	23,240	-	15,539	42,943	17,940,416	18,323,908
Transfers during the year	1,332,892	3,773,461	24,450	185,417	21,470	7,900	(5,345,590)	-
Disposals during the year	-	(89,463)	(10,800)	(175,482)	(6,219)	(7,350)	-	(289,314)
Balance at 31 December 2024	**10,475,586**	**33,911,738**	**302,798**	**2,799,401**	**286,975**	**836,229**	**17,753,892**	**66,366,619**
Accumulated depreciation								
Balance at 1 January 2024	**6,528,048**	**19,862,376**	**197,257**	**2,312,123**	**198,978**	**671,657**	**-**	**29,770,439**
Charge for the year to:								
Cost of revenue (Note 20)	236,782	1,087,012	-	208,447	-	-	-	1,532,241
General and administrative expenses (Note 22)	2,205	-	26,000	-	20,076	88,305	-	136,586
Relating to disposals	-	(88,570)	(10,800)	(148,415)	(6,219)	(7,350)	-	(261,354)
Balance at 31 December 2024	**6,767,035**	**20,860,818**	**212,457**	**2,372,155**	**212,835**	**752,612**	**-**	**31,177,912**
Carrying amounts								
At 31 December 2024	**3,708,551**	**13,050,920**	**90,341**	**427,246**	**74,140**	**83,617**	**17,753,892**	**35,188,707**

6 Property, plant and equipment (continued)

Group 2023	Buildings	Plant and equipment	Motor vehicles	Tools and spares	Furniture and fixtures	Computer and other equipment	Capital work-in-progress	Total
Cost								
Balance at 1 January 2023	9,027,038	29,127,650	257,978	2,702,512	258,422	781,014	649,759	42,804,373
Additions during the year	4,491	83,723	25,639	-	15,664	21,771	5,590,898	5,742,186
Transfers during the year	-	825,762	-	247,186	-	8,643	(1,081,591)	-
Disposals during the year	-	-	(17,709)	(160,232)	(17,901)	(18,692)	-	(214,534)
Balance at 31 December 2023	9,031,529	30,037,135	265,908	2,789,466	256,185	792,736	5,159,066	48,332,025
Accumulated depreciation								
Balance at 1 January 2023	6,305,190	18,893,259	191,400	2,240,552	193,683	607,700	-	28,431,784
Charge for the year to:								
Cost of revenue	221,227	969,117	-	209,020	-	-	-	1,399,364
General and administrative expenses	1,631	-	23,566	-	23,196	82,649	-	131,042
Relating to disposals	-	-	(17,709)	(137,449)	(17,901)	(18,692)	-	(191,751)
Balance at 31 December 2023	6,528,048	19,862,376	197,257	2,312,123	198,978	671,657	-	29,770,439
Carrying amounts								
At 31 December 2023	2,503,481	10,174,759	68,651	477,343	57,207	121,079	5,159,066	18,561,586

(i) Property, plant and equipment of a subsidiary, Al Jazeera Steel Products Co LLC, UAE are subject to first charge against the term loans obtained from commercial banks (Note 16).

(ii) Capital work-in-progress of the Group Company at 31 December 2024 represents mainly EPC costs R.O.14,879,289 (December 2023: R.O. 3,790,394) , interest on lease liabilities R.O. 1,375,842 (December 2023: 622,053), borrowing cost R.O. 1,143,666 (December 2023: 574,398) and deprecation of right-of-use asset R.O. 355,095 (December 2023: 172,221).

6. Property, plant and equipment (continued)

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

Parent Company 2024	Buildings	Plant and equipment	Motor vehicles	Tools and spares	Furniture and fixtures	Computer and other equipment	Capital work-in-progress	Total
Cost								
Balance at 1 January 2024	**8,998,901**	**30,037,135**	**218,855**	**2,789,466**	**253,384**	**782,196**	**3,691,064**	**46,771,001**
Additions during the year	43,435	190,605	23,240	-	9,200	41,263	5,827,957	6,135,700
Transfers during the year	1,332,892	3,773,461	24,450	185,417	21,470	7,900	(5,345,590)	-
Disposals during the year	-	(89,463)	(10,800)	(175,482)	(6,219)	(7,350)	-	(289,314)
Balance at 31 December 2024	**10,375,228**	**33,911,738**	**255,745**	**2,799,401**	**277,835**	**824,009**	**4,173,431**	**52,617,387**
Accumulated depreciation								
Balance at 1 January 2024	**6,509,955**	**19,862,376**	**165,719**	**2,312,123**	**196,263**	**663,212**	**-**	**29,709,648**
Charge for the year to:								
Cost of revenue (Note 20)	236,782	1,087,012	-	208,447	-	-	-	1,532,241
General and administrative expenses (Note 22)	-	-	20,570	-	19,983	87,160	-	127,713
Relating to disposals	-	(88,570)	(10,800)	(148,415)	(6,219)	(7,350)	-	(261,354)
Balance at 31 December 2024	**6,746,737**	**20,860,818**	**175,489**	**2,372,155**	**210,027**	**743,022**	**-**	**31,108,248**
Net book amount								
At 31 December 2024	**3,628,491**	**13,050,920**	**80,256**	**427,246**	**67,808**	**80,987**	**4,173,431**	**21,509,139**

6 Property, plant and equipment (continued)

Parent Company 2023	Buildings	Plant and equipment	Motor vehicles	Tools and spares	Furniture and fixtures	Computer and other equipment	Capital work-in-progress	Total
Cost								
Balance at 1 January 2023	8,994,410	29,127,650	206,821	2,702,512	255,621	771,267	649,759	42,708,040
Additions during the year	4,491	83,723	25,639	-	15,664	20,978	4,122,896	4,273,391
Transfers during the year	-	825,762	-	247,186	-	8,643	(1,081,591)	-
Disposals during the year	-	-	(13,605)	(160,232)	(17,901)	(18,692)	-	(210,430)
Balance at 31 December 2023	8,998,901	30,037,135	218,855	2,789,466	253,384	782,196	3,691,064	46,771,001
Accumulated depreciation								
Balance at 1 January 2023	6,288,728	18,893,259	161,188	2,240,552	191,026	600,124	-	28,374,877
Charge for the year to:								
Cost of revenue	221,227	969,117	-	209,020	-	-	-	1,399,364
General and administrative expenses	-	-	18,136	-	23,138	81,780	-	123,054
Relating to disposals	-	-	(13,605)	(137,449)	(17,901)	(18,692)	-	(187,647)
Balance at 31 December 2023	6,509,955	19,862,376	165,719	2,312,123	196,263	663,212	-	29,709,648
Net book amount								
Balance at 31 December 2023	2,488,946	10,174,759	53,136	477,343	57,121	118,984	3,691,064	17,061,353

(iii) Buildings included in property, plant and equipment of the Parent Company are built on land leased from the Public Establishment for Industrial Estate - Madayn, Suhar Industrial City, expiring over different dates (Note 7).

(iv) Property, plant and equipment of the Parent Company are subject to a pari-passu charge against the borrowings obtained from commercial banks (Note 16).

(v) Capital work-in-progress of the Parent Company at 31 December 2024 represents mainly EPC costs R.O.3,869,399 (December 2023: R.O. 3,489,479) and borrowing costs R.O. 304,032 (December 2023: 201,585).

7. Right-of-use assets and lease liabilities

a) Leasehold land

The Parent Company has mainly leased land which constitutes the manufacturing facility. These leases have a lease term ranging from 2 years to 25 years, with an option to renew the lease after that date.

During the year 2023, the subsidiary company in UAE has leased land to construct the manufacturing facility. This lease has a lease term of 50 years, ending in 2073, with an option to renew the lease after that date..

	Group		Parent Company	
	2024	2023	**2024**	2023
Cost				
Balance at 1 January	**13,268,926**	1,914,629	**3,465,009**	1,761,824
Modification/ Additions during the year	**83,523**	11,354,297	**-**	1,703,185
Balance at 31 December	**13,352,449**	13,268,926	**3,465,009**	3,465,009
Accumulated amortisation				
Balance at 1 January	**839,830**	469,914	**541,112**	375,837
Charge for the year to:				
Cost of revenue (Note 20)	**105,783**	105,426	**105,783**	105,426
General and administrative expenses (Note 22)	**60,729**	83,352	**37,161**	59,849
Capital work in progress	**216,425**	181,138	**-**	-
Balance at 31 December	**1,222,767**	839,830	**684,056**	541,112
Net book amount				
Balance at 31 December	**12,129,682**	12,429,096	**2,780,953**	2,923,897

b) Lease liabilities

	Group		Parent Company	
	2024	2023	**2024**	2023
Balance at 1 January	**13,526,469**	1,672,436	**3,281,454**	1,606,319
Additions during the year	**-**	11,354,297	**-**	1,703,185
Add: interest expense (Note 25 (a))	**220,980**	221,425	**220,152**	218,988
Add: Capital work in progress (Interest expense)	**715,843**	613,136	**-**	-
Less: lease payments	**(318,318)**	(334,825)	**(230,534)**	(247,038)
Balance at 31 December	**14,144,974**	13,526,469	**3,271,072**	3,281,454
Current portion	**687,357**	233,560	**205,654**	223,664
Non-current portion	**13,457,617**	13,292,909	**3,065,418**	3,057,790
Balance at 31 December	**14,144,974**	13,526,469	**3,271,072**	3,281,454

8. Intangible assets

	Group		Parent Company	
	2024	2023	**2024**	2023
Cost				
Balance at 1 January	**496,207**	490,569	**496,207**	490,569
Additions during the year	**29,188**	5,638	**29,188**	5,638
Balance at 31 December	**525,395**	496,207	**525,395**	496,207
Accumulated amortisation				
Balance at 1 January	**175,426**	76,655	**175,426**	76,655
Charge for the year	**104,148**	98,771	**104,148**	98,771
Balance at 31 December	**279,574**	175,426	**279,574**	175,426
Carrying amounts				
At 31 December	**245,821**	320,781	**245,821**	320,781

Intangible assets comprise of ERP software licenses which are being amortised over a period of 5 years and is charged to general and administrative expenses.

9. Investment in a subsidiary

	Parent Company	
	2024	**2023**
Carrying value of investment in the Saudi Arabia subsidiary (i)	**258,244**	258,244
Carrying value investment in the UAE subsidiary (ii)	**5,814,419**	1,656,039
	6,072,663	1,914,283

(i) Al Jazeera Oman Steel Products Company, single member Company, Saudi Arabia

On 15 June 2015, the Parent Company acquired 51% shareholding in Al Jazeera Oman Steel Products Company Ltd. ("the subsidiary"), a limited liability company incorporated in the Kingdom of Saudi Arabia. On 31 March 2017, the Parent Company acquired an additional 49% shareholding interest in the subsidiary, increasing its ownership interest to 100% at a consideration of RO 258,244, paid to the non-controlling shareholder.

The investment in the subsidiary is stated at cost less impairment. The Parent Company has performed an impairment testing of its investment in the subsidiary and, has concluded that, no provision is considered necessary. This is primarily based on cash flow forecasts prepared by the management which indicates that the subsidiary is expected to continue to report profits in the foreseeable future.

(ii) Al Jazeera Steel Products Co L.L.C., United Arab Emirates

The Parent Company invested AED 240,000 (RO 25,152), comprising 80% shares of Al Jazeera Steel Products Co L.L.C. ("the subsidiary"), a limited liability company incorporated in 2022 in United Arab Emirates.

The shareholders have contributed into Al Jazeera Steel Products Co L.L.C., United Arab Emirates (UAE subsidiary) an additional capital of RO 5.789 million by the Parent Company and RO 1.447 million by Ms. Amal Suhail Salim Bahwan owning percentage shareholding of 80% and 20% respectively. Shareholders have resolved that these funds contribution will not dilute the existing ownership of the present shareholders. Also, this amount is interest free, not repayable on demand and represents a residual interest in the net assets of the subsidiary. Accordingly, it is presented within equity of UAE subsidiary company.

10. Inventories

	Group		Parent Company	
	2024	2023	**2024**	2023
Raw materials	**12,125,653**	11,534,402	**12,125,653**	11,534,402
Finished goods	**7,384,613**	7,866,051	**6,030,783**	7,210,618
Stores and spares	**3,502,619**	3,291,413	**3,502,619**	3,291,413
Goods-in-transit	**5,610,182**	5,718,316	**5,610,182**	5,718,316
Work-in-progress	**989,106**	1,480,014	**989,106**	1,480,014
	29,612,173	29,890,196	**28,258,343**	29,234,763
Less: provision for obsolete and slow-moving inventories	**(2,402,814)**	(2,468,022)	**(2,380,531)**	(2,453,554)
	27,209,359	27,422,174	**25,877,812**	26,781,209

10. Inventories (continued)

The movement in provision for obsolete and slow-moving inventories is as follows:

	Group		Parent Company	
	2024	**2023**	**2024**	**2023**
At 1 January	**2,468,022**	2,020,325	**2,453,554**	2,009,457
(Reversal)/Charge for the year	**(65,208)**	447,697	**(73,023)**	444,097
At 31 December	**2,402,814**	2,468,022	**2,380,531**	2,453,554

Inventories of the Parent Company are subject to a pari-passu charge in favour of the lenders against bank short term borrowings (Note 16).

Inventories of RO 113,639,904 (December 2023: RO 113,712,209) were consumed and recognised as an expense during the year and included in cost of sales of Group.

Inventories of RO 113,848,571 (December 2023: RO 113,029,643) were consumed and recognised as an expense during the year and included in cost of sales of Parent Company.

Inventories have been increased by RO 65,208 (December 2023: decrease of RO 447,697) of Group and RO 73,023 (December 2023: decrease of RO 444,097) of the Parent Company due to (reversal)/provision for obsolete and slow-moving inventories.

11. Trade and other receivables

	Group		Parent Company	
	2024	**2023**	**2024**	**2023**
Trade receivables, gross	**29,963,164**	32,114,489	**31,783,903**	32,803,671
Less: provision for ECL	**(977,369)**	(1,026,410)	**(1,616,144)**	(1,672,630)
Trade receivables, net	**28,985,795**	31,088,079	**30,167,759**	31,131,041
Other receivables	**967,781**	2,047,872	**729,944**	2,041,055
Total financial assets other than cash and cash equivalents classified at amortised cost	**29,953,576**	33,135,951	**30,897,703**	33,172,096
Advances to suppliers	**8,117,622**	6,058,495	**5,018,358**	3,996,036
	38,071,198	39,194,446	**35,916,061**	37,168,132

(a) Trade and other receivables at amortised cost are non-interest bearing and are generally on 0 to 90 days' credit terms. They are recognised at the original amounts which represents their transaction price on initial recognition.

(b) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable, mentioned above, after taking into account the related ECL provision.

(c) The Group and the Parent Company applies the IFRS 9 simplified approach to measure ECL using a lifetime ECL allowance 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 Group's and the Parent Company's historical credit losses experienced over the five-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 Group's and the Parent Company's customers such as crude oil prices and Gross Domestic Product (GDP) of those countries where the Group and the Parent Company has exposure.

The movement in ECL allowance of trade receivables is as follows:

	Group		Parent Company	
	2024	2023	**2024**	2023
Opening balance	**1,026,410**	954,231	**1,672,630**	1,608,789
(Reversal)/Charge for the year	**(49,041)**	72,179	**(56,486)**	63,841
Closing balance	**977,369**	1,026,410	**1,616,144**	1,672,630

(d) Trade receivables of the Parent Company are subject to a pari-passu charge in favour of the lenders against bank short term borrowings (Note 16).

(e) The aging analysis of trade receivables is as follows:

	Group		Parent Company	
	2024	2023	**2024**	2023
Less than 120 days (not past due)	**23,488,290**	23,142,894	**24,985,351**	24,180,755
Between 91-120 days	**3,558,925**	5,563,791	**3,946,360**	5,322,865
Between 121-365 days	**2,645,835**	3,233,379	**2,603,669**	3,038,033
Above 365 days	**270,114**	174,425	**248,523**	262,018
	29,963,164	32,114,489	**31,783,903**	32,803,671

12 (i) Bank deposits

This balance is subject to restrictions imposed by the banks against the guarantees given by banks on behalf of the Group and the Parent Company for payment of dumping duty, custom duty and lease rent to various authorities. The Company can not withdraw any amount from the bank account till the guarantee period is completed.

12 (ii) Cash and cash equivalents

	Group		Parent Company	
	2024	2023	**2024**	2023
Cash on hand	**15,900**	20,531	**10,356**	16,648
Call account	**5,052,795**	6,037,660	**5,052,795**	6,037,660
Current account	**2,114,090**	4,695,602	**1,453,764**	3,637,907
Cash and cash equivalents in the statement of financial position	**7,182,785**	10,753,793	**6,516,915**	9,692,215
Fixed Deposit	**669,557**	654,218	**608,495**	593,156
	7,852,342	11,408,011	**7,125,410**	10,285,371
Less: Fixed Deposit	**(669,557)**	(654,218)	**(608,495)**	(593,156)
Cash and cash equivalents in the statement of cashflows	**7,182,785**	10,753,793	**6,516,915**	9,692,215

For the consolidated and separate statement of cash flows, cash and cash equivalents comprise the above figures.

The current account balances with banks are non-interest bearing. The call account balances with banks earn annual interest rates ranging between 0.75% and 3.00% per annum (2023: between 0.75% and 3.00% per annum).

13 Share capital and share premium

The authorised share capital of the Parent Company as registered with the Ministry of Commerce, Industry and Investment Promotion is RO 15,000,000 (2023: RO 15,000,000), comprising of 150,000,000 shares of RO 0.100 per share (2023: RO 0.100). The issued and fully paid-up share capital comprises of 124,897,960 (2023: 124,897,960) ordinary shares of RO 0.100 per share (2023: RO 0.100 per share).

	Authorised		Issued and fully paid-up	
	2024	2023	**2024**	2023
Share capital	**15,000,000**	15,000,000	**12,489,796**	12,489,796

The share premium is the amount subscribed to the share capital in excess of the nominal value. The share premium is stated net of share issuance costs.

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

	2024		**2023**	
Name of the shareholder	**Shareholding percentage**	**Number of shares**	Shareholding percentage	Number of shares
Ms. Amal Suhail Salim Bahwan*	**51.00%**	**63,697,960**	51.00%	63,697,960
Oman Investment Authority - 2	**8.31%**	**10,379,234**	6.66%	8,318,686
Civil Service Employees Pension Fund	**8.10%**	**10,118,576**	7.83%	9,785,576
Oman Investment Authority - 1	**5.30%**	**6,615,998**	-	-
	72.71%	**90,811,768**	65.49%	81,802,222

* Ultimate controlling party of the Group is Ms. Amal Suhail Salim Bahwan.

14. Legal reserve

(i) Al Jazeera Steel Products Company SAOG

In accordance with the provisions of the Commercial Companies Law and Regulations of the Sultanate of Oman, annual appropriations of 10% of the net profit are made to this reserve until the accumulated balance of the reserve is equal to one-third of the Parent Company's issued and fully paid-up share capital, which was achieved during the year 2017. This reserve is not available for distribution. As the legal reserve equals one third of the paid up share capital, no transfer was made during the year.

(ii) Al Jazeera Oman Steel Products Company, single member Company, Saudi Arabia

In accordance with the provisions of the Saudi Regulations, annual appropriations of 10% of the net profit are made to this reserve until the accumulated balance of the reserve is equal to 30% of the subsidiary's issued and fully paid-up share capital, which was achieved during the year 2020. This reserve is not available for distribution.

(iii) Al Jazeera Steel Products Co L.L.C., United Arab Emirates

In accordance with the provisions of the UAE Federal law 2015, annual appropriations of 5% of the net profit are made to this reserve of UAE subsidiary. The Company has option to stop such allocation if the reserve balance reaches 50% of the share capital. This reserve is not available for distribution.

15. Dividend

Dividend is not accounted for until it has been approved at the shareholders' general meeting. At the Board of Directors meeting held on 09 February 2025, a cash dividend of 43 baiza per share, amounting to RO 5,370,612, has been recommended for shareholders' approval at the forthcoming annual general meeting. The consolidated and separate financial statements for the period ended 31 December 2024 do not reflect this resolution, which will be accounted for in the consolidated and separate shareholders' equity as an appropriation from the retained profits as at 31 December 2025.

A cash dividend of 19 baiza per share amounting to RO 2,373,061 was paid as approved by the shareholders in the annual general meeting held on 24 March 2024. (2023: 15 baiza per share amounting to RO 1,873,469).

During the year, unclaimed dividend amounting to RO 14,997 (2023: RO 1,670) was transferred to the Investor's Trust Fund account based on the guidelines issued by the Financial Services Authority of the Sultanate of Oman.

16. Bank borrowings

Bank borrowings - non current

	Group		Parent Company	
	2024	2023	**2024**	2023
Term Loan (i)	**7,543,554**	1,319,246	**-**	-
	7,543,554	1,319,246	**-**	-

(i) The term loan of subsidiary, Al Jazeera Steel Products Co LLC, UAE is denominated in US Dollar, secured over the present and future assets of the subsidiary, and carries interest at a variable rate of SOFR plus applicable margin. The loan amortises, with quarterly repayments starting from September 2026 to November 2031. As of date, the undrawn amount is RO 16.51 million. The Loan has also been secured by the corporate guarantee provided by the parent company.

The Parent company and the Group is subject to the bank's covenants, which require maintaining specific thresholds for the leverage ratio, current ratio, debt-to-net worth, and total net worth. The covenant is required to be tested annually on 31 December. The loan becomes repayable on demand if these threshold are not met at any testing date. The Company complied with these ratios when it was tested on 31 December 2024. Management believes that the Parent Company and the Group will meet the relevant requirement till the end of the loan repayment.

Bank borrowings - current

	Group		Parent Company	
	2024	2023	**2024**	2023
Short term borrowings (ii)	**16,787,084**	21,102,981	**16,787,084**	21,102,981
	16,787,084	21,102,981	**16,787,084**	21,102,981

(ii) The Parent Company has credit facilities in the amount of RO 83.5 million (31 December 2023: RO 82.3 million) from local and foreign commercial banks. The credit facilities are secured by a pari-passu charge on all the assets amounting to RO 100.0 million as at 31 December 2024 (RO 97.0 million as at 31 Dec 2023) of the Parent Company.

These short term borrowings carry an interest rate of money market rate + 0.5% per annum (31 December 2023: money market rate + 0.5% per annum).

The carrying amount of the Group's and the Parent Company's bank borrowings is denominated in Omani Rial and US Dollars. There is no impact of foreign exchange fluctuation as RO is pegged to USD.

Change in cash flows from financing activities

	Group		Parent Company	
	2024	2023	2024	2023
Bank borrowings				
At 1 January	21,102,981	25,375,475	21,102,981	25,375,475
Proceeds from borrowings	74,676,967	80,150,091	74,676,967	80,150,091
Repayment of borrowings	(78,992,864)	(84,422,585)	(78,992,864)	(84,422,585)
At 31 December	16,787,084	21,102,981	16,787,084	21,102,981
Change in cash flows	(4,315,897)	(4,272,494)	(4,315,897)	(4,272,494)

17. Employees' end of service benefits

	Group		Parent Company	
	2024	2023	2024	2023
At 1 January	2,044,383	1,894,253	1,997,428	1,870,205
Accrued during the year	579,456	404,712	553,998	388,735
Interest on defined benefit liability	104,186	74,959	101,575	73,997
Net actuarial loss/ (gain) through OCI	93,492	(283,984)	95,019	(289,952)
Intercompany transfer	-	-	(14,840)	-
Payments during the year	(62,413)	(45,557)	(60,506)	(45,557)
At 31 December	2,759,104	2,044,383	2,672,674	1,997,428

The following table shows a reconciliation from opening balances to the closing balances for the defined benefit liability and its components

	Group		Parent Company	
	2024	2023	2024	2023
At 1 January	2,044,383	1,894,253	1,997,428	1,870,205
Included in the Profit or Loss				
-Current Service Cost	209,714	259,175	207,985	243,198
-Past service cost	346,013	145,537	346,013	145,537
-Interest cost	104,186	74,959	101,575	73,997
	2,704,296	2,373,924	2,653,001	2,332,937
Intercompany transfer	-	-	(14,840)	-
Benefit paid	(62,413)	(45,557)	(60,506)	(45,557)
Transferred to CWIP	23,729	-	-	-
Included in the Other Comprehensive Income (OCI)	2,665,612	2,328,367	2,577,655	2,287,380
Actuarial (loss)/gain (experience adjustment)	93,492	(283,984)	95,019	(289,952)
At 31 December	2,759,104	2,044,383	2,672,674	1,997,428

17. Employees' end of service benefits (continued)

All retirement benefits plans are defined benefit plans, which are unfunded. The actuarial valuations using the projected unit credit method as per IAS 19 were undertaken using the following assumptions:

	Group		Parent Company	
	2024	2023	**2024**	2023
Discount rate	**5.34%**	4.69%	**5.74%**	5.19%
Future salary increases	**4.33%**	5.00%	**6.00%**	5.00%
Retirement age in years - Workers	**60**	60	**60**	60
Retirement age in years - Staff	**65**	65	**65**	65

The amount recognised in the statement of profit or loss is as follows:

	Group		Parent Company	
	2024	2023	**2024**	2023
Service cost	**555,727**	404,712	**553,998**	**388,735**
Interest cost	**104,186**	74,959	**101,575**	73,997
	659,913	479,671	**655,573**	462,732

The amount recognised in the statement of other comprehensive income

	Group		Parent Company	
	2024	2023	**2024**	2023
Actuarial (loss)/gain (experience adjustment)	**(93,492)**	283,984	**(95,019)**	289,952

Sensitivity analysis 2024

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Group		Parent Company	
	2024	2023	**2024**	2023
+1% Discount Rate	**2,325,189**	1,656,446	**2,136,591**	1,615,185
-1% Discount Rate	**2,598,826**	1,868,083	**2,384,257**	1,820,596
+1% Salary Increase Rate	**2,609,497**	1,875,849	**2,393,857**	1,828,171
-1% Salary Increase Rate	**2,313,135**	1,647,626	**2,125,704**	1,606,588

18. Trade and other payables

	Group		Parent Company	
	2024	2023	**2024**	2023
Non-current				
Other payables	**60,428**	-	**-**	-
As at 31 December	**60,428**	-	**-**	-
Trade payables	**6,126,774**	6,331,984	**5,853,338**	6,332,610
Accrued expenses	**12,589,185**	11,480,572	**12,588,527**	11,445,084
Contract liabilities	**627,179**	550,474	**627,179**	550,474
Other payables	**1,252,107**	385,990	**104,455**	153,001
	20,595,245	18,749,020	**19,173,499**	18,481,169

Trade payables are generally settled within 0 to 90 days of the suppliers' invoice date.

The non-current other payables comprises of registration fees payable to Abu Dhabi Muncipality over a period of 10 years. The Group recongnises the liabilty as a financial liability with a significant financing component. The liabilitiy is initially measured at its fair value in accordance with IFRS 9 Financial Instruments.

The registration fees payable totaling RO 66,954 has been apportioned into non-current liability RO 60,428 and current liability RO 6,526.

(a) Accrued expenses include dumping duty accruals amounting to RO 4,412,179 (31 December 2023: RO 4,263,378) to be paid on export to United States of America ("USA"). The DOC has completed their administrative review up to November 2022. However, the periods for which administrative reviews are pending, the Group has recorded an accrual. Since the year 2016, the US Department of Commerce ("DOC") imposed anti-dumping duty on the export to USA. In September 2024, the DOC assigned the Company a dumping margin of 0.61 percent. This rate will be used to assess antidumping duties on entries made during the review period from December 2021 to November 2022, as well as on future shipments to the United States.

(b) The movement of contract liabilities is as follows:

	Group		Parent Company	
	2024	2023	**2024**	2023
As at 1 January	**550,474**	467,080	**550,474**	467,080
Advances received during the year	**9,710,740**	17,340,500	**9,710,740**	17,340,500
Revenue recognised during the year	**(9,634,035)**	(17,257,106)	**(9,634,035)**	(17,257,106)
As at 31 December	**627,179**	550,474	**627,179**	550,474

The advances from customers outstanding at the reporting date are expected to be adjusted within a year.

19. Revenue

The Group generates revenue primarily from sale of manufactured steel products which is the major product line. In the following table, revenue from contracts with customers is disaggregated by primary geographical market. All of the revenue is being recognised at a point-in-time. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

19. Revenue (continued)

	Group		Parent Company	
	2024	2023	**2024**	2023
Revenue recognised at a point-in-time				
Regional	**112,847,612**	119,410,746	**112,026,855**	117,684,476
International	**33,837,724**	22,992,178	**33,837,724**	22,992,178
	146,685,336	142,402,924	**145,864,579**	140,676,654

20. Cost of revenue

	Group		Parent Company	
	2024	2023	**2024**	2023
Cost of materials consumed	**113,639,904**	113,712,209	**113,848,571**	113,029,643
Charge/ (Reversal) of provision on slow moving inventory	**(65,208)**	447,697	**(73,023)**	444,097
Direct wages	**4,988,767**	4,429,479	**4,988,767**	4,429,479
Depreciation of property, plant and equipment (Note 6)	**1,532,241**	1,399,364	**1,532,241**	1,399,364
Amortisation of right-of-use assets (Note 7)	**105,783**	105,426	**105,783**	105,426
Utilities expenses	**1,914,315**	1,867,945	**1,914,315**	1,867,945
Other direct expenses	**971,950**	757,035	**971,950**	757,035
	123,087,752	122,719,155	**123,288,604**	122,032,989

21. Selling and distribution expenses

	Group		Parent Company	
	2024	2023	**2024**	2023
Packaging and dispatch charges	**7,948,436**	8,312,829	**7,817,364**	8,201,404
Commission on sales	**15,588**	54,403	**15,588**	54,403
Advertisement and publicity	**50,688**	36,674	**36,137**	36,674
Sales promotion expenses	**22,164**	9,800	**22,164**	9,800
Other selling and distribution expenses	**156,978**	132,499	**156,424**	132,499
	8,193,854	8,546,205	**8,047,677**	8,434,780

22. General and administrative expenses

	Group		Parent Company	
	2024	2023	2024	2023
Indirect employee costs	3,962,990	3,277,850	3,613,100	3,048,589
Other expenses	390,242	373,595	290,118	323,093
Legal and professional fees*	761,342	522,279	279,051	474,944
Depreciation of property, plant and equipment (Note 6)	136,586	131,042	127,713	123,054
Travelling and conveyance	229,814	209,420	183,666	175,657
Communication expenses	127,407	115,808	112,726	111,430
Amortisation of intangible assets (Note 8)	104,148	98,771	104,148	98,771
Amortisation of right-of-use assets (Note 7)	60,729	83,352	37,161	59,849
Insurance	55,913	53,143	23,465	16,997
	5,829,171	4,865,260	4,771,148	4,432,384

*Legal and professional expenses include the audit fee of RO 37,158 for the Group and RO 33,782 for the parent company (2023: Group of RO 31,784 and Parent company of RO 28,408). The provision include the non-audit fees from external auditor of RO 2,809 (2023: RO 2,650).

	Group		Parent Company	
Employees related costs	2024	2023	2024	2023
Salaries and wages	7,315,302	6,496,319	7,044,555	6,305,845
Contribution of social security	264,920	235,794	254,920	227,218
End of service benefits expense	659,913	479,671	655,573	462,732
Other benefits	711,622	495,545	646,819	482,273
	8,951,757	7,707,329	8,601,867	7,478,068

23. Other income

	Group		Parent Company	
	2024	2023	2024	2023
Dividend income from a subsidiary	-	-	461,718	410,416
Miscellaneous income	2,367	4,530	2,367	4,530
	2,367	4,530	464,085	414,946

24. Other operating expenses

	Group		Parent Company	
	2024	2023	2024	2023
Loss on disposal of property, plant and equipment	25,102	14,957	25,102	15,582
	25,102	14,957	25,102	15,582

25 (a) Finance expense

	Group		Parent Company	
	2024	2023	2024	2023
Interest on bank borrowings	1,099,891	1,307,042	1,004,103	1,249,662
Interest on lease liabilities (Note 7)	220,980	221,425	220,152	218,988
	1,320,871	1,528,467	1,224,255	1,468,650

During the year an amount of RO. 993,696 (December 2023:R.O. 814,721) of Group and an amount of RO. 277,853 (December 2023:R.O. 201,585) of Parent Company of interest expense was capitalised including lease interest.

25 (b) Finance income

	Group		Parent Company	
	2024	2023	2024	2023
Interest income	111,127	101,787	111,127	101,787
	111,127	101,787	111,127	101,787

Finance income relate to interest earned from banks on call account balances and deposits

26. Taxation

	Group		Parent Company	
	2024	2023	2024	2023
Consolidated and separate statement of profit or loss				
Current tax:				
Tax charge for the period	1,371,434	547,077	1,366,480	534,954
Tax charge for the previous years	1,126	18,105	879	18,105
	1,372,560	565,182	1,367,359	553,059
Deferred tax:				
Origination and (reversal) of other temporary differences	(71,595)	98,322	5,107	167,995
	(71,595)	98,322	5,107	167,995
Total expense	1,300,965	663,504	1,372,466	721,054

	Group		Parent Company	
	2024	2023	2024	2023
Amount recognized in other comprehensive income				
Remeasurement of defined benefit liability				
Tax expense	(13,933)	43,493	(14,253)	43,493

26. Taxation (continued)

	Group		Parent Company	
Consolidated and separate statement of financial position	**2024**	2023	**2024**	2023
Non-current assets				
Deferred tax	**223,328**	137,800	**77,273**	68,127
Current liabilities				
Current year tax payable	**1,348,699**	531,883	**1,343,745**	514,433

(a) The Parent Company has calculated income tax at an effective tax rate of 15% for the year ended 31 December 2024 (31 December 2023: 15%). The Saudi subsidiary has a tax liability of RO 4,954 (31 December 2023: RO 17,450) at the Zakat rate of 2.5% (31 December 2023: 2.5%) as at the reporting date. The reconciliation of tax based on the accounting profit and tax profit of the Group and the Parent Company is as follows:

	Group		Parent Company	
	2024	2023	**2024**	2023
Net profit before tax for the year	**8,391,121**	4,763,018	**9,139,491**	4,745,161
Tax expense at Oman tax rate	**1,258,668**	714,453	**1,370,924**	711,774
Tax effect on non-deductible expenses	**663**	1,560	**663**	1,560
Tax effect on foreign tax rates	**40,508**	(60,229)	**-**	-
Tax effect of adjustments in respect of prior years	**1,126**	7,720	**879**	7,720
Total tax charge for the year	**1,300,965**	663,504	**1,372,466**	721,054

(b) Deferred tax asset

	Group		Parent Company	
	2024	2023	**2024**	2023
At 1 January	**137,800**	279,615	**68,127**	279,615
Movement during the year				
- Profit or loss	**71,595**	(98,322)	**(5,107)**	(167,995)
-Other Comprehensive income	**13,933**	(43,493)	**14,253**	(43,493)
At 31 December	**223,328**	137,800	**77,273**	68,127

Al Jazeera Steel Products Co. SAOG
Notes to the consolidated and separate financial statements for the year ended 31 December 2024
(Expressed in Omani Rial)

26. Taxation (continued)

Group	**At 1 January 2024**	**Addition during the year**	**Charge to the profit or loss**	**At 31 December 2024**
- Profit or loss				
Property, plant and equipment	**(735,688)**	**-**	**(28,516)**	**(764,204)**
Right-of-use asset	**(1,231,292)**	**-**	**37,604**	**(1,193,688)**
Lease liability	**1,354,601**	**-**	**58,982**	**1,413,583**
Provisions	**793,672**	**-**	**3,525**	**797,197**
	181,293	**-**	**71,595**	**252,888**
-Other Comprehensive income				
Remeasurement of defined benefit liability	**(43,493)**	**-**	**13,933**	**(29,560)**
	137,800	**-**	**85,528**	**223,328**

Parent Company	**At 1 January 2024**	**Addition during the year**	**Charge to the profit or loss**	**At 31 December 2024**
- Profit or loss				
Property, plant and equipment	**(735,688)**	**-**	**(28,516)**	**(764,204)**
Right-of-use asset	**(438,584)**	**-**	**21,440**	**(417,144)**
Lease liability	**492,220**	**-**	**(1,556)**	**490,664**
Provisions	**793,672**	**-**	**3,525**	**797,197**
	111,620	**-**	**(5,107)**	**106,513**
-Other Comprehensive income				
Remeasurement of defined benefit liability	**(43,493)**	**-**	**14,253**	**(29,240)**
	68,127	**-**	**9,146**	**77,273**

Group	At 1 January 2023	Addition during the year	Charge to the profit or loss	At 31 December 2023
- Profit or loss				
Property, plant and equipment	(762,200)	-	26,512	(735,688)
Right-of-use asset	(207,898)	(10,63,686)	40,292	(1,231,292)
Lease liability	240,950	1,063,686	49,965	1,354,601
Provisions	1,008,763	-	(215,091)	793,672
	279,615	-	(98,322)	181,293
-Other Comprehensive income	-	-	(43,493)	(43,493)
Remeasurement of defined benefit liability	279,615	-	(141,815)	137,800

26. Taxation (continued)

Parent Company	At 1 January 2023	Addition during the year	Charge to the profit or loss	At 31 December 2023
- Profit or loss				
Property, plant and equipment	(762,200)	-	26,512	(735,688)
Right-of-use asset	(207,898)	(255,478)	24,792	(438,584)
Lease liability	240,950	255,478	(4,208)	492,220
Provisions	1,008,763	-	(215,091)	793,672
	279,615	-	(167,995)	111,620
-Other Comprehensive income	-	-	-	-
Remeasurement of defined benefit liability	-	-	(43,493)	(43,493)
	279,615	-	(211,488)	68,127

(c) Tax assessments up to the year 2021 have been completed and agreed with the Oman Tax Authority for the Parent Company and up to the year 2019 for the Saudi subsidiary. The management believes that additional taxes, if any, for open tax years would not be material to the consolidated and separate financial position of the Group and the Parent Company at the reporting date..

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ('the CT Law') to enact a Federal corporate tax ('CT') regime in the UAE. The CT Law will be effective for financial years beginning on or after 1 June 2023. Decision No. 116 of 2022 specifies the threshold of income (as AED 375,000) over which a corporate tax of 9% would apply and a rate of 0% on qualifying income of free zone entities and accordingly, the CT Law is now considered to be substantively enacted.

For the Company, current taxes shall be accounted for as appropriate in the financial statements for the period beginning 1 January 2024. In accordance with IAS 12 Income Taxes, the related deferred tax accounting impact has been considered for the financial period ended 31 December 2024.

As at 31 December 2024, the BEPS Pillar Two was not considered to be substantively enacted from the perspective of IAS 12 – Income Taxes since the corresponding regulations/ clarifications were yet to be prescribed.

27. Related party transactions and balances

The Group and the Parent Company has entered into transactions with related parties as specified under IAS 24. Prices and terms of these transactions, which are entered into in the normal course of business, are on mutually agreed terms and conditions, who provide goods and render services to the Group and the Parent Company. During the year, the following transactions were carried out with the related parties:

Al Jazeera Steel Products Co. SAOG
Notes to the consolidated and separate financial statements for the year ended 31 December 2024
(Expressed in Omani Rial)

27. Related party transactions and balances (continued)

	Group		Parent Company	
	2024	2023	**2024**	2023
a) Transactions with subsidiaries:				
Revenue	-	-	17,792,356	12,325,691
Payments on behalf of the subsidiaries	-	-	1,616,130	374,268
Investment in subsidiary during the period				
Al Jazeera Steel Products Co LLC	-	-	4,158,380	1,656,039
Receivables from subsidiaries*				
Al Jazeera Oman Steel Products Co	-	-	4,200,980	3,645,853
Al Jazeera Steel Products Co LLC	-	-	40,400	18,009
	-	-	4,241,380	3,663,862

* The balances are included in trade and other receivables.

	Group		Parent Company	
	2024	2023	**2024**	2023
b) Other related parties (common control)				
Revenue	43,813	516	43,813	516
Purchases	172,610	53,036	172,610	53,036
Bank balances - National Bank of Oman	4,648,976	5,394,301	4,648,976	5,394,301
Bank borrowings - National Bank of Oman	3,181,450	5,810,868	3,181,450	5,810,868
Amount due to related parties:				
Bahwan Project & Telecom	339	-	339	-
DHL Global Forwarding	8,323	7,245	8,323	7,245
Bahwan Logistics	11,200	-	11,200	-
	19,862	7,245	19,862	7,245

27. Related party transactions and balances (continued)

	Group		Parent Company	
	2024	2023	**2024**	2023
c) Compensation of key management personnel*				
Short term employment benefits	**499,097**	481,305	**499,097**	481,305
Post-employment benefits	**25,914**	23,276	**25,914**	23,276
	525,011	504,581	**525,011**	504,581
Non key management personnel directors				
Remuneration to directors	**110,000**	100,000	**110,000**	100,000
Directors' sitting fees	**27,900**	21,600	**27,900**	21,600

* Key management personnel (KMP) are same for Parent Company and its subsidiaries and total compensation paid to KMP is borne by the Parent Company.

d) Amounts due from and to related parties are unsecured, bear no interest, arise in the ordinary course of business and have no fixed repayment terms.

28. Earnings per share

Earnings per share is calculated by dividing the net profit attributable to equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the year.

	Group		Parent Company	
	2024	2023	**2024**	2023
Profit for the year, attributable to the owners of the Parent Company	**7,131,223**	4,114,392	**7,767,025**	4,024,107
Weighted average number of shares outstanding	**124,897,960**	124,897,960	**124,897,960**	124,897,960
Earnings per share attributable to shareholders of the Parent Company	**0.057**	0.033	**0.062**	0.032

As there are no dilutive potential shares issued by the Parent Company, the diluted earnings per share is the same as the basic earnings per share.

29. Net assets per share

The calculation of net assets per share is based on dividing the net assets attributable to ordinary shareholders by the weighted average number of shares outstanding as at 31 December.

	Group		Parent Company	
	2024	2023	**2024**	2023
Net assets	**56,703,768**	52,025,811	**56,648,879**	51,335,681
Shares outstanding at reporting date	**124,897,960**	124,897,960	**124,897,960**	124,897,960
Net assets per share	**0.454**	0.417	**0.454**	0.411

30. Segment information

The Group and the Parent Company operate in one business segment that of manufacturing and sale of steel products. The operating segment is identified based on internal reports about components of the Company that are regularly reviewed by the Board of Directors in order to allocate resources to the segments and to assess their performance. All the relevant information relating to this segment is disclosed in the financial statements. There is no single major customer of the Group.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors

a) The following geographical analysis has been compiled based on the location of the customers of the Group and the Parent Company:

	2024	2024	2023	2023
Group	**Revenue**	**Trade receivables (gross)**	Revenue	Trade receivables (gross)
Regional	**112,847,612**	**29,485,871**	119,410,746	32,086,943
International	**33,837,724**	**477,293**	22,992,178	27,546
	146,685,336	**29,963,164**	142,402,924	32,114,489

	2024	2024	2023	2023
Parent Company	**Revenue**	**Trade receivables (gross)**	Revenue	Trade receivables (gross)
Regional	**112,026,855**	**31,306,610**	117,684,476	32,776,125
International	**33,837,724**	**477,293**	22,992,178	27,546
	145,864,579	**31,783,903**	140,676,654	32,803,671

b) Geographical location of non-current assets owned by the company is as follows:

Non-current assets (excluding financial assets) of RO 24,613,186 (December 2023: RO 20,104,448) are located in Sultanate of Oman.

31. Capital risk management

The capital is managed by the Group 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 Parent Company consists of share capital, reserves and retained earnings. The Parent Company manages its capital by making adjustments in bringing additional capital in light of changes in business conditions.

32. Financial assets and liabilities and risk management

a) Financial assets and liabilities

Financial assets and liabilities carried on the consolidated and separate statement of financial position include cash and bank balances, trade and other receivables, bank borrowings, and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial asset classification

	Group		Parent Company	
	2024	2023	**2024**	2023
Trade receivables	**29,963,164**	32,114,489	**31,783,903**	32,803,671
Other receivables	**967,781**	2,047,872	**729,944**	2,041,055
Bank deposits	**669,557**	654,218	**608,495**	593,156
Bank balances	**7,166,885**	10,733,262	**6,506,559**	9,675,567
	38,767,387	45,549,841	**39,628,901**	45,113,449
Bank long term borrowings	**7,543,554**	1,319,246	**-**	-
Bank short term borrowings	**16,787,084**	21,102,981	**16,787,084**	21,102,981
Trade and other payables*	**7,071,514**	6,400,188	**5,852,959**	6,389,171
Total	**31,402,152**	28,822,415	**22,640,043**	27,492,152

* Trade and other payables exclude accrued expenses, VAT payable and contract liability

Financial assets and liabilities are largely aligned with fair values of the Group and the Parent Company.

b) Risk management

Financial risk management is carried out by the Finance Department under policies approved by the Board of Directors. The Finance Department identifies, evaluates and hedges financial risks in close co-operation with the Board of Directors. The Parent Company provides principles for overall risk management, as well as policies covering specific areas.

c) 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 Group and the Parent Company manages their 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 year ended 31 December 2024 and year ended 31 December 2023.

The Group and the Parent Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group and the Parent Company includes within net debt, bank borrowings less cash and bank balances. Capital includes share capital, reserves and retained earnings.

32. Financial assets and liabilities and risk management (continued)

c) Capital management (continued)

	Group		Parent Company	
	2024	2023	**2024**	2023
Bank borrowings	**24,330,638**	22,422,227	**16,787,084**	21,102,981
Less: cash and bank balances	**(7,182,785)**	(10,753,793)	**(6,516,915)**	(9,692,215)
Net debt	**17,147,853**	11,668,434	**10,270,169**	11,410,766
Share capital	**12,489,796**	12,489,796	**12,489,796**	12,489,796
Share premium	**13,856,484**	13,856,484	**13,856,484**	13,856,484
Legal reserve	**4,166,344**	4,166,344	**4,163,266**	4,163,266
Retained earnings	**26,191,144**	21,513,187	**26,139,333**	20,826,135
Total capital	**56,703,768**	52,025,811	**56,648,879**	51,335,681
Total capital and net debt	**73,851,621**	63,694,245	**66,919,048**	62,746,447
Gearing ratio	**23%**	18%	**15%**	18%

33. Financial risk management

a) Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Group and the Parent Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates(referred to as 'IBOR reform'). In 2024, the Group and the Parent Company undertook amendments to most financial instruments with contractual terms indexed to IBORs such that they incorporate new benchmark rates, e.g. SOFR. As at 31 December 2024, the Group's remaining IBOR exposure is indexed to Secured Overnight Financing Rate (SOFR). The Group finished the process of implementing appropriate fallback clauses for all US dollar LIBOR indexed exposures in 2021. The committee reports to the Company's board of directors quarterly and collaborates with other business functions as needed. It provides periodic reports to management of interest rate risk.

Non derivative financial liabilities

During the year 2021, the Group modified all of its floating-rate liabilities indexed to SOFR. As a result, the Group's IBOR exposures to non-derivative financial liabilities as at 31 December 2024 were secured bank borrowings indexed to SOFR.

(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 Group and the Parent Company are exposed to interest rate risk as the Group and the Parent Company have interest-earning call deposits and bank borrowings at commercial interest rates.

33. Financial risk management (continued)

a) Market risk (continued)

(ii) Interest rate risk (continued)

The interest rate profile of the Group and Parent Company's interest-bearing financial instruments as reported to the management of the Group is as follows.

	Group		Parent Company	
	2024	2023	**2024**	2023
Variable rate bank borrowings	**24,330,638**	22,422,227	**16,787,084**	21,102,981

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss	
	100 bp increase	**100 bp decrease**
31-Dec-24		
Variable-rate instruments	**143,468**	**175,274**
31-Dec-23		
Variable-rate instruments	297,753	508,783

(iii) Currency 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 Group and the Parent Company are exposed to foreign exchange risk arising from various currency exposures. Significant portion of revenues and major operating costs are either denominated in RO or USD. As this currency is pegged against the RO, the management does not believe that the Group and the Parent Company are exposed to any material foreign exchange risk.

Management considers that sensitivity analysis is not necessary due to the Group's and the Parent Company's limited exposure to foreign exchange risk.

(iv) 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.

The Group and the Parent Company do not have any equity instruments and are therefore not exposed to price risk.

b) Credit risk

Credit risk on trade receivables is limited to their carrying values as management regularly reviews these balances to assess recoverability and makes provision for balances whose recoverability is in doubt. Credit risk is managed mainly through credit terms to customers backed by confirmed letters of credit. There is no concentration of credit risk with respect to trade receivables as the Group and the Parent Company have a large number of customers, both locally and internationally.

33. Financial risk management (continued)

b) Credit risk (continued)

The Group and the Parent Company allocate each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating.

Exposures within each credit risk grade are segmented by geographic region and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past five years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's and the Parent Company's view of economic conditions over the expected lives of the receivables.

Since, as for each potential customer there is no independent rating, the Group's credit committee assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors.

Expected credit loss assessment for trade receivables

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers:

Group

31 December 2024	**Weighted average loss rate**	**Gross carrying amount**	**Loss allowance**	**Net carrying amount**
Days		**RO**	**RO**	**RO**
Less than 90 days (not past due)	0%	23,488,290	108,459	23,379,831
Between 91-120 days	6%	3,558,925	230,921	3,328,004
Between 121-365 days	14%	2,645,835	367,875	2,277,960
Above 365 days	100%	270,114	270,114	-
	3%	29,963,164	977,369	28,985,795

31 December 2023	**Weighted average loss rate**	**Gross carrying amount**	**Loss allowance**	**Net carrying amount**
Days		**RO**	**RO**	**RO**
Less than 90 days (not past due)	1%	23,142,894	180,210	22,962,684
Between 91-120 days	5%	5,563,791	280,833	5,282,958
Between 121-365 days	13%	3,233,379	429,107	2,804,272
Above 365 days	100%	174,425	174,425	-
	3%	32,114,489	1,064,575	31,049,914

33. Financial risk management (continued)

b) Credit risk (continued)

Parent

31 December 2024	**Weighted average loss rate**	**Gross carrying amount**	**Loss allowance**	**Net carrying amount**
Days		**RO**	**RO**	**RO**
Less than 90 days (not past due)	3%	24,985,351	791,933	24,193,418
Between 91-120 days	6%	3,946,360	230,921	3,715,439
Between 121-365 days	13%	2,603,669	344,767	2,258,902
Above 365 days	100%	248,523	248,523	-
	5%	31,783,903	1,616,144	30,167,759

31 December 2023	**Weighted average loss rate**	**Gross carrying amount**	**Loss allowance**	**Net carrying amount**
Days		**RO**	**RO**	**RO**
Less than 90 days (not past due)	3%	24,180,755	714,821	23,465,934
Between 91-120 days	6%	5,322,865	293,800	5,029,065
Between 121-365 days	13%	3,038,033	401,991	2,636,042
Above 365 days	100%	262,018	262,018	-
	5%	32,803,671	1,672,630	31,131,041

The maximum exposure to credit risk at the reporting date, without taking into account collateral or other credit enhancements was:

	Group		**Parent Company**	
	2024	**2023**	**2024**	**2023**
	RO	**RO**	**RO**	**RO**
Classified as financial assets measured at amortised cost				
Cash and cash equivalents	7,182,785	10,753,793	6,516,915	9,692,215
Fixed Deposit	669,557	654,218	608,495	593,156
Trade receivables	28,985,795	31,088,079	30,167,759	31,131,041
Other receivables	967,781	2,047,872	729,944	2,041,055
	37,805,918	44,543,962	38,023,113	43,457,467

The table below shows the balances with banks categorised by short-term credit rating as published by Moody's investor's service at the reporting date. Although one of the bank has been rated as not prime, management does not foresee any default risk.

33. Financial risk management (continued)

b) Credit risk (continued)

Bank	Rating agency	Credit rating
Bank Muscat SAOG	Standard & Poor's	BBB-
National Bank of Oman SAOG	Fitch	BB
Oman Arab Bank SAOG	Moody's	Ba1
Sohar International Bank SAOG	Fitch	BB
Ahli Bank SAOG	Fitch	BB+
Bank Dhofar SAOG	Fitch	BB+
Gulf International Bank B.S.C	Fitch	A-
Bank Nizwa SAOG	Moody's	Ba3
Emirates NBD Bank PJSC	Fitch	A+
Abu Dhabi Commercial Bank PJSC	Fitch	A+
First Abu Dhabi Bank PJSC	Fitch	A+
Bank of Baroda (Oman)	Fitch	BBB-

c) Liquidity risk

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

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

The liquidity risk profile of the Group is as follows:

		Contractual cashflows		
Liabilities as at 31 December 2024	**Carrying amount**	**Less than 1 year**	**1 - 5 years**	**More than 5 years**
Trade and other payables*	**7,378,881**	**7,378,881**	**-**	**-**
Bank borrowings	**24,330,638**	**17,378,499**	**5,188,681**	**4,861,574**
Lease liabilities	**14,144,974**	**746,756**	**4,008,765**	**52,059,904**
	45,854,493	**25,504,136**	**9,197,446**	**56,921,478**

Liabilities as at 31 December 2023	**Carrying amount**	**Less than 1 year**	**1 - 5 years**	**More than 5 years**
Trade and other payables*	6,717,974	6,717,974	-	-
Bank borrowings	22,422,227	21,102,981	1,319,246	-
Lease liabilities	13,526,469	318,318	3,922,177	52,893,249
	42,666,670	28,139,273	5,241,423	52,893,249

* Trade and other payables exclude accrued expenses and contract liability.

33. Financial risk management (continued)

c) Liquidity risk (continued)

The liquidity risk profile of the Parent Company is as follows:

Liabilities as at 31 December 2024	Carrying amount	Contractual cashflows: Less than 1 year	1 - 5 years	More than 5 years
Trade and other payables	5,957,793	5,957,793	-	-
Bank borrowings	16,787,084	16,787,084	-	-
Lease liabilities	3,271,072	210,730	1,095,393	6,323,093
	26,015,949	22,955,607	1,095,393	6,323,093

Liabilities as at 31 December 2023	Carrying amount	Less than 1 year	1 - 5 years	More than 5 years
Trade and other payables	6,485,611	6,485,611	-	-
Bank borrowings	21,102,981	21,102,981	-	-
Lease liabilities	3,281,454	230,530	1,086,554	6,542,663
	30,870,046	27,819,122	1,086,554	6,542,663

d) Commodity price risk

The Group and the Parent Company are affected by the volatility in steel prices. Their operating activities require ongoing purchasing and manufacturing and, therefore, a continuous supply of steel. Due to the significantly increased volatility of the price, the Board of Directors have developed and enacted a risk management strategy regarding commodity price risk and its mitigation. To manage metal price fluctuation risk, the management cautiously manages the inventory at economical levels. The Group and the Parent Company are having a robust supply chain with diversified supplier base to achieve competitive prices and reduce the cycle time for procurement. The Group's and the Parent Company's existing production facilities are also flexible in terms of reacting to the customer demands.

34. Commitments

(i) Purchase commitments

At 31 December 2024, the value of outstanding purchase commitments for the Group and the Parent amounted to RO 15,638,166 (31 December 2023: RO 21,114,821).

(ii) Capital commitments

At 31 December 2024, the value of outstanding capital commitments for the Group amounted to RO 18,269,959 (31 December 2023: RO 12,602,518) and for the Parent amounted to RO 2,990,488 (31 December 2023: RO 1,030,621).

35. Contingent liabilities

	Group		Parent Company	
	2024	2023	**2024**	2023
Outstanding bank guarantees	**5,977,094**	5,369,564	**5,977,094**	5,369,564

The above guarantees were issued in the normal course of business.

36. Notes supporting the consolidated and separate statement of cash flows

Transactions from financing activities shown in the reconciliation of liabilities from financing transactions is as follows:

	Accrued interest	Lease liabilities	Bank borrowings	Total
Dec-24				
Group				
1 January 2024	**182,117**	**13,526,469**	**21,102,981**	**34,811,567**
Cash inflows	**-**	**-**	**74,676,967**	**74,676,967**
Cash outflows	**(1,523,445)**	**(318,318)**	**(78,992,864)**	**(80,834,627)**
Non-cash changes	**1,598,724**	**936,823**	**-**	**2,535,547**
31 December 2024	**257,396**	**14,144,974**	**16,787,084**	**31,189,454**
Parent Company				
1 January 2024	**368,701**	**3,281,454**	**21,102,981**	**24,753,136**
Cash inflows	**-**	**-**	**74,676,967**	**74,676,967**
Cash outflows	**(1,424,954)**	**(230,534)**	**(78,992,864)**	**(80,648,352)**
Non-cash changes	**1,502,108**	**220,152**	**-**	**1,722,260**
31 December 2024	**445,855**	**3,271,072**	**16,787,084**	**20,504,011**

	Accrued interest	Lease liabilities	Bank borrowings	Total
Dec-23				
Group				
1 January 2023	353,500	1,672,436	25,375,475	27,401,411
Cash inflows	-	-	80,150,091	80,150,091
Cash outflows	(1,699,850)	(334,825)	(84,422,585)	(86,457,260)
Non-cash changes	1,528,467	12,188,858	-	13,717,325
31 December 2023	182,117	13,526,469	21,102,981	34,811,567

36. Notes supporting the consolidated and separate statement of cash flows (continued)

Parent Company

1 January 2023	338,500	1,606,319	25,375,475	27,320,294
Cash inflows	-	-	80,150,091	80,150,091
Cash outflows	(1,640,033)	(247,038)	(84,422,585)	(86,309,656)
Non-cash changes	1,670,234	1,922,173	-	3,592,407
31 December 2023	368,701	3,281,454	21,102,981	24,753,136

37. Subsequent events

There were no events occurring subsequent to 31 December 2024 and before the date of the approval that are expected to have a significant impact on these consolidated and separate financial statements.