Financial Statements and Independent Auditor's Report

Ion Exchange and Company LLC

31 March 2024

Contents

Abu Timam
Grant Thornton

أبـو تمـام
محاسبون قانونيون

Abu Timam
Chartered Certified Accountants

بيت أتين
الدور الخامس والسادس
بالمبنى رقم ٣٢٨٣، مربع المرحلة الثانية
شارع دوحة الأدب - الخوير

Bait Etoen
5th and 6th Floor
Building No. 3283, Block Phase 2
Dohat Al Adab Street, Al Khuwair

ص. المربع ٥٧
الرمز البريدي ١١٨
سلطنة عمان

P.O.Box 57
Postal Code 118
Sultanate of Oman

E: info@om.gt.com
www.grantthornton.om

E-mail: info@om.gt.com
www.grantthornton.om

رقم البطاقة الضريبية : ١٣٣٩٨١٣٨

Tax Card No. : 13398138

Independent Auditor's Report

To the Members of
Ion Exchange and Company LLC
P.O. Box 69
Postal Code 112
Sultanate of Oman

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Ion Exchange and Company LLC (the "Company"), which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the effects of matter described in the *Basis for Qualified Opinion* section in our audit report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of Qualified Opinion

As referred in Note 2 to the financial statements, the Company was awarded a concession agreement by Petroleum Development Oman (PDO) for the development and operation of the water treatment plant in the PDO sites commencing from August 2009. Therefore, this agreement falls under the scope of "IFRIC 12 - *Service concession arrangements*". However, management has recognised related water treatment plant under "IAS 16 – *Property, Plant and Equipment*". It constitutes a departure from International Financial Reporting Standards. We are unable to determine the cumulative impact on assets and retained earnings, had the Company implemented the provisions of IFRIC 12.

Independent Auditor's Report (continued)

Basis of Qualified Opinion (continued)

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *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 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 qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of the Commercial Companies Law of 2019, as amended, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements of the Company for the year ended 31 March 2024 comply, in all material respects, with the relevant provisions of the Commercial Companies Law of 2019, as amended.

Nasser Al Mugheiry
Licence No. L2054901
ABU TIMAM
(Chartered Certified Accountants)

15 May 2024

Statement of financial position

as at 31 March 2024

	Notes	31 March 2024 RO	31 March 2023 RO
ASSETS			
Non-current assets:			
Plant and equipment	5	9,092	17,374
Investment in bonds	6	196,967	186,913
Total non-current assets		206,059	204,287
Current assets:			
Inventories	7	27,985	42,800
Trade and other receivables	8	309,430	444,915
Amount due from a related party	9.3	5,356	39,191
Cash and cash equivalents	10	236,897	120,131
Total current assets		579,668	647,037
Total assets		785,727	851,324
EQUITY AND LIABILITIES			
Equity:			
Share capital	11	300,000	300,000
Legal reserve	12	100,000	100,000
Retained earnings		183,125	166,575
Total equity		583,125	566,575
Non-current liabilities:			
Staff terminal benefits	13	44,805	36,430
Total non-current liabilities		44,805	36,430
Current liabilities:			
Amounts due to related parties	9.3	27,247	102,153
Trade and other payables	14	119,705	144,539
Provision for income tax	20	10,845	1,627
Total current liabilities		157,797	248,319
Total liabilities		202,602	284,749
Total equity and liabilities		785,727	851,324

These financial statements on pages 4 to 26 were approved by the Members on 15 May 2024 and were signed on their behalf by:

VIJAY CHINTALAPUDI
DIRECTOR

ALI SAID AL HARTHY
DIRECTOR

The accompanying notes on pages 8 to 26 form an integral part of these financial statements.

The report of the Auditor is set forth on pages 1 to 3.

Statement of profit or loss and other comprehensive income

for the year ended 31 March 2024

	Notes	Year ended 31 March 2024 RO	Year ended 31 March 2023 RO
Revenue	15	1,105,205	993,806
Cost of sales	16	(784,809)	(722,198)
Gross profit		320,396	271,608
Other income	17	124,535	114,594
General and administrative expenses	18	(318,164)	(309,741)
Selling and marketing expenses		-	(601)
Other operating expenses	19	(38,338)	(55,424)
Profit from operations		88,429	20,436
Finance costs		(881)	(1,867)
Profit before income tax		87,548	18,569
Income tax expense	20	(10,998)	(2,536)
Profit for the year		76,550	16,033
Other comprehensive income for the year		-	-
Total comprehensive income for the year		76,550	16,033

The accompanying notes on pages 8 to 26 form an integral part of these financial statements.

The report of the Auditor is set forth on pages 1 to 3.

Statement of changes in equity

for the year ended 31 March 2024

	Share capital RO	Legal reserve RO	Retained earnings RO	Total RO
At 1 April 2022	300,000	100,000	195,542	595,542
Transactions with the Members:				
Dividends paid during the year (Note 24)	-	-	(45,000)	(45,000)
Profit for the year	-	-	16,033	16,033
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	*16,033*	*16,033*
At 31 March 2023	300,000	100,000	166,575	566,575
At 1 April 2023	**300,000**	**100,000**	**166,575**	**566,575**
Transactions with the Members:				
Dividends paid during the year (Note 24)	-	-	(60,000)	(60,000)
Profit for the year	-	-	76,550	76,550
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	**-**	**-**	***76,550***	***76,550***
At 31 March 2024	**300,000**	**100,000**	**183,125**	**583,125**

The accompanying notes on pages 8 to 26 form an integral part of these financial statements.

The report of the Auditor is set forth on pages 1 to 3.

Statement of cash flows

for the year ended 31 March 2024

	Notes	Year ended 31 March 2024 RO	Year ended 31 March 2023 RO
Cash flows from operating activities:			
Profit before income tax		87,548	18,569
Adjustments for:			
Depreciation on plant and equipment	5	8,727	21,567
Reversal of allowance for expected credit losses on trade receivables	21.2	(1,539)	(723)
Provision for staff terminal benefits	13	12,068	3,698
Net realized gain on disposal of bonds	17	(1,635)	-
Reversal of allowance for expected credit losses on investment in bonds	21.2	(1,208)	-
Operating profit before working capital changes		103,961	43,111
Working capital changes:			
Inventories		14,815	(19,351)
Trade and other receivables		137,024	(159,388)
Amount due from a related party		33,835	(25,983)
Trade and other payables		(24,834)	13,831
Amounts due to related parties		(74,906)	55,369
Cash generated from / (used in) operations		189,895	(92,411)
Staff terminal benefits paid	13	(3,693)	(3,126)
Income tax paid		(1,780)	(4,542)
Net cash generated from / (used in) operating activities		184,422	(100,079)
Cash flows from investing activities:			
Investment in bonds - net		(7,211)	-
Purchases of plant and equipment	5	(445)	(10,094)
Net cash used in investing activities		(7,656)	(10,094)
Cash flows from financing activities:			
Dividends paid during the year	24	(60,000)	(45,000)
Net cash used in financing activities		(60,000)	(45,000)
Net increase/ (decrease) in cash and cash equivalents		116,766	(155,173)
Cash and cash equivalents at the beginning of the year		120,131	275,304
Cash and cash equivalents at the end of the year	10	236,897	120,131

The accompanying notes on pages 8 to 26 form an integral part of these financial statements.

The report of the Auditor is set forth on pages 1 to 3.

Notes

(forming part of the financial statements)

1 Nature of operations

Ion Exchange and Company LLC (the "Company") is primarily engaged in supplying and installation of sewage and water treatment plants in the Sultanate of Oman.

2 General information and statement of compliance with IFRSs

The Company is a limited liability company registered under registration number 1008726 in the Sultanate of Oman on 20 November 2006 in accordance with the Commercial Companies Law of the Sultanate of Oman.

The registered address of the Company is P.O. Box 69, Postal Code 112, Sultanate of Oman.

Ion Exchange Limited (the "Parent Company"), incorporated and registered in India, holds 51% of the share capital of the Company.

The Company was awarded a concession agreement by Petroleum Development Oman (PDO) for the development and operation of the water treatment plant in the PDO sites for a period of 7 years commencing from August 2009, which has later been extended further for a period of 7 years. The Contract was then extended for another three years in 2023 from 2023 to 2025.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and in conformity with the applicable requirements of the Commercial Companies Law of 2019, as amended.

3 New or revised Standards or Interpretations

3.1 New Standards adopted as at 1 April 2023

Some accounting pronouncements which have become effective from 1 April 2023 and have therefore been adopted do not have a significant impact on the Company's financial results or position.

3.2 Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB and IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Company and no Interpretations have been issued that are applicable and need to be taken into consideration by the Company at the reporting date.

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

4 Material accounting policies

4.1 Overall considerations

The material accounting policies applied in the preparation of these financial statements are fully described below. These accounting policies have been applied consistently by the Company to all period presented in these financial statements.

Notes

(forming part of the financial statements)

4 Material accounting policies (continued)

4.2 Basis of preparation

These financial statements have been prepared on an accrual basis and under the historical cost convention.

4.3 Foreign currency translation

Functional and presentation currency

These financial statements are presented in the Rial Omani (RO) which is also the functional currency of the Company. All amounts have been rounded to nearest Rial Omani, unless otherwise indicated.

Foreign currency transaction and balances

Foreign currency transactions are translated into the presentation currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items of statement of financial position at year-end exchange rates are recognised in the statement of profit or loss.

At each reporting date, all monetary assets and liabilities denominated in foreign currencies are translated into Rial Omani at the rate of exchange prevailing at the reporting date.

Non-monetary items are not retranslated at the period end. They are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

4.4 Revenue recognition

The Company is in the business of providing technical services to petroleum and gas companies. To determine whether to recognize revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

The Company often enters into transactions involving a range of the Company's products and services. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Sale of chemicals and machinery

The Company's contracts with customers for the sale of goods generally include one performance obligation. Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, being when the customer takes undisputed delivery of the goods. A receivable is also recognised as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Technical services

Revenue from rendering of services is recognised over time, when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the transaction at the reporting date.

Notes

(forming part of the financial statements)

4 Material accounting policies (continued)

4.5 Operating expenses

Operating expenses are recognised in the statement of profit or loss and other comprehensive income upon utilisation of the service or as incurred.

4.6 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are not recognised unless one of the parties has performed its part of the contract or a contract is a derivative contract.

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. Transaction cost that are directly attributable to the acquisition or issue of the financial assets and liabilities (other than financial assets or financials liabilities at fair value through profit or loss) are added to or deducted from the fair value of financial assets or liabilities, as appropriate, on initial recognition.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification of financial assets

The Company classifies its financial assets as follows:

- amortised cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVTOCI).

The Company determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment

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

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

Contractual cash flow characteristics test

The Company assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI'). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

The Company reclassifies a financial asset when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Notes

(forming part of the financial statements)

4 Material accounting policies (continued)

4.6 Financial instruments (continued)

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are also recognised in the statement of profit or loss when financial assets carried at amortised cost are de-recognised or impaired.

Financial assets at fair value through other comprehensive income (FVTOCI)

The Company accounts for financial assets at FVTOCI if the assets meet the following conditions (and is not designated as FVTPL):

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

On initial recognition, for an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. Only dividend income recognised in statement of profit or loss. This election is made on instrument-by-instrument basis. FVTOCI financial assets are subsequently measured at fair value with gains and losses arising due to change in fair value recognised in OCI.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at FVTPL. Further, irrespective of the business model used, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognised in the statement of profit or loss.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses the 'expected credit loss (ECL) model'. Instruments within the scope of ECL requirements included loans and other debt-type financial assets measured at amortised cost and FVTOCI, contract receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts.that affect the expected collectability of the future cash flows of the instrument.

Notes

(forming part of the financial statements)

4 Material accounting policies (continued)

4.6 Financial instruments (continued)

Impairment of financial assets (continued)

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second and third category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and subsequent measurement of financial liabilities

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statement of profit or loss and other comprehensive income under its line items 'finance costs' or 'finance income'.

4.7 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and at bank which are subject to insignificant risk of changes in value and are held for the purpose of meeting short term cash commitments.

4.8 Equity and reserves

Share capital is determined using the nominal value of shares that have been issued.

Retained earnings include all current and prior periods results as disclosed in the statement of changes in equity.

Dividend distributions payable to Members of the Company are included in other payables when the dividends have been approved by the Members in a general meeting prior to the reporting date.

4.9 Post-employment benefits

The provision for post-employment benefit is based upon the liability accrued in accordance with the terms of employment of the Company's employees at the reporting date, having regard to the requirements of the Oman Labour Law, 2023 (replacing Repealed Oman Labour Law, 2003 effective 26 July 2023) and the Social Security Law, 1991.

Government of Oman Social Insurance Scheme (the "Scheme")

The Company contributes to the Scheme for all Omani employees. The Scheme, which is a defined contributions retirement plan, is administered by the Government of Oman. The Company and Omani employees are required to make monthly contributions to the Scheme at prescribed rates, of gross salaries.

Notes

(forming part of the financial statements)

4 Material accounting policies (continued)

4.9 Post-employment benefits (continued)

Non-Omani employee terminal benefits

The provision for employee's terminal benefits for non-Omani employees is made in accordance with the requirements of the Oman Labour Law, 2023. Employees are entitled to terminal benefits calculated at a rate of a basic salary of 30 days for each year of continuous service. This is an unfunded defined benefits retirement plan. Accrued non-Omani terminal benefits are payable on termination of employment.

4.10 Plant and equipment

Plant and equipment are initially recognised at acquisition cost, including any costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Company. Plant and equipment are subsequently measured using the cost model, cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value. The estimated useful lives are:

• Plant and equipment	10 years
• Motor vehicles	5 years
• Furniture and fixtures	3 years
• Office equipment	4 years
• Hardware and software	3 years

An assessment of depreciation method, useful lives and residual values are undertaken at each reporting date. Gains or losses arising on the disposal of plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit or loss and other comprehensive income in the period in which it was disposed off.

4.11 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.

Company as a lessee

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

a) Right-of- use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in - substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

Notes

(forming part of the financial statements)

4 Material accounting policies (continued)

4.11 Leases (continued)

Company as a lessee (continued)

b) Lease liabilities (continued)
The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., a change in future payments resulting from a change in index or rate used to determine such lease payments) or a change in the assessment to purchase the underlying asset.

c) Short-term leases and leases of low-value assets
The 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.

4.12 Impairment of non-financial assets
For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment, and some are tested at cash-generating unit level.

Individual assets or cash-generating units with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

4.12 Impairment of non-financial assets
An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. All non-financial assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the assets or cash-generating units recoverable amount exceeds its carrying amount.

4.13 Income taxes
Current income tax liabilities and /or assets comprise those obligations to, or claim from, Tax Authorities relating to the current or prior reporting period, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Notes

(forming part of the financial statements)

4 Material accounting policies (continued)

4.13 Income taxes (continued)

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same Tax Authority.

4.14 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Long term provisions are discounted to their present value, where the time value of money is material.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate of the Company's management.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

Probable inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

4.15 Inventories

Inventories are stated at the lower of cost and net realisable value, after making allowance for obsolete and slow-moving items. The cost of inventories is based on weighted average principle and includes, expenditure incurred in acquiring the inventories and bring them to their existing location and condition. The net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

4.16 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The actual results may differ from the judgement, estimates and assumptions made by management.

Estimates and associated assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the year in which the estimates are revised and in future period effected.

Notes

(forming part of the financial statements)

4 Material accounting policies (continued)

4.16 Significant management judgement in applying accounting policies and estimation uncertainty (continued)

Significant management judgments

The following is significant management judgement in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Estimation uncertainty

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected usage of the assets. At 31 March 2024, management assesses that, the useful lives represent the expected usage of the assets to the Company. The carrying amounts are analysed in Note 5.

Net realisable value of inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future events or other market-driven changes that may reduce future selling prices.

Income tax

Uncertainties exist with respect to interpretation of the Tax Regulations and the amount of timing of future taxable income. Given the wide range of business relationship and nature of existing contractual agreements, differences arising between the actual result and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimate, for possible consequences of the finalisation of the tax assessment of the Company. The amount of such provision is based on various factors, such as experience of previous assessment and differing interpretations of tax regulations by the taxable entity and the responsible Tax Authority.

Measurement of expected credit loss allowance

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 21.2 to the financial statements.

Notes

(forming part of the financial statements)

5 Plant and equipment

	Plant and equipment RO	Motor vehicles RO	Furniture and fixtures RO	Office equipment RO	Hardware and software RO	Total RO
Cost:						
At 1 April 2023	703,610	145,032	22,036	23,667	4,128	898,473
Additions	-	-	-	445	-	445
At 31 March 2024	703,610	145,032	22,036	24,112	4,128	898,918
Accumulated depreciation:						
At 1 April 2023	703,256	130,604	22,036	21,075	4,128	881,099
Charge for the year (Note 19)	354	7,645	-	728	-	8,727
At 31 March 2024	703,610	138,249	22,036	21,803	4,128	889,826
Net book value:						
At 31 March 2024	-	6,783	-	2,309	-	9,092

The carrying amounts for comparative year can be shown as follows:

	Plant and equipment RO	Motor vehicles RO	Furniture and fixtures RO	Office equipment RO	Hardware and software RO	Total RO
Cost:						
At 1 April 2022	703,610	136,032	22,036	22,573	4,128	888,379
Additions	-	9,000	-	1,094	-	10,094
At 31 March 2023	703,610	145,032	22,036	23,667	4,128	898,473
Accumulated depreciation:						
At 1 April 2022	689,832	123,359	21,969	20,244	4,128	859,532
Charge for the year (Note 19)	13,424	7,245	67	831	-	21,567
At 31 March 2023	703,256	130,604	22,036	21,075	4,128	881,099
Net book value:						
At 31 March 2023	354	14,428	-	2,592	-	17,374

6 Investment in bonds

	31 March 2024 RO	31 March 2023 RO
At amortised cost:		
At 1 January	188,750	188,750
Purchases during the year	197,596	-
Disposals during the year	(188,750)	-
	197,596	188,750
Less: Allowance for expected credit losses	(629)	(1,837)
	196,967	186,913

Bonds carry interest at the rate of 9.652% per annum (2022: 6.5% per annum).

Note 21.2 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

7 Inventories

Inventories pertains to chemicals used in water desalination process. The inventories amounted to RO 27,985 (2022: RO 42,800) as at 31 March 2024.

Notes

(forming part of the financial statements)

8 Trade and other receivables

	31 March 2024 RO	31 March 2023 RO
Financial assets:		
Trade receivables	347,254	486,900
Less: Allowance for expected credit losses (Note 21.2)	(109,646)	(111,981)
	237,608	374,919
Non-financial assets:		
Advances and prepayments	71,822	69,996
	309,430	444,915

All amounts are short-term. The carrying values of trade and other receivables are considered to be a reasonable approximation of fair values.

Note 21.2 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

9 Related party transactions and balances

A party is considered to be related to the Company if the party has the ability, directly or indirectly, to exercise significant influence in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or significant influence.

The Company's related parties include the Members, key management personnel and other business entities under common control as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

9.1 Transactions with key management personnel

There are no transactions with key management personnel during the year.

9.2 Transactions and balances with other business entities under common control

The Company in the normal course of business carries on transactions with other business enterprises that fall within the definition of a related party are as follows:

	Year ended 31 March 2024 RO	Year ended 31 March 2023 RO
Transactions with related parties:		
Sales / services provided	112,145	106,440
Purchases / services received	111,820	54,557

9.3 Balances with related parties

	31 March 2024 RO	31 March 2023 RO
Amount due from a related party:		
Hofincons and Company LLC, Oman	5,356	39,191

	31 March 2024 RO	31 March 2023 RO
Amounts due to related parties:		
Rusayl Chemicals, Oman	13,461	88,367
Ion Exchange Limited, UAE	13,786	13,786
	27,247	102,153

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

Notes

(forming part of the financial statements)

10 Cash and cash equivalents

	31 March 2024 RO	31 March 2023 RO
Cash at bank	236,576	119,328
Cash in hand	321	803
	236,897	120,131

There are no restrictions on bank balances at the time of approval of these financial statements.

11 Share capital

	31 March 2024 RO	31 March 2023 RO
300,000 authorised, issued and fully paid up shares of RO 1 each	300,000	300,000

The Members of the Company as at 31 March 2024 and 2023 and the number of shares they held were as follows:

	Number of shares	Holding %	RO
Ion Exchange Limited, India	153,000	51%	153,000
Hofincons and Company LLC, Oman	147,000	49%	147,000
	300,000	100%	300,000

12 Legal reserve

In accordance with the Commercial Companies Law of 2019, as amended, annual appropriations of 10% of the net profit for the year are made to this reserve until the accumulated balance of the reserve is equal to one-third of the value of the Company's paid-up share capital. This reserve is not available for distribution to the Members. During the year ended 31 March 2024, no transfer has been made to the legal reserve as the Company has reached its statutory limit (2023: Nil).

13 Staff terminal benefits

	31 March 2024 RO	31 March 2023 RO
At 1 April	36,430	35,858
Provided during the year	12,068	3,698
Paid during the year	(3,693)	(3,126)
At 31 March	44,805	36,430

14 Trade and other payables

	31 March 2024 RO	31 March 2023 RO
Financial liabilities:		
Trade payables	97,591	122,821
Accrued expenses	20,957	17,307
Non-financial liabilities:		
Advance from customers	1,157	4,411
	119,705	144,539

All amounts are short-term. The carrying values of trade and other payables are considered to be a reasonable approximation of fair values.

Notes

(forming part of the financial statements)

15 Revenue

	Year ended 31 March 2024 RO	Year ended 31 March 2023 RO
Services transferred over time:		
Revenue from services	1,058,014	896,611
Goods transferred at a point in time:		
Sale of chemicals	45,951	90,644
Sale of spare parts	1,240	6,551
	1,105,205	993,806

16 Cost of sales

	Year ended 31 March 2024 RO	Year ended 31 March 2023 RO
Salaries and related costs	374,874	336,131
Materials consumed	183,507	194,780
Site expenses	114,646	115,296
Project expenses	76,246	44,082
Subcontracting charges	27,900	27,600
Custom charges	7,636	4,309
	784,809	722,198

17 Other income

	Year ended 31 March 2024 RO	Year ended 31 March 2023 RO
Revenue from secondment services	106,786	101,371
Interest on bonds	13,367	12,500
Reversal of provision for expected credit loss (Note 21.2)	2,747	723
Realized gain on sale of bonds	1,635	-
	124,535	114,594

18 General and administrative expenses

	Year ended 31 March 2024 RO	Year ended 31 March 2023 RO
Salaries and related costs	239,303	216,680
Rent expenses	18,670	20,830
Insurance expenses	9,865	9,232
Communication charges	8,275	20,643
Visa and immigration charges	8,391	8,528
Staff training expenses	7,532	8,604
Professional and legal fees	5,468	4,764
Utilities expenses	2,764	2,158
Membership and subscription expenses	1,168	901
Printing and stationery expenses	610	1,557
Miscellaneous expenses	16,118	15,844
	318,164	309,741

Notes

(forming part of the financial statements)

19 Other operating expenses

	Year ended 31 March 2024 RO	Year ended 31 March 2023 RO
Depreciation on plant and equipment (Note 5)	8,727	21,567
Travelling expenses	20,994	21,972
Repairs and maintenance expenses	8,617	11,885
	38,338	55,424

20 Income tax

a) Recognised in the statement of profit or loss and other comprehensive income and presented in the statement of financial position

The Company is subject to income tax at the rate of 15% of the taxable income in accordance with the Income Tax law of the Sultanate of Oman (2023: 15%).

	Year ended 31 March 2024 RO	Year ended 31 March 2023 RO
Recognised in the statement of profit or loss and other comprehensive income:		
Current tax – current year	10,845	1,627
Current tax – prior year	153	909
Income tax expense	10,998	2,536

	31 March 2024 RO	31 March 2023 RO
Presented in the statement of financial position:		
Provision for income tax	10,845	1,627

b) Reconciliation of income tax expense

The relationship between the expected tax income based on the tax rates and the reported tax expense in the statement of profit or loss can be reconciled as follows:

	Year ended 31 March 2024 RO	Year ended 31 March 2023 RO
Profit before income tax	87,548	18,569
Add:		
Accounting depreciation	8,727	21,567
Other disallowed expenses	1,020	300
	97,295	40,436
Deduct:		
Reversal of provision for expected credit loss	(2,747)	(1,746)
Tax depreciation	(22,248)	(27,841)
Taxable income	72,300	10,849
Tax rate	15%	15%
Income tax	10,845	1,627

Notes

(forming part of the financial statements)

20 Income tax (continued)

c) Deferred tax

At 31 March 2024, no deferred tax asset on deductible temporary difference has been recognised in these financial statements due to uncertainty regarding the timing of availability of adequate future taxable profits.

d) Current status of tax assessments

The Company's tax assessment for the year ended 2020 has been finalized. Tax assessments for the year ended 2021 to 2022 are yet to be finalised with Secretariat General of Taxation, Ministry of Finance. At the end of the reporting date, the management considers that the amount of additional taxes, if any, that may become payable on finalisation of the unassessed tax years would not be material to the Company's financial position.

21 Financial instruments risk

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. Main type of risks is market risk, credit risk and liquidity risk.

The management of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework and is responsible for developing and maintaining the Company's risk management policies.

The Company does not actively engage in the trading of financial assets for speculative purposes, nor does it write options. The most significant financial risks to which the Company is exposed to are described below.

21.1 Market risk analysis

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

Foreign currency sensitivity

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Most of the Company's transactions are carried out in the Rial Omani. Exposure to currency exchange rates arise from the Company's overseas transactions, which are primarily denominated in the US Dollar (USD), or currencies pegged to the US Dollar. The rate of exchange between the Rial Omani and the US Dollar is pegged and there has been no material impact of the same.

Interest rate sensitivity

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Company is not exposed to the risk for changes in market interest rates since the Company has no variable rate interest bearing financial asset.

Other price risk sensitivity

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market prices (other than those arising from interest rate risk or current risk). As at reporting date, the Company does not have financial instrument exposed to price risk.

Notes

(forming part of the financial statements)

21 Financial instruments risk (continued)

Risk management objectives and policies (continued)

21 Financial instruments risk (continued)

21.2 Credit risk analysis

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk from financial assets including cash held at bank, trade receivable and amount due from related parties.

The Company's maximum exposure to credit risk is limited to the gross carrying amount of financial assets recognised as at 31 December 2023 and 2022 as summarised below:

	31 March 2024 RO	31 March 2023 RO
Non-interest bearing:		
Trade receivables	347,254	486,900
Amount due from a related party	5,356	39,191
Cash at bank	236,576	119,328
Interest bearing:		
Investment in bonds	197,596	188,750
	786,782	834,169

The Company has following types of financial assets that are subject to the expected credit loss model:

- Investment in bonds;
- Cash at bank;
- Amounts due from a related parties; and
- Trade receivables.

Expected credit loss on investment in bonds

The expected credit loss on investment on bonds is calculated based on the credit ratings given by the external credit rating agency. The Probability of Default (PD) is considered based on the historical data of the credit ratings. Should a case of default occur the Company is exposed to 100% amount held therefore, the Loss Given Default (LGD) reflects the same assumption.

	31 March 2024		31 March 2023	
	Exposure at year end RO	Allowance for expected credit losses RO	Exposure at year end RO	Allowance for expected credit losses RO
Investment in bonds	197,596	629	188,750	1,837

Movement in allowances for expected credit losses are as follows:

	31 March 2024 RO	31 March 2023 RO
At 1 April	1,837	1,837
Reversed during the year	(1,208)	-
At 31 March	629	1,837

Notes

(forming part of the financial statements)

21 Financial instruments risk (continued)

Risk management objectives and policies (continued)

21.2 Credit risk analysis (continued)

Expected credit loss on cash at bank

The credit risk in respect of cash balances held with bank is managed via keeping it with reputable financial institution.

The cash at bank is considered to be a low-risk item. The determination of the risk is based on the credit rating of the bank from the reputable credit rating agencies. The Company believes that the Expected Credit Loss (ECL) on cash at bank is immaterial and therefore has not been considered in the financial statements.

Expected credit loss on amount due from a related party

Amount due from a related party are neither past due nor impaired and is estimated as collectable based on historical experience. There has been no impairment assessed on amount due from a related party and accordingly no allowance for credit losses against the due has been recognised.

Expected credit loss on trade receivables

The Company applies the IFRS 9 simplified model of recognising lifetime expected credit losses for trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been recorded based on the days past due.

The expected losses rate is based on the payment profile as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

Movement in allowances for expected credit losses are as follows:

	31 March 2024 RO	31 March 2023 RO
At 1 April	111,981	113,727
Reversed during the year	(1,539)	(723)
Written off	(796)	(1,023)
At 31 March	109,646	111,981

The table below summarises the ageing analysis of the trade receivables at 31 March 2024:

	Gross carrying amount RO	Allowance for expected credit losses RO
Within 6 months	278,298	40,690
More than 6 months	68,956	68,956
	347,254	109,646

The figures for the comparative year are shown as follows:

	Gross carrying amount RO	Allowance for expected credit losses RO
Within 6 months	387,422	12,503
More than 6 months	99,478	99,478
	486,900	111,981

Notes

(forming part of the financial statements)

21 Financial instruments risk (continued)

Risk management objectives and policies (continued)

21.3 Liquidity risk analysis

Liquidity risk referred to as funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

As at 31 March 2024, the Company's liabilities have contractual maturities as summarised below:

	Within 12 months RO	Above 12 months RO	Total RO
Non-interest bearing:			
Trade payables	97,591	-	97,591
Accrued expenses	20,957	-	20,957
Amounts due to related parties	27,247	-	27,247
	145,795	-	145,795

The figures for the comparative year are shown as follows:

	Within 12 months RO	Above 12 months RO	Total RO
Non-interest bearing:			
Trade payables	122,821	-	122,821
Other payables and accruals	17,307	-	17,307
Amounts due to related parties	102,153	-	102,153
	242,281	-	242,281

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business.

22 Commitment and contingent liabilities

22.1 Contingent liabilities

The Company's has payment guarantee amounting to RO 41,715 as at 31 March 2024 (2023: RO 97,230).

22.2 Commitments

At the reporting date, the Company does not have any outstanding commitments (2023: Nil).

23 Capital management policies and procedures

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to the Members by pricing services commensurately with the level of risk.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions.

24 Dividend

During the year, the Company paid dividend amounting to RO 60,000 (2023: 45,000) to the shareholders. This represents a payment of RO 0.20 per share (2023: 0.15). The dividend was approved in a Board meeting held on 13 February 2024 (2023: 2 March 2023).

Notes

(forming part of the financial statements)

25 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying value and the fair value estimates.

Underlying the definition of fair value is the assumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: Quoted (unadjusted)/price in active market for identical assets or liabilities.

Level 2: Input other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Input for the asset or liability that are not based on observable market data (observable input).

As at the reporting date Company doesn't have any asset carried at fair value and fair value of financial assets and liabilities approximate their carrying amount in the statement of financial position.

The following table shows the levels within the hierarchy of assets measured at fair value on a recurring basis as at 31 December:

	31.March 2024 Level 1 RO	31 March 2023 Level 1 RO
Investment in bonds	204,444	177,898

There were no transfers between Level 1, Level 2 and Level 3 in 2024 (2023: No transfer).

26 Corresponding figures

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions. However, such reclassification does not affect previously reported retained profit/(accumulated losses) or equity.