# Ion Exchange and Company LLC

Financial Statements

31 March 2026

# Contents


| | Page No. |
|---|---|
| Independent Auditor's Report | 1 – 3 |
| Statement of financial position | 4 |
| Statement of profit or loss and other comprehensive income | 5 |
| Statement of changes in equity | 6 |
| Statement of cash flows | 7 |
| Notes | 8 – 26 |

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Grant Thornton

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Abu Timam
Chartered Certified Accountants

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# Independent Auditor's Report

To the Members of
Ion Exchange and Company LLC
Muscat
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 2026, 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 possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2026, and its financial performance and its cash flows for the year then ended in accordance with in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board (IASB).

### Basis for Qualified Opinion

As referred in Note 5 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 for a period of 7 years commencing from August 2009 which was extended subsequently till 2026. This agreement falls under the scope of "IFRIC 12 - *Service concession arrangements*". However, management has not recognised a financial asset in accordance with IFRIC 12 and has instead accounted for the related water treatment plant under "IAS 16 – *Property, Plant and Equipment*". It constitutes a departure from IFRS Accounting Standards. We are unable to determine the impact on assets and retained earnings, had the Company implemented the provisions of IFRIC 12 since inception of the contract.

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.

# Independent Auditor's Report (continued)

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standard as issued by IASB and Commercial Companies Law of the Sultanate of Oman, 2019, 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.
- 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.

# Independent Auditor's Report (continued)

**Report on Other Legal and Regulatory Requirements**

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the financial statements of the Company for the year ended 31 March 2026 comply, in all material respects, with the relevant requirements of the Commercial Companies Law of the Sultanate of Oman, 2019.

**Nasser Al Mugheiry**
**Licence No. L2054901**
**Abu Timam Grant Thornton LLC**
*(Chartered Certified Accountants)*

24-05-2026

# Statement of financial position

*as at 31 March 2026*

| | Notes | 31 March 2026 ﷼ | 31 March 2025 ﷼ |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets:** | | | |
| Plant and equipment | 5 | 16,800 | 16,859 |
| Investment in bonds | 6 | 222,947 | 210,761 |
| **Total non-current assets** | | 239,747 | 227,620 |
| **Current assets:** | | | |
| Inventories | 7 | 27,450 | 71,811 |
| Trade and other receivables | 8 | 449,757 | 340,834 |
| Amount due from a related party | 9 | 39,668 | 14,999 |
| Cash and cash equivalents | 10 | 57,301 | 176,182 |
| **Total current assets** | | 574,176 | 603,826 |
| **Total assets** | | 813,923 | 831,446 |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY:** | | | |
| Share capital | 11 | 300,000 | 300,000 |
| Legal reserve | 12 | 100,000 | 100,000 |
| Retained earnings | | 178,140 | 180,286 |
| **Total equity** | | 578,140 | 580,286 |
| **LIABILITIES:** | | | |
| **Non-current liabilities:** | | | |
| Staff terminal benefits | 13 | 48,149 | 41,397 |
| **Total non-current liabilities** | | 48,149 | 41,397 |
| **Current liabilities:** | | | |
| Amounts due to related parties | 9 | 57,039 | 96,498 |
| Trade and other payables | 14 | 116,480 | 100,265 |
| Provision for income tax | 20 | 14,115 | 13,000 |
| **Total current liabilities** | | 187,634 | 209,763 |
| **Total liabilities** | | 235,783 | 251,160 |
| **Total equity and liabilities** | | 813,923 | 831,446 |

These financial statements on pages 4 to 26 were approved by the Members on 21/05/ 2026 and were signed on their behalf by:

Vijay Chintalapudi
Authorized Signatory

ION EXCHANGE & COMPANY LLC
C.R. NO.:1008726
P.O.Box 69, 112 Ruwi

Ali Said Al Harthy
Authorized Signatory

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 2026*

| | Notes | 31 March 2026 £ | 31 March 2025 £ |
|---|---|---|---|
| **Revenue** | 15 | **1,391,448** | 1,155,637 |
| Cost of sales | 16 | **(1,020,616)** | (819,775) |
| **Gross profit** | | **370,832** | 335,862 |
| Other income | 17 | **105,346** | 135,518 |
| General and administrative expenses | 18 | **(319,253)** | (322,727) |
| Other operating expenses | 19 | **(42,602)** | (42,675) |
| **Profit from operations** | | **114,323** | 105,978 |
| Finance costs | | **(12,500)** | (5,817) |
| **Profit before tax** | | **101,823** | 100,161 |
| Income tax expense | 20 | **(13,969)** | (13,000) |
| **Profit for the year** | | **87,854** | 87,161 |
| Other comprehensive income | | **-** | - |
| **Total comprehensive income for the year** | | **87,854** | 87,161 |

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 2026*

| | Share capital £ | Legal reserve £ | Retained earnings £ | Total equity £ |
|---|---|---|---|---|
| At 1 April 2024 | 300,000 | 100,000 | 183,125 | 583,125 |
| *Transactions with the Members:* | | | | |
| Dividends paid (Note 22) | - | - | (90,000) | (90,000) |
| Profit and other comprehensive income for the year | - | - | 87,161 | 87,161 |
| At 31 March 2025 | 300,000 | 100,000 | 180,286 | 580,286 |
| **At 1 April 2025** | 300,000 | 100,000 | 180,286 | **580,286** |
| ***Transactions with the Members:*** | | | | |
| Dividends paid (Note 22) | - | - | (90,000) | **(90,000)** |
| Profit and other comprehensive income for the year | - | - | 87,854 | **87,854** |
| **At 31 March 2026** | 300,000 | 100,000 | **178,140** | **578,140** |

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 2026*

| | Notes | 31 March 2026 £ | 31 March 2025 £ |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Profit before tax | | **101,823** | 100,161 |
| **Adjustments for:** | | | |
| Depreciation on plant and equipment | 5 | **4,887** | 3,188 |
| Provision for expected credit loss on trade receivables | 21 | **508** | 2,857 |
| Provision for/(reversal of) staff terminal benefits | 13 | **13,657** | (1,870) |
| Net realized gain on disposal of bonds | 17 | **(14,649)** | (13,942) |
| (Reversal of)/provision for allowance for expected credit losses on Investment in bonds | 21 | **(96)** | 43 |
| Interest income on bonds | 17 | **(15,217)** | (18,637) |
| Gain on disposal of plant and equipment | | **-** | (976) |
| Finance costs | | **12,500** | 5,817 |
| **Operating profit before working capital changes** | | **103,413** | 76,641 |
| **Working capital changes:** | | | |
| Inventories | | **44,361** | (43,826) |
| Trade and other receivables | | **(109,431)** | (34,261) |
| Amounts due from a related party | | **(24,669)** | (9,643) |
| Trade and other payables | | **(39,459)** | 69,251 |
| Amounts due to related parties | | **16,215** | (19,440) |
| **Cash (used in)/generated from operations** | | **(9,570)** | 38,722 |
| Staff terminal benefits paid | 13 | **(6,905)** | (1,538) |
| Income tax paid | 20 | **(12,854)** | (10,845) |
| Finance costs paid | | **(12,500)** | (5,817) |
| **Net cash (used in)/generated from operating activities** | | **(41,829)** | 20,522 |
| **Cash flows from investing activities:** | | | |
| Investment in bonds | 6 | **(223,523)** | (211,433) |
| Proceeds from disposal of investment in bonds | | **226,082** | 211,538 |
| Interest income on bonds | 17 | **15,217** | 18,637 |
| Proceeds from disposal of plant and equipment | | **-** | 5,083 |
| Additions to plant and equipment | 5 | **(4,828)** | (15,062) |
| **Net cash generated from investing activities** | | **12,948** | 8,763 |
| **Cash flows from financing activities:** | | | |
| Dividends paid during the year | 22 | **(90,000)** | (90,000) |
| **Net cash used in financing activities** | | **(90,000)** | (90,000) |
| **Net changes in cash and cash equivalents** | | **(118,881)** | (60,715) |
| Cash and cash equivalents at the beginning of the year | | **176,182** | 236,897 |
| **Cash and cash equivalents at the end of the year** | 10 | **57,301** | 176,182 |

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 for the year ended 31 March 2026)*

## 1 General information and 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.

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 and principal place of business of the Company is P.O. Box 69, Postal Code 112, Muscat, 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 a water treatment plant at PDO sites for an initial period of seven years, starting from August 2009. The contract was subsequently extended for an additional seven years, followed by a further three-year extension from 2023 to 2026. During the year, PDO has extended the contract once again through to 2026.

During the year, the Company has been awarded a 20 years contract for Design, Build, Own, Operate, and Maintain (DBOOM) for Sewage Treatment Plants (STP) and Reverse Osmosis (RO) plants with PDO. The scope includes operating several existing plants and constructing new plants. The Company plans to take over existing STP plants by July 2026 and existing RO plants by December 2026.

## 2 Statement of compliance with IFRS Accounting Standards

The financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and in conformity with the relevant provisions of the Commercial Companies Law of the Sultanate of Oman, 2019.

## 3 New or revised Standards or Interpretations

### 3.1 New Standards adopted as at 1 April 2025

Some accounting pronouncements which have become effective from 1 April 2025 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.

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 '*Presentation of Financial Statements*'. Although IFRS 18 includes many of the requirements of IAS 1, it introduces new requirements to better structure financial statements and to provide more detailed and useful information to investors, including:

# Notes

*(forming part of the financial statements for the year ended 31 March 2026)*

## 3 New or revised Standards or Interpretations (continued)

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

- two new subtotals defined in the statement of profit or loss, namely (1) operating profit and (2) profit or loss before financing and income taxes;
- the classification of all income and expenses within the statement of profit or loss in one of five categories;
- a new requirement to disclose performance measures defined by management, and;
- an improvement in the principles related to the aggregation and disaggregation of information in the financial statements and accompanying notes.

Some of the disclosure requirements previously contained in IAS 1 have been transferred to IAS 8 without any material changes. This applies in particular to disclosures on accounting policies and sources of estimation uncertainty. As a result of these changes, IAS 8 will be renamed *'Basis of Preparation of Financial Statements'.*

The publication of IFRS 18 also results in consequential amendments to other IFRS Accounting Standards, including IAS 7. IFRS 18 is effective for annual periods beginning on or after 1 January 2027, with earlier application permitted. IFRS 18 will be applied retrospectively with specific transitional provisions.

The Company is currently working to identify all of the impacts that IFRS 18 will have on the primary financial statements and notes to the financial statements. Other 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 these 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.

### 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 (﷼) 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.

# Notes

*(forming part of the financial statements for the year ended 31 March 2026)*

## 4 Material accounting policies (continued)

### 4.4 Revenue recognition

The Company is in the business of supplying and installation of sewage and water treatment plants. 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.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in its statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises a contract asset in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

**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.

### 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.

# Notes

*(forming part of the financial statements for the year ended 31 March 2026)*

## 4 Material accounting policies (continued)

### 4.6 Financial instruments

**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 (FVOCI).

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.

**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 derecognised or impaired.

The Company's financial asset measured at amortised cost are trade receivables, amount due from a related party, cash at bank and investment in bond.

# Notes

*(forming part of the financial statements for the year ended 31 March 2026)*

## 4 Material accounting policies (continued)

### 4.6 Financial instruments (continued)

**Financial assets at fair value through other comprehensive income (FVOCI)**
The Company accounts for financial assets at FVOCI 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 other comprehensive income. Only dividend income recognised in statement of profit or loss. This election is made on instrument-by-instrument basis. FVOCI financial assets are subsequently measured at fair value with gains and losses arising due to change in fair value recognised in other comprehensive income.

**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 FVOCI, 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.

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.

# Notes

*(forming part of the financial statements for the year ended 31 March 2026)*

## 4 Material accounting policies (continued)

### 4.6 Financial instruments (continued)

**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'.

The Company's financial liabilities include amounts due to related parties and trade and other payables which are measured at amortised cost.

### 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.

### 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 employees' end of service benefits 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 and the Social Protection Law, 2023.

***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.

***Non-Omani employee terminal benefits***

The provision for end of service benefits for non-Omani employees is made in accordance with the requirements of the Oman Labour Law of 2023. Employees are entitled to end of service benefits calculated at the rate of 30 days basic salary for each year of continuous service. This is an unfunded defined benefits retirement plan. Accrued non-Omani staff 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.

# Notes

*(forming part of the financial statements for the year ended 31 March 2026)*

## 4 Material accounting policies (continued)

### 4.10 Plant and equipment (continued)

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 and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

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 of.

### 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. 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.

# Notes

*(forming part of the financial statements for the year ended 31 March 2026)*

## 4 Material accounting policies (continued)

### 4.11 Leases (continued)

**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.

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.

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.

# Notes

*(forming part of the financial statements for the year ended 31 March 2026)*

## 4 Material accounting policies (continued)

### 4.14 Provisions, contingent liabilities and contingent assets (continued)

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 Estimation uncertainty

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.

### 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.

#### Stage of completion of contract

The stage of completion of a contract may be determined in a variety of ways. Management uses the method that measures reliably the work performed. Depending on the nature of the contract, the methods may include: the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs; surveys of work performed; or completion of a physical proportion of the contract work.

#### 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. Management assesses that, the useful lives represent the expected usage of the assets to the Company. The carrying amounts are analysed in Note 5.

# Notes

*(forming part of the financial statements for the year ended 31 March 2026)*

## 4 Material accounting policies (continued)

### 4.16 Estimation uncertainty (continued)

**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.

## 5 Plant and equipment

| | Plant and equipment £ | Motor vehicles £ | Furniture and fixtures £ | Office equipment £ | Hardware and software £ | Total £ |
|---|---|---|---|---|---|---|
| **Cost:** | | | | | | |
| At 1 April 2025 | 706,597 | 152,607 | 22,036 | 24,112 | 4,128 | **909,480** |
| Additions during the year | 107 | - | - | 4,721 | - | **4,828** |
| **At 31 March 2026** | **706,704** | **152,607** | **22,036** | **28,833** | **4,128** | **914,308** |
| **Accumulated depreciation:** | | | | | | |
| At 1 April 2025 | 704,232 | 139,780 | 22,036 | 22,445 | 4,128 | **892,621** |
| Charge for the year | 1,038 | 3,315 | - | 534 | - | **4,887** |
| **At 31 March 2026** | **705,270** | **143,095** | **22,036** | **22,979** | **4,128** | **897,508** |
| **Net book value:** | | | | | | |
| **At 31 March 2026** | **1,434** | **9,512** | **-** | **5,854** | **-** | **16,800** |

# Notes

*(forming part of the financial statements for the year ended 31 March 2026)*

## 5 Plant and equipment (continued)

The carrying amounts for comparative year are shown as follows:

| | Plant and equipment | Motor vehicles | Furniture and fixtures | Office equipment | Hardware and software | Total |
|---|---|---|---|---|---|---|
| Cost: | | | | | | |
| At 1 April 2024 | 703,610 | 145,032 | 22,036 | 24,112 | 4,128 | 898,918 |
| Additions | 2,987 | 12,075 | - | - | - | 15,062 |
| Disposal | - | (4,500) | - | - | - | (4,500) |
| At 31 March 2025 | 706,597 | 152,607 | 22,036 | 24,112 | 4,128 | 909,480 |
| Accumulated depreciation: | | | | | | |
| At 1 April 2024 | 703,610 | 138,249 | 22,036 | 21,803 | 4,128 | 889,826 |
| Charge for the year | 622 | 1,924 | - | 642 | - | 3,188 |
| Disposal | - | (393) | - | - | - | (393) |
| At 31 March 2025 | 704,232 | 139,780 | 22,036 | 22,445 | 4,128 | 892,621 |
| Net book value: | | | | | | |
| At 31 March 2025 | 2,365 | 12,827 | - | 1,667 | - | 16,859 |

The Company was awarded a concession agreement by Petroleum Development Oman (PDO) for the development and operation of the water treatment plant at the PDO sites for a period of 7 years which was subsequently extended three times and remains valid till November 2026. This agreement falls under the scope of "IFRIC 12 – *Service concession arrangements*". However, the related water treatment plant is recognised under "IAS 16 – *Property, Plant and Equipment*" and cost of the water treatment plant is included in the plant and equipment.

## 6 Investment in bonds

| | 31 March 2026 | 31 March 2025 |
|---|---|---|
| At 1 January | **211,433** | 197,596 |
| Purchases during the year | **223,523** | 211,433 |
| Disposals during the year | **(211,433)** | (197,596) |
| | **223,523** | 211,433 |
| Less: Allowance for expected credit losses | **(576)** | (672) |
| | **222,947** | 210,761 |

Bonds carry interest at the rate of 6.625% to 7.625% p.a. (2025: 7.625 to 9.65% p.a.) with maturity in December 2029. During the year, the Company has sold bonds resulting in realized gain of £ 14,649 (2025: £ 13,942) (Note 17).

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

## 7 Inventories

Inventories pertain to chemicals used in water desalination process amounting to £ 27,450 as at 31 March 2026 (2025: £ 71,811).

## 8 Trade and other receivables

| | 31 March 2026 | 31 March 2025 |
|---|---|---|
| **Financial assets:** | | |
| Trade receivables | **451,096** | 431,503 |
| Less: Allowance for expected credit losses (Note 21.2) | **(113,011)** | (112,503) |
| | **338,085** | 319,000 |
| **Non-financial assets:** | | |
| Advances and prepayments | **32,175** | 21,834 |
| Contract asset | **79,497** | - |
| | **449,757** | 340,834 |

# Notes

*(forming part of the financial statements for the year ended 31 March 2026)*

## 8 Trade and other receivables (continued)

Contract assets arises during the year because Company entered into contracts where revenue is recognised in advance of contract billing milestones.

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 related parties

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:

| | 31 March 2026 £ | 31 March 2025 £ |
|---|---|---|
| Hofincons and Company LLC, Oman – Income from secondment services | **75,249** | 100,089 |
| Hofincons and Company LLC, Oman – Purchases | **29,799** | 33,225 |
| Rusayl Chemicals, Oman – Purchases | **101,053** | 115,212 |
| Ion Exchange Limited, India – Purchases | **17,021** | 6,407 |
| Ion Exchange Limited, UAE – Purchases | **-** | 1,458 |

### 9.2 Transactions with key management personnel

| | 31 March 2026 £ | 31 March 2025 £ |
|---|---|---|
| Salaries and other short-term benefits | **42,600** | 42,600 |

### 9.3 Balances with related parties

| | 31 March 2026 £ | 31 March 2025 £ |
|---|---|---|
| **Amount due from a related party:** | | |
| Hofincons and Company LLC, Oman | **39,668** | 14,999 |

| | 31 March 2026 £ | 31 March 2025 £ |
|---|---|---|
| **Amounts due to related parties:** | | |
| Rusayl Chemicals, Oman | **23,329** | 77,030 |
| Ion Exchange Limited, UAE | **13,786** | 13,786 |
| Ion Exchange Limited, India | **19,924** | 5,682 |
| | **57,039** | 96,498 |

Amounts due from/to related parties are unsecured, interest free and have no fixed repayment terms (2025: same terms).

# Notes

*(forming part of the financial statements for the year ended 31 March 2026)*

## 10 Cash and cash equivalents

| | 31 March 2026 | 31 March 2025 |
|---|---|---|
| | ﷼ | ﷼ |
| Cash at bank | **56,760** | 175,552 |
| Cash in hand | **541** | 630 |
| | **57,301** | 176,182 |

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

## 11 Share capital

| | 31 March 2026 | 31 March 2025 |
|---|---|---|
| | ﷼ | ﷼ |
| 300,000 authorised, issued and fully paid-up shares of ﷼ 1 each | **300,000** | 300,000 |

The Members of the Company as at 31 March 2026 and 2025 and the number of shares they held were as follows:

| | Number of shares | Holding % | ﷼ |
|---|---|---|---|
| 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 the Sultanate of Oman, 2019, 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, no transfer has been made as the Company has reached its statutory limit (2025: Nil).

## 13 Staff terminal benefits

| | 31 March 2026 | 31 March 2025 |
|---|---|---|
| | ﷼ | ﷼ |
| At 1 April | **41,397** | 44,805 |
| Provided/(reversal) during the year | **13,657** | (1,870) |
| Paid during the year | **(6,905)** | (1,538) |
| **At 31 March** | **48,149** | 41,397 |

## 14 Trade and other payables

| | 31 March 2026 | 31 March 2025 |
|---|---|---|
| | ﷼ | ﷼ |
| **Financial liabilities:** | | |
| Trade payables | **37,308** | 48,362 |
| Accrued expenses | **44,234** | 35,101 |
| Other payables | **10,189** | 16,802 |
| **Non-financial liabilities:** | | |
| Advance from customers | **24,749** | - |
| | **116,480** | 100,265 |

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 for the year ended 31 March 2026)*

## 15 Revenue

| | 31 March 2026 | 31 March 2025 |
|---|---|---|
| **Services transferred over time:** | | |
| Revenue from services | **1,206,306** | 1,067,395 |
| **Goods transferred at a point in time:** | | |
| Sale of chemicals | **165,491** | 53,785 |
| Sale of spare parts | **19,651** | 34,457 |
| | **1,391,448** | 1,155,637 |

## 16 Cost of sales

| | 31 March 2026 | 31 March 2025 |
|---|---|---|
| Salaries and related costs | **426,923** | 381,881 |
| Materials consumed | **325,940** | 200,598 |
| Site expenses | **136,430** | 113,275 |
| Project expenses | **90,859** | 78,177 |
| Subcontracting charges | **27,600** | 27,600 |
| Custom charges | **12,864** | 18,244 |
| | **1,020,616** | 819,775 |

## 17 Other income

| | 31 March 2026 | 31 March 2025 |
|---|---|---|
| Revenue from secondment services | **75,249** | 100,089 |
| Interest income on bonds | **15,217** | 18,637 |
| Realized gain on sale of bonds | **14,649** | 13,942 |
| Reversal of old payables | **-** | 2,850 |
| Reversal of provision for expected credit loss (Note 21.2) | **96** | - |
| Miscellaneous income | **135** | |
| | **105,346** | 135,518 |

## 18 General and administrative expenses

| | 31 March 2026 | 31 March 2025 |
|---|---|---|
| Salaries and related costs | **248,053** | 243,778 |
| Rent expenses | **17,649** | 16,800 |
| Insurance expenses | **10,114** | 9,737 |
| Communication charges | **8,492** | 8,300 |
| Professional and legal fees | **7,370** | 11,262 |
| Staff training expenses | **7,196** | 6,975 |
| Visa and immigration charges | **4,095** | 10,723 |
| Utilities expenses | **1,695** | 2,144 |
| Printing and stationery expenses | **1,479** | 1,953 |
| Membership and subscription expenses | **1,083** | 1,045 |
| Allowance for expected credit loss (Note 21.2) | **508** | 2,900 |
| Miscellaneous expenses | **11,519** | 7,110 |
| | **319,253** | 322,727 |

## 19 Other operating expenses

| | 31 March 2026 | 31 March 2025 |
|---|---|---|
| Travelling expenses | **23,304** | 25,854 |
| Repairs and maintenance expenses | **14,411** | 13,633 |
| Depreciation on plant and equipment (Note 5) | **4,887** | 3,188 |
| | **42,602** | 42,675 |

# Notes

*(forming part of the financial statements for the year ended 31 March 2026)*

## 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 (2025: 15%).

| | 31 March 2026 | 31 March 2025 |
|---|---|---|
| | £ | £ |
| **Recognised in the statement of profit or loss and other comprehensive income:** | | |
| Current tax expense | **13,969** | 13,000 |
| **Presented in the statement of financial position:** | | |
| Provision for income tax | **14,115** | 13,000 |

| Movement in provision for income tax | 31 March 2026 £ | 31 March 2025 £ |
|---|---|---|
| At 1 January | **13,000** | 10,845 |
| Payments made during the year | **(12,854)** | (10,845) |
| Charge for the year | **13,969** | 13,000 |
| At 31 December | **14,115** | 13,000 |

### 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:

| | 31 March 2026 | 31 March 2025 |
|---|---|---|
| | £ | £ |
| Profit before tax | **101,823** | 100,161 |
| **Add:** | | |
| Accounting depreciation | **4,887** | 3,188 |
| Provision for expected credit loss | **508** | 2,900 |
| Disallowed expenses | **3,357** | 1,120 |
| | **110,575** | 107,369 |
| **Deduct:** | | |
| Reversal of provision for expected credit loss | **(96)** | - |
| Tax depreciation | **(17,351)** | (20,700) |
| **Taxable income** | **93,128** | 86,669 |
| Tax rate | **15%** | 15% |
| **Income tax** | **13,969** | 13,000 |

### c) Deferred tax asset

At 31 March 2026, no deferred tax asset on deductible temporary difference has been recognised in these financial statements due to uncertainty regarding the timing of availability of future taxable profits.

### d) Current status of tax assessments

The Company's tax assessments have been finalised with the Tax Authority for all the years up till 2022. 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.

# Notes

*(forming part of the financial statements for the year ended 31 March 2026)*

## 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.

### 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.

### 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.

### 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.

### 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 a related party.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets as 23ummarized below:

| | 31 March 2026 | 31 March 2025 |
|---|---|---|
| | £ | £ |
| **Non-interest bearing:** | | |
| Trade receivables | **451,096** | 431,503 |
| Amount due from a related party | **39,668** | 14,999 |
| Cash at bank | **56,760** | 175,552 |
| **Interest bearing:** | | |
| Investment in bonds | **223,523** | 211,433 |
| | **771,047** | 833,487 |

# Notes

*(forming part of the financial statements for the year ended 31 March 2026)*

## 21 Financial instruments risk (continued)

### Risk management objectives and policies (continued)

### 21.2 Credit risk analysis (continued)

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

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

**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 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 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 2026 | 31 March 2025 |
|---|---|---|
| | £ | £ |
| At 1 April | 112,503 | 109,646 |
| Provided during the year | 508 | 2,857 |
| At 31 March | 113,011 | 112,503 |

The table below summarises the ageing analysis of the trade receivables at 31 March 2026:

| | Gross carrying amount | Allowance for expected credit losses |
|---|---|---|
| | £ | £ |
| Within 6 months | 270,428 | - |
| 6 to 12 months | 103,501 | 35,844 |
| Above 12 months | 77,167 | 77,167 |
| | 451,096 | 113,011 |

# Notes

*(forming part of the financial statements for the year ended 31 March 2026)*

## 21 Financial instruments risk (continued)

### Risk management objectives and policies (continued)

### 21.2 Credit risk analysis (continued)

The figures for the comparative year are shown as follows:

| | Gross carrying amount £ | Allowance for expected credit losses £ |
|---|---|---|
| Within 6 months | 305,727 | - |
| 6 to 12 months | 63,340 | 50,068 |
| Above 12 months | 62,435 | 62,435 |
| | 431,503 | 112,503 |

**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.

Movement in allowances for expected credit losses are as follows:

| | 31 March 2026 £ | 31 March 2025 £ |
|---|---|---|
| At 1 April | 672 | 629 |
| (Reversed)/provided during the year | (96) | 43 |
| At 31 March | 576 | 672 |

### 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 2026, the Company's liabilities have contractual maturities as summarised below:

| | Due within 12 months £ |
|---|---|
| **Non-interest bearing:** | |
| Trade payables | **37,308** |
| Accrued expenses | **44,234** |
| Other payables | **10,189** |
| Amounts due to related parties | **57,039** |
| | **148,770** |

The figures for the comparative year are shown as follows:

| | Due within 12 months £ |
|---|---|
| Non-interest bearing: | |
| Trade payables | 48,362 |
| Accrued expenses | 35,101 |
| Other payables | 16,802 |
| Amounts due to related parties | 96,498 |
| | 196,763 |

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.

# Notes

*(forming part of the financial statements for the year ended 31 March 2026)*

## 22 Dividends

During the year, the Company paid dividend amounting to 90,000 (2025: 90,000) to the shareholders. This represents a payment of 0.3 per share (2025: 0.3 per share). The dividend was approved ins Board of Directors meeting held on 5 January 2026.

## 23 Contingent liabilities and commitment

### 23.1 Contingent liabilities

The Company has payment guarantee amounting to 1,980,697 as at 31 March 2026 (2025: 2,400).

### 23.2 Commitments

At the reporting date, the Company does not have any outstanding commitments (2025: Nil).

## 24 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.

## 25 Events after the reporting date

Company is monitoring the potential effects of the conflict in the Middle East, which escalated in late February 2026 following army actions involving the United States, Israel, and Iran. As of the issuance date of these financial statements, no material impact has been identified regarding the Company's operations.