Oman Cables Industry (SAOG)

ANNUAL REPORT 2013

www.omancables.com

HIS MAJESTY SULTAN QABOOS BIN SAID

Our VISION

To ensure that through our product offering we remain a leader in our industry in quality and performance, exceeding the expectations of our customers and shareholders.

Our MISSION

To continuously strive for excellence in all aspects of our business through the integration of sustainable business development and innovation, enhancing shareholder value and outstanding customer service.

VALUES and PRINCIPLES

Build sustainable **growth** through innovation

Transparency in all our actions

Promoting an environment of open **communication** for all

Integrity driven by **accountability**

Continued integration of world class **quality** Management

Safety is not compromised

Responsible corporate citizenship in compliance with **environmental** norms

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Board of Directors

Mustafa Bin Mukhtar
Bin Ali Al Lawati
Chairman

Frank Franciscus Dorjee
Vice Chairman

Hussain Salman Al Lawati
Director

Maqbool Ali Salman
Director

Christian Raskin
Director

Fabio Ignazio Romeo
Director

K.K. Yeung
Director

Directors Report

To our esteemed shareholders

With the grace and mercy of God, Allah (Subhanahu Wattalla), it gives us immense pleasure to welcome you all on my behalf and on behalf of my colleagues and the Board of Oman Cables to the 25th Annual General Meeting (AGM) of the company.

We are meeting here at the Annual General Meeting today where the Board demonstrates to the shareholders the achievements of the company for the year 2013. We hope to be able to sustain this great success achieved by the company over the years and the current year under review.

Board of Directors

Mr. Mohammed Mustafa Al Lawati, who was appointed as temporary Director during the Board of Directors meeting held 16 September 2012 till the Annual General meeting held on 4 March 2013. We wish to place on record our sincere appreciation of the services rendered by the outgoing Director.

Mr. Kwok Ki Yeung was elected as a member of the Board of Directors in the Annual General Meeting of the company held on 4 March 2013.

Mr. Hussain Salman Al Lawati ceased to be the Managing Director of the company from 25 July 2013. He continues to be a Director.

Operational Review

Mr. Gert Hoefman took over as Chief Executive Officer with effect of 1 January 2013. Mr. Hoefman has over 23 years of experience with one of the largest cable manufacturing companies of the world across international markets such as Europe, Middle East, Far East etc.

Oman Cables Industry's strategy of strengthening the domestic (Oman) and home (GCC) markets, while making further inroads into the international EPC related segment proved successful. Oman Cables sold almost 30% more volume in 2013. Despite the average copper prices being lower by approx. 5% in 2013, the company reported a healthy increase in turnover of 24%. The year 2013 is the best year in terms of profitability by far.

Such results were achieved by pioneering initiatives in vital competitive areas to remain a low cost manufacturer through our culture of continuous improvement, productivity enhancement, solving bottleneck processes and increasing efficiency with a view to improve the service to customers in an even more focused manner.

The shareholders and stakeholders are well aware that Oman Cables is a unique and well recognized company in the cable industry that differentiates itself from its competitors. Management sees the possibilities to act proactively, earlier than its competitors and invests wisely in technical, engineering and quality aspects as it believes quality is the main factor in competitiveness to achieve customer satisfaction. These are inherent principals embedded in the company's operating philosophy that has further enhanced the customer confidence especially with international contracting companies (EPC's) who are working on large projects in infrastructure, oil & gas and other sectors in the GCC and MENA region. The local market demand for cable products remained robust throughout year and we foresee continuing opportunities in the year ahead.

Expansion Programme

The project to enhance the production capacity of multi-core cable to meet the growing demand of the customers in the local and international markets has been successfully completed within budget. This project will increase the capacity and will cater the increased demand of the customer and is expected to further contribute to the profitability of the company.

We are also pleased to inform that Product Reliability Test Center (PRTC) has been renamed as Advanced Technical Laboratory (ATL) to reflect its core intent. The laboratory construction has been completed and will give the company an advantage over its competitors when it comes to testing its cable products. The ATL is equipped with the worlds best equipment and technology and the standards used are equivalent to reputed international accreditation institutions. The ATL will help in the product accreditation process, saving time and costs. The laboratory is also designed to cater its services to the other manufacturers as well as to provide as a facility for training.

Sales

We are pleased to report the 2013 Sales revenues of RO 263.5 million for the company as compared to RO 213.2 million in 2012. The sales of the Group were RO 306.1 million compared to RO 257.2 million in 2012.

The increased sales volumes are attributable to increased market share in the traditional markets, penetration into new global markets, an increased product portfolio, increased product offering, new marketing sectors and an increased demand for the products in the local market due to the Government's continued expenditure on infrastructure development.

The value of sales, has increased in spite of lower average copper rate in comparison to 2012, and the continuous strategic development of the company focusing on the revenue and its entry into new markets and to prioritize the profitable projects.

Profitability

The Net Profit of the company for the year 2013 is RO 15.8 million as compared to RO 11.0 million in 2012. The Net Profit of the Group was RO 16.9 million compared to RO 11.9 million in 2012 an increase of 41.8%.

The increase in profitability is primarily due to increase in contribution from the sales and reduction in cost of production and controlling of the overheads. Management strategies applied in the recent past resulting in reducing the overall cost apropos sales and production.

Oman Aluminium Processing Industries LLC

Oman Cables Industry's subsidiary company, Oman Aluminium Processing Industries LLC (OAPIL), Sohar, is a joint venture between Oman Cables with 51% share and Takamul Investment Company of Oman Oil with 49% share. The year 2013 was the third full year of operation for OAPIL and we are pleased with its good progress on all aspects of the operation and the Board recognizes the efforts of the management.

OAPIL continues to put great impetus on Health and Safety and creating an excellent work environment for its people and recorded no Loss of Time due to injury or accident throughout the year and we are proud of it. The management had dealt meticulously the challenges arisen in its Human Resources and successfully utilized it to increase it productivity with various schemes to retain its people.

The demand for EC rods remains positive and OAPIL's management has recommended its shareholders for an expansion of the capacity to tap the international markets which was approved conditionally by the shareholders.

During the year 2013, OAPIL achieved sales of RO 44.8 million. The OAPIL financial results are consolidated with Oman Cables, the parent company and are reported as Group results.

Human Resources

Human Resources is the backbone and an indispensible part of Oman Cables's consistent growth. Every employees' personal development and professional competence are pertinent to achieve our growth plans. To ensure that every employee comfortable at the work place to deliver their best potential, management has introduced an inspiring and rejuvenating HR policies and rewarding systems. It's proven beyond the merit that success of a company depends on success of its people and our strategy is to grow on our strengths and our strength is our people.

As we are aware the HR has taken new dimension since 2011 and it has posed huge challenges in maintaining and retaining the talent, especially local Omani talent in the company, the company with its constant endeavor is successfully attracting, maintaining and retaining the best talent of locals and others in the company. The management is continually focused and investing thorough different programme on Omanis and others viz., welfare programme, training and skill development of Graduate Engineers Trainees, induction programme, overseas deputation for skill updating and succession planning with an aim to built sustainability in the company.

At Oman Cables we work as "one company and one team" and we are proud that this concept has been built and nurtured by the management since inception that created an unparallel value and wealth to all the stakeholders.

Health Safety & Environment

During the last few years the company has invested a significant effort in HSE and created an environment that is safe working place with stringent safety and health regulations.

Oman Cables has re-organized its structure by creating a upgraded QHSE department thus adding focus to the activities in this area.

Corporate Governance

The company has been following the best standards in the Corporate Governance since its inception. The Board has constituted two committees ie. Audit Committee and Strategic Risk Management Committee. The Strategic Risk Committee's role is divided into Risk and Strategy. Based on the importance of the strategy area the board has decided to realign the committee work. The risk subject will be monitored by the Audit Committee, the strategy will be the responsibility of the new "Stategic Management Committee".

Both committees are well structured and coordinating their responsibilities to mitigate the risk on the operations and to comply statutory obligations of the company. The management is very cautious and evaluates the risk profile on a regular basis and pays great attention. The committees play a pivotal role in reviewing such situations and recommend to the Board for appropriate decisions.

The company has internal systems and manuals to assist Management in the day-to-day operations. These systems and manuals are reviewed and updated as and when required and in-line with statutory requirements while meeting the organizations goals that gives transparency to all transactions and in-line with Capital Market Authority regulations as a public listed company on the Muscat Securities Market and International Financial Reporting Standards (IFRS).

Oman Cables shares the information with all stakeholders and public in general through regular publication of its quarterly and annual results in printed media, on MSM and the company's website.

Corporate Social Responsibility

Oman Cables believes that giving back to the community is extremely important. The company has grown manifolds, so has our commitment to the society. The company shares its wealth with society through its Corporate Social Responsibility (CSR) program and Oman Cables is committed to make a difference to our local communities. Oman Cables CSR provides assistance to the various organizations that are dedicated to improve the quality of life for the less privileged in the society.

Oman Cables contributed in 2013 to different sectors of the community and society related to the Intervention for children with special needs, the help for the disabled as well as for the blind in different regions of Oman. Also the local social work in different geographical areas of Oman has been supported. Initiatives for medical awareness for emergency medicine and cancer are supported for their good work. Youth sports and cultural events arising from its belief in the youth as the future for Oman have been able to take place with the help of the Corporate Social Responsibility program of the company.

The company intends to be in the forefront in this field with different CSR activities, movements and experiences around the world by applying an advanced plan and policy to reflect the depth in partnership between the company and the community and exercise it in line with the needs of the community and society to help securing and providing what is the best for the community and society. The company will keep on expanding its CSR activities to reach and cover different sectors of corporate social responsibility in the community and society.

The company will play its part on the national development and will continue to meet its social responsibility.

Future Outlook

The company has demonstrated another year with a strong performance and continued growth momentum. Oman Cables invested further in the manufacturing capabilities, in marketing and in human resources to continue to cope with the market demands. Today Oman Cables is well positioned locally, regionally in the GCC and MENA and in selected international markets.

With the infrastructure spending and continued investment in the oil and gas sector in the region the management believes that the demand for cables will continue to grow. The positive developments achieved by the company indicate that the future for the company's products match the focus market demand.

The management continuous to focus on the dynamic market for cables and is committed to improve over previous performance records.

The focus on operational excellence is the key factor to the future success of the company. The company has a strong management and a strong operational performance since inception and will continue to strive on a strategy framework that focuses on further growth, creation of long term value to all the stakeholders while ensuring sustainability in the operations.

Dividend:

The Board of Directors, during the board meeting reviewed the company's annual accounts. Considering the guidelines issued by the Capital Market Authority, the liquidity requirements for the operational needs and the uninterrupted record of declaration of dividend, the Board members propose distributing a cash dividend to the Oman Cables Industry shareholders.

Taking into account the financial performance for the Board recommends to distribute dividend on paid-up capital, ie RO 0.088 baiza for each share with face value of RO 0.100 baiza, to the shareholders registered as on the date of Annual General Meeting.

The Board of Directors also recommends to the shareholders at the Annual General Meeting to approve the total Director's remuneration of RO 200,000 (including meeting attendance fees) to be paid to the Board of Directors, in recognition and appreciation of their efforts towards their responsibilities and for their continuous inputs, guidance and support to the management.

Conclusion:

We have faith in the management of Oman Cables and the three decades of growth history have proven that the company is able to create sustainable stakeholder wealth.

We acknowledge with thanks to our local and global customers, business associates, the finance fraternity, local communities and all other stakeholders for their continued support to Oman Cables.

We had unmatched reserve of trustworthy employees who are the reason for our success and it emphasizes the importance of all our people in the company. Our special thanks go to all our employees and to the management for their consistent hard work and wholehearted commitment in delivering the objectives and in taking the company to greater heights.

Oman Cables acknowledges the great support extended by the Government of His Majesty Sultan Qaboos Bin Said, the Authorities in the Ministry of Commerce & Industry as well as all other Ministries and Government departments.

We pray to the Almighty to help our beloved Oman to develop even more under the wise leadership of His Majesty Sultan Qaboos Bin Said by granting His Majesty with good health and longevity.

Chairman

on behalf of the Board of Directors, Oman Cables Industry (SAOG)

Date: 22 January 2014

Management Discussion and Analysis Report

1. Industry Structure and Development

Oman Cables Industry (SAOG) develops, manufactures and markets a totally integrated variety of electrical products, including medium voltage power cables, low voltage power & control cables, instrumentation cables, pilot cables, overhead power transmission line conductors and building wires. Oman Cables also offers cables with special features such as flame retardant properties, low smoke and fume (LSF) properties, cables with anti-termite sheaths, UV resistant outer sheath or lead sheath armouring.

The special features are suitable for different types of applications and environmental conditions and are produced as per customer requirement usually based on stringent specifications set by National and International Authorities. Oman Cables is serving the customer segments for Utilities, Building and Construction Industries, Oil Gas and Petrochemicals, Mining, Transportation and Industrial manufacturing

The Industry mainly comprises of multiple local or regional players. Fierce competition among the players is witnessed and targeting economies of scale are an important factor for success. The technological developments in the Industry relate to the optimization of metal usage in relation to current carrying capacity, enhancing life span of cables thru insulating material and the development of new materials for improved and better performing cables.

2. Opportunities and Threats

Opportunity for the cable industry is arising from the increasing demand for electricity, which in turn is based on economic growth.

Most regional economies are capitalizing on the oil revenues to increase investments in job creation and social programs. Also major initiatives for infrastructure development are scheduled that fuel the electrical cable demand.

Oman Cables is located in the growth area and its strategy of backward integration, product diversification, modern machinery, world class quality manufacturing and testing, is well positioned to capitalize on opportunities in Oman, the MENA region and selected world markets.

The Balance Sheet's inherent strength can be leveraged quickly to seize the growth opportunities which may emerge from the markets the company operates.

Slowdown of growth or low pace of recovery from recessionary conditions in any area of the globe compels the outside cable manufacturers to offer their products in Oman Cables' markets, thus adding to the local competition, resulting in pressure on profitability.

Oman Cables has demonstrated its capabilities in dealing with large international Engineering, Procurement and Construction (EPC) corporations and have succeeded in establishing long term arrangements. This initiative will help to sustain the growth and will further enhance the position viewed in-line with the opportunities identified.

The impact of In Country Value (ICV) as an important procurement trend will impact on many projects throughout the region. Oman Cables is positioning itself to maximize the benefits of these programs.

3. Segment Performance

Oman Cables has diversified its market into local, regional and international segments and successfully achieved growth across all. The international EPC market has shown the better growth for the year under review in-line with the efforts in this segment.

The export programme is a key component of the business strategy. The development of new market segments has an ongoing focus. The backward integration project in aluminium rod and conductor manufacturing has added to the product offering and is expected to continue to contribute to the growth in the years ahead.

4. Outlook

The outlook for the cable industry, in the markets of operation, is cautiously optimistic. The projected GDP growth and resulting growth in demand for energy generation, transmission and distribution is positive; albeit rising very selectively in the regional and global market.

The company is expecting to benefit from the growing investment expenditure in infrastructural projects given its competitive cost base, market driven growth programmes, loyal customer relationships and a sound financial position.

The continuous evaluating to enhance the product range will allow Oman Cables to react to opportunities for new cable and wire requirements.

Oman Aluminum Processing Industries LLC (OAPIL), based in Sohar is the joint venture company between Oman Cables Industry SAOG and Takamul Investment Company SAOC. This subsidiary company is manufacturing aluminium rod and conductors and is now stabilized and performing well.

The continued increasing for power transmission and distribution is leading to an increasing demand for conductors and cables especially in the emerging markets that will result in achieving the planned growth.

5. Risk and Concerns

With the slow pace of the global economic recovery, the weak demand for cables and overcapacity in many parts of the world, competition is particularly fierce in the markets where the company is operating. Mainly because of non regional producers offering their products in the in Oman Cables' markets.

The local market remains active due to Oman's government robust infrastructure spending which is positive; however it has brought also the competition from global cable manufacturers with excess capacity in their own territories. This resulted in strong competition with lower quality at the cost of the local manufacturers offering high quality products. The company remains vigilant and supports the fair procedures to be introduced to enhance the local industries participation on national projects.

6. Internal Control Systems and Their Adequacy

The company has sound internal control systems and operating procedures in place. The operations are audited by a professional internal audit team, external statutory financial auditors and ISO auditors. Oman Cables has routinely been audited in depth by multi national corporations as a part of their stringent pre qualification process. These audits cover the operational aspects as well as Health, Safety and Environmental aspects. These audits have certified the adequacy of the internal systems. Continuous refinements are being made to operating procedures and policies in the company.

7. Expansion

Oman Cables has completed a recent expansion of its facility related to power cables and is now in an even better position to serve customers. Further, in-line with the strategy of market driven expansion of the manufacturing capacity new machinery for the increase of the current capacity for wires has been ordered.

8. Sales and Profitability

The operational performance of the Company for the last 5 years is as under:

	2009	2010	2011	2012	2013
Sales (RO' 000)	155,603	200,885	272,304	257,160	306,058
Profit after Tax (RO' 000)	6,674	8,165	6,874	11,908	16,886
Equity (RO' 000)	41,510	46,899	52,058	61,745	72,461
Dividend (%)	30%	40%	40%	70%	88%*

*recommended

9. Conclusion

The year 2013 was the best so far for the company in terms profitability. The company has been able to maintain the top line thru volume growth and improving the bottom line thru astute management, even though the competition is fierce. Oman Cables have shown consistent growth and enhanced year by year performance, mainly due to the excellent relationship with and support of the client base and other stakeholders and dedicated employees. Executive Management with the guidance of the Board of Directors, is confident that the company is on a sound footing to consistently improve its market position and shareholder value.

Chief Executive Officer

Oman Cable Industry (SAOG)

Date: 22 January 2014

Deloitte.

Deloitte & Touche (M.E.) & Co. LLC
Muscat International Centre
Location: MBD Area
P.O. Box 258, Ruwi
Postal Code 112
Sultanate of Oman

Tel: +968 2481 7775
Fax: +968 2481 5581
www.deloitte.com

TO THE SHAREHOLDERS OF
OMAN CABLES INDUSTRY SAOG

We have performed the procedures prescribed in Capital Market Authority (CMA) Circular No. 16/2003 dated 29 December 2003 with respect to the accompanying corporate governance report of **Oman Cables Industry SAOG** and its application of corporate governance practices in accordance with CMA Code of Corporate Governance issued under circular No. 11/2002 dated 3 June 2002 as supplemented by the Rules and Guidelines on Disclosure by Issuers of Securities and Insider Trading approved by Administrative Decisions no. 5/2007 dated 27 June 2007 and the Executive Regulation of the Capital Market Law issued under the Decision No. 1/2009 dated 18 March 2009 (collectively the Code and additional regulations and disclosures). Our engagement was undertaken in accordance with the International Standards on Related Services applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in evaluating the Company's compliance with the code as issued by the CMA.

We report our findings as below:

We found that the Company's corporate governance report fairly reflects the Company's application of the provisions of the Code and is free from any material misrepresentation.

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

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

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose. This report relates only to the accompanying corporate governance report of **Oman Cables Industry SAOG** to be included in its annual report for the year ended 31 December 2013 and does not extend to any financial statements of **Oman Cables Industry SAOG**, taken as a whole.

Deloitte

P.O.Box 258, P.C 112
Sultanate of Oman
Deloitte & Touche (M.E.) & Co. LLC

Deloitte & Touche (M.E.) & Co. LLC
Muscat, Sultanate of Oman
22 January 2014

Report on Corporate Governance

Company's philosophy on Code of Corporate Governance

The Board of Directors of Oman Cables Industry (SAOG) are committed to the highest standards of Corporate Governance. The provisions of the Code of Corporate Governance for Muscat Securities Market (MSM) listed Companies, issued by Capital Market Authority (CMA) have been followed by the Company.

Key elements of good corporate governance adopted by Oman Cables include honesty, trust and integrity, openness, performance orientation, responsibility and accountability, transparency, mutual respect, commitment to the organization, and fairness among various parties.

The directors and management of the Company has developed a model of governance that aligns the values of the Company and the model is evaluated periodically for its effectiveness. The senior executives of Oman Cables conduct themselves honestly and ethically, especially concerning actual or apparent conflicts of interest, and disclosure in financial reports.

The Company's ensures good Corporate Governance through a combination of measures like:

- Instituting Internal Regulations and Operating Procedures through the Human Resource Manual, Operations Manual for Finance, Marketing and Procurement, documented Quality Management System and other policies; with objective of ensuring effective Internal Controls
- Monitoring adherence to the Internal Regulations and Operating procedures through frequent internal checks, conducting Internal Audit, submission of report to Audit Committee comprising of Board Member, carrying out regular ISO Audits on documentation compliance
- Regular management reviews and structured written reports by Management to the Board.

- Periodical communication with shareholders
- Adherence to the process of nomination and election of Directors laid down by CMA, thus ensuring that the Board is constituted of skilled Directors to oversee the company operations
- Ensuring the compliance with relevant laws and regulations.

The Company has set up Audit Committee Charter, Internal Audit Charter, Disclosure and Insider Trading Policy, Risk Committee Charter duly approved by the Board and which and are all based on the regulations of CMA.

Board of Directors

The Board of Directors is elected by the shareholders of the Company at the Annual General Meeting (AGM). The Board is elected for a three year term. The Board reports to the shareholders at the AGM. The Board comprises of seven Directors.

Following are the relevant details of the Directors as on 31 December 2013:

Name	Designation	Category	No. of Board Meeting Attended	AGM attended
Mustafa Mukhtar Ali Al Lawati	Chairman	Non-executive Non-independent	4	Yes
Frank Franciscus Dorjee	Vice Chairman	Non-executive Non-independent	4	Yes
Hussain Salman Al Lawati	Director	Non-executive Non-independent	4	Yes
Maqbool Ali Salman	Director	Non-executive Independent	4	Yes
Christian Raskin	Director	Non-executive Independent	4	Yes
Fabio Ignazio Romeo	Director	Non-executive Non-independent	3	Yes
Kwok Ki Yeung *	Director	Non-executive Independent	3	N/A
Mohammed Mustafa Mukhtar Al Lawati *	Director	Non-executive Non-independent	1	Yes

*For part of the year

The Company is applying the new definition of independent directors as amended by CMA circular (14/2012) issued on 24 October 2012

The Board of Directors also hold the following positions in other Companies / Organisations:

Name of Director	**Designation in other Company**	**Name of Company**
Mustafa Mukhtar Ali Al Lawati Chairman	Chairman Chairman Chairman Chairman Chairman Chairman Chairman Chairman Chairman	Al Saleh Enterprises Jenfel Heavy Equipment Ample Harvest L.L.C. Al Abaq Al Aseel Scents, Perfumes & Cosmetics L.L.C. Good Savor L.L.C. Integrated Connections L.L.C. Accurate Engineering L.L.C. Al Lawami International Al Lawami MHK
Frank Franciscus Dorjee Vice Chairman	Chairman and CEO Chairman Vice Chairman Vice Chairman Director Director Director Director Member	Draka Holding N.V. Associated Cables Pvt. Ltd. Elkat Ltd. Yangtze Optical Fibre and Cable Co. Ltd. Oman Aluminium Processing Industries LLC Prysmian S.p.A Draka Cableteq Asia Pacific Holding Pte. Ltd. Prysmian Cables & Systems Ltd. Comite de Controle – Prysmian Cables et Systemes France S.A.S
Hussain Salman Al Lawati Director	Member Member	Jenfel LLC, Shubaila LLC
Maqbool Ali Salman Director	Vice Chairman & Managing Director Managing Director Member	Al Hassan Engineering Co. SAOG Al Hassan Switchgear Manufacturing Co. Al Hassan Electrical LLC
Christian Raskin Director		NA
Fabio Ignazio Romeo Director	Senior Vice President Chairman Managing Director Director Director Director Director Director Director Director Director Director Member of the Supervisory Board Member Board of Commissioners Member Member Representative	Business ENERGY at Prysmian Group Prysmian Powerlink S.r.l Prysmian Cavi e Sistemi S.r.l. Prysmian S.p.A. Prysmian Power Cables and Systems Canada Ltd. Prysmian Power Cables and Systems Australia PTY Prysmian Power Cables and Systems New Zealand PTY Ltd. Prysmian (China) Investment Co. Ltd. Prysmian Angel Tianjin Cable Co. Ltd. Prysmian Tianjin Cable Co. Ltd. Prysmian Cabluri si Sisteme S.A. Centro Elettrotecnico Sperimentale Italiano Giacinto Motta S.p.A. Draka Holding N.V. P.T. Prysmian Cables Indonesia Comite de Controle – Prysmian Cables et Systemes France S.A.S Supervisory Board : Prysmian MKM Magyar Kabel Muvek RT Of Prysmian (Dutch) Holding N.V. on the Board of Directors : Turk Prysmian Kablo ve Sistemleri A.S.
Kwok Ki Yeung Director	Chairman Senior Partner Director Director	K K Yeung Management Consultants Ltd. K K Yeung Partnership, Certified Public Accountants Yangtze Optical Fibre and Cable Co. Ltd. Royal Ten Cate China Holding Ltd.
Mohammed Mustafa Mukhtar Al Lawati Director	CEO	Al Saleh Enterprises

Changes in the Board membership during 2013

1. Hussain Salman Al Lawati ceased to be the Managing Director from 25 July 2013. He continues to be a Director

2. Mohammed Mustafa Al Lawati was appointed a temporary Director by the Board of Directors from 16 September 2012 till the date of the Annual General Meeting held on 4 March 2013

3. Kwok Ki Yeung was elected as a Director in the Annual General Meeting held on 4 March 2013

Mr. Mustafa Bin Mukhtar Bin Ali Al Lawati - Chairman is one of the founders of Oman Cables Industry (SAOG). He has Masters Degree in International Relations from Karachi University and a diploma certificate in accounting from Government of Kuwait Commercial Institute. He has total experience of 47 years including 11 years in Banking Industry. He held his last position as Director General (Administration & Financial Affairs) in Ministry of Water and Electricity, and has business experience since 1975 in Al-Saleh Enterprises.

Frank Franciscus Dorjee - Vice Chairman, has a master's degree in Business Administration and Taxation Law at the University of Amsterdam and is a Certified Public Accountant. He is the Chief Strategy Officer of the Prysmian Group and has been a member of the Board of Directors of Prysmian S.p.A. since March 2011. He was the Draka Group CFO since January 2005 and was appointed CEO in September 2009. Before he joined Draka he worked as a partner at KPMG and was the CFO of Van der Moolen.

Hussain Salman Al Lawati - Director He is the co-founder of Oman Cables in 1984. He has a rich Business experience of 50 years in the electrical and lighting Industry including 30 years in Oman Cables Industry where he held the position of the Vice Chairman and Managing Director as well the position of the establishment stage in 1983 till 2012 and continued the Managing director position till 25 July 2013. He has established a few electrical trading enterprises in Oman and UAE. He has developed the first Aluminum rod industry in Oman known as OAPIL, at Sohar (Oman Aluminum Processing Industries LLC) he was the driving force and the chairman of the company till early August 2013 . He is Chairman of the Omani Australian Business council at the Oman Chamber of Commerce. He was holding a board member position in the Oman Chamber of Commerce. He was the chairman for the Industrial Committee of the Oman Chamber Of Commerce for the period of eight years and is continuing as a member of the Industrial Development Committee in the Ministry of Commerce and Industry (OCCI). He is also Chairman of Investment Group Development at the Public Authority for Investment Promotion and Export of the Government of Oman. He is also a member of the Omani Dutch Business council and a member of the Omani Tunisian Friendship Association. He was selected as finalist for the prestigious "Entrepreneur of the Year" Award for the year 2011 conducted by Ernst & Young of Oman on 17 March 2012. He was also selected for coveted "Global Omani of the Year 2012" award organized by AIWA.

Maqbool Ali Salman – Director is the Managing Director of Al Hassan Group of Companies since 1975. He is a Commerce graduate. He had a brief stint with Petroleum Development Oman (PDO). He is a founder member of prominent Omani organizations. He was Founder President of Oil Industry Training Board, which later got converted into Oman Society for Petroleum Services (OPAL). He is also a member of Oman Society of Contractors and Oman Society of Engineers. He is an active member of trade associations including Economic Committee of Oman Chamber of Commerce and Industry (OCCI), Oman-India Businessmen Council, Oman-UAE Businessmen Council and Oman-Korea Friendship Society.

Fabio Ignazio Romeo – Director is the Senior Vice President Business ENERGY of Prysmian since July 2011. He did his graduation in Electronic Engineering from Milan's Polytechnic University in 1979, then obtained an M.S. and a Ph.D. in Electrical Engineering and Computer Sciences at the University of California in Berkeley. He began his career at Tema (ENI Group) as control expert for chemical plants, in 1982 he moved to Honeywell as a technical advisor to the Group's CEO. In 1989 he joined Magneti Marelli as Innovation Manager of the Electronics division, later becoming Director of the Electronics Systems division. In 2001 he moved to Pirelli Group, where he held the position of Director in charge of the Pirelli Tyre division's Truck business unit. In 2002 Dr. Romeo moved to the Energy Cable Sector where he has been appointed Utility Director, Sales and Marketing Director position he held until the current assignment.

Christian Raskin – Director holds a Masters in Economics from the Catholic University of Leuven in Belgium and a Degree in Accountancy from St Mary institute in Liège. He was the co-founder of Zetus Industries for 9 years, later as Managing Director of Draka Holding until 2009. He was also the chairman of Europacable and Member of the board of ICF. He serves on the board of three Private companies outside Oman.

Kwok Ki Yeung – Director, is the Chairman of K K Yeung Management Consultants Ltd. and Senior Partner of K K Yeung Partnership, Certified Public Accountants, based in Hong Kong and has over 50 years of total work experience. He is a Fellow member of Chartered Institute of Management Accountants, Chartered Association of Certified Accountants, Chartered Institute of Secretaries and Administrators, Hong Kong Institute of Certified Public Accountants and The Taxation Institute of Hong Kong.

Company Management

The names, designations, description of responsibilities in Oman Cables and brief profile of the Company Management personnel is as follows:

- Hussain Salman Al Lawati served as Managing Director of the company up to 25 July 2013. Pursuant to the restructuring of the management by the Board, the position of Managing Director was discontinued.

- Gert Hoefman took over as Chief Executive Officer with effect from 1 January 2013. He has over 23 years of experience with one of the largest cable manufacturing companies of the world across international markets such as Europe, Middle East, Far East etc.,

- M. M. Vaidya – General Manager – Corporate Finance – Experience of 31 years, of which 26 years at executive management levels. Responsible for Finance and Risk Management functions.
- Louis Dupreez – General Manager – Sales and Marketing – Experience of 34 years in industry, of which 24 years at executive management levels. Responsible for Sales, Marketing and Customer Service.
- V. Duggal – Technical Advisor – Experience of 41 years in manufacturing in Cable industry, of which 21 years at executive management levels. Responsible for technical evaluation of Projects
- Ahmed Farooqui – General Manager – Procurement and Supply Chain – Experience of 31 years in industry, of which 19 years at executive levels.
- Alaa Al Lawati - General Manager – Human Resources and Administration – Experience of 11 years, of which 7 years at executive levels
- Fawzi Mubarak Al Kiyumi –Advisor to the CEO – Experience of 27 years, of which 18 years at executive levels
- Kuldip Chadha – General Manager – Strategic Business Development – Experience of 36 years, of which 23 years at executive levels
- Sajid Ali – General Manager – Information Technology – Experience of 24 years, of which 16 years at executive levels

Board Meetings held during the year:

During the year 2013 the company held four Board Meetings on the following dates:

16 January 2013, 23 April 2013, 24 July 2013 and 22 October 2013.

The meetings were coordinated by the Board secretary who was appointed in the first board meeting of this period as required by law. The meetings were conducted with exhaustive agenda and proceedings were minuted. Management reports were reviewed during the meeting. All related issues were also discussed regarding the operations of the company.

Committees of the Board of Directors:

During the year, there were two committees of the Board which provided able support to the Board for carrying out its responsibilities. The two committees and their main responsibilities are as follows:

Audit Committee

In line with the regulations issued by the Capital Market Authorities, the company has formed an Audit Committee. The Audit Committee approves the audit plan for the year, reviews the report of Auditors, issues guidance to management and oversees that operating management is adhering to company policies.

The Audit Committee comprised of four Non-executive members including three Independent Directors:

Name	Designation	No. of meetings attended
Maqbool Ali Salman	Chairman	3
Frank Franciscus Dorjee	Member	2
Christian Raskin	Member	4
* Kwok Ki Yeung	Member	1
Mohammed Mustafa * Mukhtar Al Lawati	Member	1

*For part of the year

The directorship of Mohammed Mustafa Mukhtar Al Lawati has ended on 4 March 2013, and Kwok Ki Yeung was appointed on 24 July 2013.

During the year 2013, Audit Committee met and conducted four meetings on the following dates, 15 January 2013, 22 April 2013, 22 July 2013 and 21 October 2013.

The committee has reviewed the Audit Reports issued during the period and necessary guidance was issued to the executive management Committee. The quarterly accounts were reviewed by the audit committee before the same were put up to the Board of Directors for approval.

Strategic Risk Management Committee

The committee reviewed and discussed the various Risk Assessment Reports submitted by the management. The estimated financial impact of risks were discussed with the steps taken by the management to mitigate the risks.

The following are the members of the Strategic Risk Management Committee

Name	Designation	No. of meetings attended
Christian Raskin	Chairman	4
Hussain Salman Al Lawati	Member	3
Gert Hoefman	Member	4
Manoj M. Vaidya	Member	4

During the year 2013, Gert Hoefman was appointed as a member of the Strategic Risk Management Committee.

During the year 2013, Strategic Risk Management Committee conducted four meetings on the following dates, 15 January 2013, 22 April 2013, 22 July 2013 and 21 October 2013.

In the Board Meeting held on 22 October 2013, it was decided that Risk Management will be conducted by the Audit Committee. And accordingly the Strategic Risk Management Committee was abolished and a new Committee "Strategic Management Committee" was formed with same members and Fabio Ignazio Romeo was nominated by Board as additional member.

Process of nomination of the Directors

The Company follows the guidelines issued by the Commercial Companies Law and CMA in this regard. The Company has made efforts to have a Board with appropriate skills, experience and vision.

Remuneration matters

Directors remuneration:

Apart from remuneration derived as "Sitting Fees" of RO 8,800 for (arrived at, in line with the Articles of Association of the company and as approved in the previous Annual General Meeting) Board Meetings and Audit Committee Meetings attended and the proposed Director's remuneration of RO 191,200, the Directors have no other pecuniary relationship or transaction with the company – except for Chairman, Mustafa Mukhtar Ali Al Lawati and Director Hussain Salman Al Lawati.

Operating Management Remuneration:

Salary and perquisites of the five top senior officers (including Director, Hussain Salman Al Lawati for part of the year for his serving as Managing Director) paid / accrued during the year 2013 is RO 642,883 (2012: RO 614,789), which includes RO 488,031 (2012: RO 489,413) as fixed component and RO 154,852 (2012: RO 145,401) linked to performance of 2012. The severance notice period of all Senior employees range from one to three months, with end of service benefits payable as per Omani Labour Law.

Employment Contract

The Company enters into a formal Contract of Employment with each employee and such contracts are in line with the regulation of Ministry of Manpower and Omani Labour Law.

Details of non-compliance by the Company

There are no penalties imposed by Capital Market Authority or any other statutory authority; on the company regarding any matter, during the last three years.

Means of Communication with Share Holders and Investors

As required by Capital Market Authority, the Company publishes its quarterly, half yearly, three quarterly and yearly financial results in two local newspapers. The financial results are also uploaded on the website of Muscat Securities Market and on the company's website www.omancables.com. Further the Company also includes a statement in each of these reports that shareholders can obtain further details, if required, from the company registered office and such details are made available to any shareholder who requests for it. Besides this the company, at the end of each year, sends to all the shareholders, financiers and others who are associated with the Company, the Annual Financial Statements by post.

The company has appropriate disclosure policy and adequate procedures are in place to ensure implementation and monitoring of compliance of the policy.

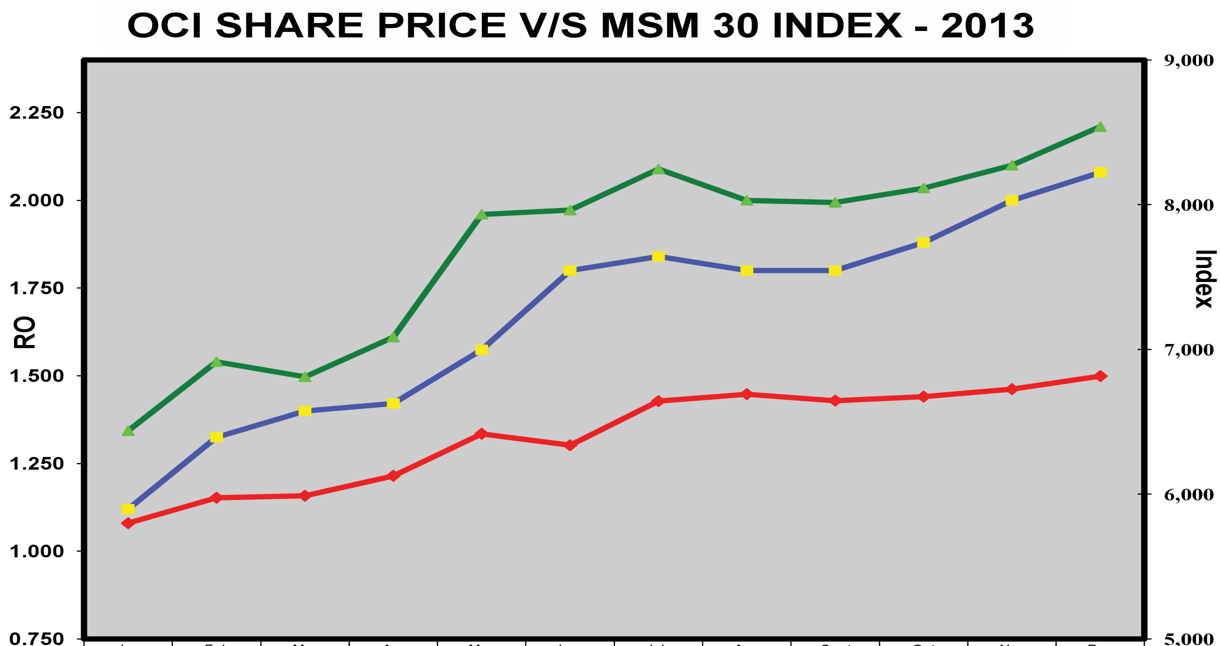
In regard to the Annual audited accounts, after the Annual General Meeting's approval, such financial statements are published in two local newspapers and submitted to Capital Market Authorities. This information is also posted on the Company's website.

All relevant major events impacting the company are conveyed to the Capital Market Authority.

The Annual Report contains a separate Management Discussion and Analysis report.

Market price data

During the period 2013 the share price of RO 0.100 face value moved in the range of high of RO 2.210 to a low of RO. 1.120. The share price as on 31 December 2013 was RO 2.190.



	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Low	1.120	1.325	1.400	1.421	1.574	1.800	1.840	1.800	1.800	1.880	2.000	2.080
High	1.343	1.540	1.497	1.610	1.960	1.972	2.089	2.000	1.994	2.035	2.100	2.210
Index	5,800	5,976	5,990	6,127	6,418	6,338	6,643	6,692	6,647	6,674	6,726	6,816

The distribution of Major Shareholding is as follows:

Shareholder	% of Shares Held of total
Draka Holding (NV)	34.78%
Mustafa Mukhtar Ali Al Lawati	12.54%
Hussain Salman Al Lawati	12.14%

The Company does not have any ADR/GDR/ Warrants or any other Convertible Instruments as on 31 December 2013 and hence likely impact on equity is Nil.

Areas of non-compliance of the provisions of Corporate Governance

There are no areas in which the Company is non- compliant with the provisions of Code of Corporate Governance.

Profile of Statutory Auditors

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's more than 200,000 professionals are committed to becoming the standard of excellence.

Deloitte & Touche (M.E.) is a member firm of Deloitte Touche Tohmatsu Limited (DTTL) and is the first Arab professional services firm established in the Middle East region with uninterrupted presence for over 87 years. Deloitte is among the region's leading professional services firms, providing audit, tax, consulting, and financial advisory services through 26 offices in 15 countries with over 3,000 partners, directors and staff. The Oman Practice currently has three Partners and over 100 professionals.

The Audit fee for the year 2013 is RO 11,700 plus out of pocket expenses limited to RO 500.

Any other Aspects

Internal Auditor

In order to ensure the compliance with statutory regulations and internal controls, the company has a full time internal audit unit, to carry on an independent assessment and reports to Audit Committee.

Board of Directors Acknowledge that:

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

The Board of Directors ensures that the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the requirements of the Commercial Companies Law of the Sultanate of Oman 1974 (as amended) and the rules for disclosure requirements prescribed by the Capital Market Authority.

There are no material events affecting the continuation of the Company and its ability to continue its operations during the next financial year.

Deloitte & Touche (M.E.) & Co. LLC
Muscat International Centre
Location: MBD Area
P.O. Box 258, Ruwi
Postal Code 112
Sultanate of Oman

Tel: +968 2481 7775
Fax: +968 2481 5581
www.deloitte.com

Independent auditor's report to the shareholders of Oman Cables Industry SAOG and its Subsidiary

We have audited the accompanying consolidated financial statements of **Oman Cables Industry SAOG (the "Parent Company") and Oman Cables Industry SAOG and its Subsidiary** (the "Group") which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other information as set out on pages 3 to 51.

Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the relevant disclosure requirements of the Commercial Companies Law of 1974, as amended, and the Rules and Guidelines on disclosure issued by the Capital Market Authority, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Independent auditor's report to the shareholders of Oman Cables Industry SAOG and its Subsidiary (continued)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Oman Cables Industry SAOG and the Group** as of 31 December 2013 and of their financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In our opinion the consolidated financial statements comply, in all material respects, with the relevant disclosure requirements of the Commercial Companies Law of 1974, as amended and the Rules and Guidelines on disclosure issued by the Capital Market Authority.

Other matter

The financial statements of the Parent Company and the Group for the year ended 31 December 2012 were audited by another auditor who expressed an unmodified opinion on those statements on 16 January 2013.

Deloitte & Touche (M.E.) & Co. LLC
Muscat, Sultanate of Oman
22 January 2014

Signed by
Alfred Strolla
Partner

OMAN CABLES INDUSTRY (SAOG) AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013

	Notes	Group 2013 RO	Parent Company 2013 RO	Group 2012 RO	Parent Company 2012 RO
ASSETS					
Non-current assets					
Property, Plant and equipment	5	38,622,412	25,834,174	36,269,799	23,721,576
Investment in a subsidiary	6	-	2,226,660	-	2,226,660
Investment in an associate	7	578,608	578,608	607,699	607,699
Available-for-sale investments	8	177,059	177,059	136,422	136,422
Held to maturity investments	9	1,251,204	1,251,204	1,251,204	1,251,204
Total non-current assets		40,629,283	30,067,705	38,265,124	27,943,561
Current assets					
Inventories	10	56,077,362	50,865,876	49,094,958	46,070,420
Trade and other receivables	11	66,804,057	62,908,574	52,814,442	47,956,719
Due from related parties	33	2,193,755	2,192,247	1,986,850	1,985,772
Cash and bank balances	12	1,275,462	1,175,358	4,651,680	1,719,095
Total current assets		126,350,636	117,142,055	108,547,930	97,732,006
Total assets		166,979,919	147,209,760	146,813,054	125,675,567
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	13	8,970,000	8,970,000	8,970,000	8,970,000
Share premium	14	977,500	977,500	977,500	977,500
Legal reserve	15	3,568,807	2,990,000	3,260,633	2,990,000
General reserve	16	5,958,241	5,958,241	4,377,918	4,377,918
Retained earnings		48,671,979	47,129,164	39,953,192	39,185,266
Cumulative changes in fair values	18	61,611	33,881	1,003,697	1,000,688
Equity attributable to equity holders of the parent		68,208,138	66,058,786	58,542,940	57,501,372
Non-controlling interests		4,253,300	-	3,201,983	-
Total equity		72,461,438	66,058,786	61,744,923	57,501,372
Non-current liabilities					
Term loan	19	4,875,355	-	6,500,480	-
Deferred tax liability	20	1,146,448	792,569	1,119,689	781,342
Employee's end of service benefits	21	1,236,531	1,192,697	1,092,765	1,064,501
Total non-current liabilities		7,258,334	1,985,266	8,712,934	1,845,843
Current liabilities					
Trade and other payables	22	26,964,151	20,406,407	26,017,563	17,219,184
Due to related parties	33	201,973	290,398	7,990	404,644
Bank borrowings	23	56,389,835	56,389,835	47,196,357	47,196,357
Current maturities of term loans	19	1,625,120	-	1,625,120	-
Taxation	20	2,079,068	2,079,068	1,508,167	1,508,167
Total current liabilities		87,260,147	79,165,708	76,355,197	66,328,352
Total liabilities		94,518,481	81,150,974	85,068,131	68,174,195
Total equity and liabilities		166,979,919	147,209,760	146,813,054	125,675,567
Net assets per share	31	0.760	0.736	0.653	0.641

The consolidated financial statements were authorized for issue in accordance with a resolution of the directors on 22 January 2014.

Chairman **Chief Executive Officer**

The accompanying notes form an integral part of these consolidated financial statements

OMAN CABLES INDUSTRY (SAOG) AND ITS SUBSIDIARY

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	Group	Parent Company	Group	Parent Company
		2013	2013	2012	2012
		RO	RO	RO	RO
Sales		306,057,615	263,483,655	257,160,332	213,180,393
Cost of sales	24	(274,620,483)	(237,630,692)	(233,121,211)	(194,120,214)
Gross profit		31,437,132	25,852,963	24,039,121	19,060,179
Other income	25	148,030	534,331	851,785	902,107
Administrative expenses	26	(5,397,988)	(4,382,422)	(4,977,181)	(4,248,694)
Selling and distribution expenses	27	(4,433,567)	(3,222,740)	(4,002,317)	(2,395,414)
Depreciation		(325,995)	(220,430)	(279,323)	(193,277)
Operating profit		21,427,612	18,561,702	15,632,085	13,124,901
Finance costs	28	(1,085,744)	(828,480)	(1,130,112)	(795,757)
Finance income		112,386	112,386	122,486	122,486
Share of results of an associate	7	38,357	38,357	3,629	3,629
Profit before income tax		20,492,611	17,883,965	14,628,088	12,455,259
Income tax expense	20	(2,096,276)	(2,080,744)	(1,755,402)	(1,470,104)
Profit for the year		18,396,335	15,803,221	12,872,686	10,985,155
Profit for the year attributable to Non-controlling interests		(1,510,051)	-	(964,971)	-
Profit for the year attributable to shareholders of the parent company		16,886,284	15,803,221	11,907,715	10,985,155
Basic and diluted earnings per share attributable to ordinary equity holders of the parent company	30	0.188	0.176	0.133	0.122
Gross profit margin		10.27%	9.81%	9.35%	8.94%
Net profit margin		6.01%	6.00%	5.01%	5.15%

The accompanying notes form an integral part of these consolidated financial statements

OMAN CABLES INDUSTRY (SAOG) AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	Group	Parent Company	Group	Parent Company
		2013	**2013**	2012	2012
		RO	**RO**	RO	RO
Profit for the year		**18,396,335**	**15,803,221**	12,872,686	10,985,155
Other comprehensive (expense) / income					
Items that may be reclassified subsequently to profit or loss:					
Net movement in hedging commodity and currency future contracts		**(853,524)**	**(901,996)**	524,591	537,277
Net movement in available-for-sale investments	**8**	**2,637**	**2,637**	(435)	(435)
Exchange difference on foreign currency translation of associate		**(67,448)**	**(67,448)**	(14,521)	(14,521)
Other comprehensive (expense) / income for the year		**(918,335)**	**(966,807)**	509,635	522,321
Total comprehensive income for the year		**17,478,000**	**14,836,414**	13,382,321	11,507,476
Attributable to:					
Equity holders of the parent		**15,944,198**	**14,836,414**	12,423,566	11,507,476
Non-controlling interests		**1,533,802**	**-**	958,755	-
		17,478,000	**14,836,414**	13,382,321	11,507,476

The accompanying notes form an integral part of these consolidated financial statements

OMAN CABLES INDUSTRY (SAOG) AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

	Attributable to the equity holders of the Parent Company								
Group	**Share capital RO**	**Share premium RO**	**Legal reserve RO**	**General reserve RO**	**Retained earnings RO**	**Cumulative changes in fair values RO**	**Total RO**	**Non-controlling interests RO**	**Total RO**
Balance at 1 January 2012	8,970,000	977,500	3,063,700	3,279,402	32,928,926	487,846	49,707,374	2,350,195	52,057,569
Profit for the year	-	-	-	-	11,907,715	-	11,907,715	964,971	12,872,686
Other comprehensive income	-	-	-	-	-	515,851	515,851	(6,216)	509,635
Total comprehensive income	-	-	-	-	11,907,715	515,851	12,423,566	958,755	13,382,321
Dividend for the year 2011	-	-	-	-	(3,588,000)	-	(3,588,000)	(106,967)	(3,694,967)
Transfer to legal and general reserve	-	-	196,933	1,098,516	(1,295,449)	-	-	-	-
Balance at 1 January 2013	**8,970,000**	**977,500**	**3,260,633**	**4,377,918**	**39,953,192**	**1,003,697**	**58,542,940**	**3,201,983**	**61,744,923**
Profit for the year	**-**	**-**	**-**	**-**	**16,886,284**	**-**	**16,886,284**	**1,510,051**	**18,396,335**
Other comprehensive (expense) / income	**-**	**-**	**-**	**-**	**-**	**(942,086)**	**(942,086)**	**23,751**	**(918,335)**
Total comprehensive income	**-**	**-**	**-**	**-**	**16,886,284**	**(942,086)**	**15,944,198**	**1,533,802**	**17,478,000**
Dividend for the year 2012	**-**	**-**	**-**	**-**	**(6,279,000)**	**-**	**(6,279,000)**	**(482,485)**	**(6,761,485)**
Transfer to legal and general reserve	**-**	**-**	**308,174**	**1,580,323**	**(1,888,497)**	**-**	**-**	**-**	
Balance at 31 December 2013	**8,970,000**	**977,500**	**3,568,807**	**5,958,241**	**48,671,979**	**61,611**	**68,208,138**	**4,253,300**	**72,461,438**

The accompanying notes form an integral part of these consolidated financial statements

OMAN CABLES INDUSTRY (SAOG) AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

Parent Company	Share capital	Share premium	Legal reserve	General reserve	Retained earnings	Cumulative changes in fair values	Total
	RO	RO	RO	RO	RO	RO	RO
Balance at 1 January 2012	8,970,000	977,500	2,990,000	3,279,402	32,886,627	478,367	49,581,896
Profit for the year	-	-	-	-	10,985,155	-	10,985,155
Other comprehensive income	-	-	-	-	-	522,321	522,321
Total comprehensive income	-	-	-	-	10,985,155	522,321	11,507,476
Dividend for the year 2011	-	-	-	-	(3,588,000)	-	(3,588,000)
Transfer to general reserve	-	-	-	1,098,516	(1,098,516)	-	-
Balance at 1 January 2013	**8,970,000**	**977,500**	**2,990,000**	**4,377,918**	**39,185,266**	**1,000,688**	**57,501,372**
Profit for the year	**-**	**-**	**-**	**-**	**15,803,221**	**-**	**15,803,221**
Other comprehensive income	-	-	-	-	**-**	**(966,807)**	**(966,807)**
Total comprehensive income	**-**	**-**	**-**	**-**	**15,803,221**	**(966,807)**	**14,836,414**
Dividend for the year 2012	**-**	**-**	**-**	**-**	**(6,279,000)**	**-**	**(6,279,000)**
Transfer to general reserve	**-**	**-**	**-**	**1,580,323**	**(1,580,323)**	**-**	**-**
Balance at 31 December 2013	**8,970,000**	**977,500**	**2,990,000**	**5,958,241**	**47,129,164**	**33,881**	**66,058,786**

The accompanying notes form an integral part of these consolidated financial statements

OMAN CABLES INDUSTRY (SAOG) AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	Group 2013 RO	Parent Company 2013 RO	Group 2012 RO	Parent Company 2012 RO
Operating activities				
Cash receipt from sales	**293,072,751**	**247,331,131**	263,695,362	215,534,226
Cash paid towards cost of sales and expenses	**(289,008,795)**	**(243,800,734)**	(245,963,219)	(203,988,417)
Cash generated from operations	**4,063,956**	**3,530,397**	17,732,143	11,545,809
Interest received	**110,162**	**110,162**	122,486	122,486
Income tax paid	**(1,498,616)**	**(1,498,616)**	(827,535)	(827,535)
Directors' remuneration and meeting attendance fees paid	**(199,050)**	**(199,050)**	(201,450)	(201,450)
Net cash flows from operating activities	**2,476,452**	**1,942,893**	16,825,644	10,639,310
Investing activities				
Purchase of property, plant and equipment	**(5,546,072)**	**(4,525,925)**	(3,736,433)	(3,322,436)
Purchase of available-for-sale investments	**(38,000)**	**(38,000)**	(27,942)	(27,942)
Proceeds from disposal of property, plant and equipment	**28,628**	**9,647**	45,781	45,781
Net cash flows used in investing activities	**(5,555,444)**	**(4,554,278)**	(3,718,594)	(3,304,597)
Financing activities				
Repayment of term loans	**(1,625,125)**	**-**	(2,279,448)	-
Dividends paid to equity holders of the parent	**(6,279,000)**	**(6,279,000)**	(3,588,000)	(3,588,000)
Dividend paid to non-controlling interest	**(482,485)**	**-**	(106,967)	-
Net movement in short term loans	**8,000,000**	**8,000,000**	(9,000,000)	(9,000,000)
Net movement in loans against trust receipts	**1,219,452**	**1,219,452**	6,392,123	6,392,123
Interest paid	**(1,104,094)**	**(846,830)**	(1,211,543)	(754,103)
Net cash flows (used in) / from financing activities	**(271,252)**	**2,093,622**	(9,793,835)	(6,949,980)
Net increase / (decrease) in cash and cash equivalents during the year	**(3,350,244)**	**(517,763)**	3,313,215	384,733
Cash and cash equivalents at 1 January	**4,585,615**	**1,653,030**	1,272,400	1,268,297
Cash and cash equivalents at 31 December	**1,235,371**	**1,135,267**	4,585,615	1,653,030
Cash and cash equivalents at the end of the year comprise:				
Current accounts	**1,253,749**	**1,153,951**	4,628,254	1,696,925
Cash in hand	**21,713**	**21,407**	23,426	22,170
	1,275,462	**1,175,358**	4,651,680	1,719,095
Bank overdraft	**(40,091)**	**(40,091)**	(66,065)	(66,065)
	1,235,371	**1,135,267**	4,585,615	1,653,030

The accompanying notes form an integral part of these consolidated financial statements

1. Legal status and principal activities

Oman Cables Industry SAOG ("the Company" or "the Parent Company") is registered in the Sultanate of Oman as a public joint stock company. The company's principal activity is the manufacture and sale of electrical cables and conductors.

The company holds 51% shareholding in Oman Aluminium Processing Industries LLC ("the subsidiary") which was incorporated in the Sultanate of Oman in the year 2008 and commenced its operations from July 2010.

2. Adoption of new and revised International Financial Reporting Standards (IFRSs)

For the year ended 31 December 2013, the Company and its Subsidiary (the "Group") have adopted all the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for the period beginning on 1 January 2013.

2.1 Standards and Interpretations adopted with no effect on the financial statements

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

Amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities	The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.
IFRS 10: Consolidated Financial Statements	IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and SIC-12 Consolidation - Special Purpose Entities. IFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern financial and operating policies of the entity so as to obtain benefits from its activities.

2. Adoption of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.1 Standards and Interpretations adopted with no effect on the financial statements (continued)

IFRS 11: Joint arrangements	IFRS 11, replaces IAS 31 Interest in Joint Ventures and guidance contained in a related interpretations. IFRS 11, deals with how a joint arrangement of which two or more parties have joint control should be classified and account for. Under IFRS 11, investments in joint arrangements are classified either as joint operations or joint ventures, based on rights and obligation of parties to the arrangements by considering the structure, the legal form of the arrangement, the contractual terms agreed by the parties to the arrangement, and when relevant, other facts and circumstances.
IFRS 12: Disclosure of Interests in Other Entities	IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and / or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.
IFRS 13: Fair Value Measurement	IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).
Amendments to IAS 1 Presentation of Items of Other Comprehensive Income	The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed as the 'statement of profit or loss'. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

2. Adoption of new and revised International Financial Reporting Standards (IFRSs)(continued)

2.1 Standards and Interpretations adopted with no effect on the financial statements (continued)

	The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on the Income statement (profit or loss), other comprehensive income and total comprehensive income.
Annual Improvements 2009-2011 Cycle	Makes amendments to the following standards: IAS 1 - Clarification of the requirements for comparative information IAS 16 - Classification of servicing equipment IAS 32 - Clarify that tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12 Income Taxes IAS 34 - Clarify interim reporting of segment information for total assets in order to enhance consistency with the requirements in IFRS 8 Operating Segments
IAS 19 Employee Benefits (as revised in 2011)	IAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years (see the tables below for details). In addition, IAS 19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

2. Adoption of new and revised International Financial Reporting Standards (IFRSs)(continued)

2.2 Standards and Interpretations in issue not yet effective

At the date of authorisation of these consolidated financial statements, the following new and revised Standards and Interpretations were in issue but not yet effective:

	Effective for annual periods beginning on or after
New IFRS and relevant amendments **Financial Instruments**	
IFRS 9: Financial Instruments (as revised in 2010 to include requirements for the classification and measurement of financial liabilities and incorporate existing derecognition requirements)	January 2015
Consolidation, joint arrangements, associates and disclosures	
Amendment to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements, to provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement.	January 2014

2. Adoption of new and revised International Financial Reporting Standards (IFRSs)(continued)

2.2 Standards and Interpretations in issue not yet effective

Amendments to IFRSs	Effective for annual periods beginning on or after
IAS 32 : Financial instruments: presentation, Offsetting Financial Assets and Financial Liabilities: to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main area (a) the meaning of 'currently has a legally enforceable right of set-off'(b) the application of simultaneous realisation and settlement (c) the offsetting of collateral amounts (d) the unit of account for applying the offsetting requirements	January 2014
IAS 36: Impairment of assets, Recoverable Amount Disclosures for Non-Financial Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.	January 2014
IAS 39: Financial Instruments: Recognition and Measurement, Novation of Derivatives and Continuation of Hedge Accounting' makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.	January 2014

2. Adoption of new and revised International Financial Reporting Standards (IFRSs)(continued)

2.2 Standards and Interpretations in issue not yet effective

New Interpretations and amendments to Interpretations:

IFRIC 21 – Levies	January 2014

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group's in the period of initial application. The adoption of these standards and interpretations has not resulted in changes to the Group's accounting policies and has not affected the amounts reported for the current or prior periods except for IFRS 9: Financial Instruments 9. IFRS 9 introduces new requirements for the classification and measurement of financial assets, new criteria for amortised cost measurement, a new measurement category - fair value through other comprehensive income, impairment assessment only for amortised cost assets, eliminates the category available-for-sale assets, eliminates held-to-maturity assets and tainting rules, eliminates embedded derivatives in financial assets and eliminates unquoted equity investments measured at cost less impairment. The management is currently assessing this standard which may have an impact on the financial statements of the Group as described above.

3. Summary of significant accounting policies

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as promulgated by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB. The financial statements comply with the disclosure requirements set out in the Rules and Guidelines on disclosure issued by the Capital Market Authority and the requirements of the Commercial Companies Law of 1974, as amended.

Basis of preparation

These financial statements have been prepared on the historical cost basis except for derivative financial instruments and available-for-sale financial assets that have been measured at fair value.

Basis of consolidation

The consolidated financial statements comprise those of Oman Cables Industry SAOG and subsidiary as at 31 December each year. Subsidiaries are all entities (including special purpose entities) over which the Group exercises control. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

3. Summary of significant accounting policies (continued)

Basis of consolidation (continued)

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

As a result of IFRS 10 (2011), the Group has changed its accounting policy, as mentioned above, for determining whether it has control over and consequently whether it consolidates its subsidiary. In accordance with the transitional provisions of IFRS 10 (2011), the Directors reassessed the control conclusion for its subsidiary at 1 January 2013 and concluded that there is no change in control over subsidiary as per the new control model defined in IFRS 10.

3. Summary of significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Capital work in progress is not depreciated. Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

	Years
Buildings	20
Plant and machinery	20
Electrical equipment and installations	10
Motor vehicles	4
Furniture, fixtures and fittings	4
Office equipment	4
Material handling equipment	10
Loose tools	10
Laboratory equipment	10

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

3. Summary of significant accounting policies (continued)

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as forward currency contracts and forward commodity contracts to hedge its foreign currency risks and commodity price risks, respectively.

These derivative financial instruments, which qualify for hedge accounting and meet the criteria for cash flow hedge are initially recognized at cost and are subsequently stated at fair market value. The effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income in the cumulative changes in fair value reserve, while any ineffective position is recognized immediately in the income statement. Subsequently the gains or losses recognized as other comprehensive income are transferred to the cost of inventories in the income statement.

Investment in a subsidiary

A subsidiary is a company in which the Group owns more than one half of the voting power or otherwise exercises control. The financial statement of the subsidiary is included in the consolidated financial statements. In the parent company's separate financial statements, the investment in the subsidiary is carried at cost less impairment.

Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group's investment in its associates is accounted for under the equity method of accounting from the date on which the investee becomes an associate. Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

3. Summary of significant accounting policies (continued)

Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss, has two sub categories namely financial assets held for trading and those designated at fair value through profit or loss at inception. Investments typically bought with the intention to sell in the near future are classified as held for trading. For investments designated as at fair value through profit or loss, the following criteria must be met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- the assets and liabilities are part of a Group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- the financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

These investments are initially recorded at fair value. Subsequent to initial recognition, these investments are remeasured at fair value. Fair value adjustments and realized gain and loss are recognized in the income statement.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Investments available-for-sale

After initial recognition, investments which are classified "available-for-sale" are normally re-measured at fair value, unless fair value cannot be reliably determined in which case they are measured at cost less impairment. Fair value changes, are reported as a separate component of equity until the investment is derecognised or the investment is determined to be impaired. On de-recognition or impairment the cumulative gain or loss previously reported as "cumulative changes in fair value" within equity, is included in the income statement for the period.

Investments held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold it to maturity. After initial measurement held-to-maturity investments are measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs.

De-recognition of financial instruments

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognized to the extent of the Group's continuing involvement in the asset.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of finished goods and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

The liability for goods in transit is recorded when significant risks and rewards of ownership of the goods are transferred to the Group.

3. Summary of significant accounting policies (continued)

Trade and other receivables

Trade and other receivables are stated at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Cash and cash equivalents

For the purpose of the Cash Flows Statement, cash and cash equivalents consists of cash and bank balances, net of outstanding bank overdrafts, and bank deposits with original maturities of three months or less.

Impairment and uncollectibility of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the income statement. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value;

(b) For assets carried at cost, impairment is the difference between cost and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

3. Summary of significant accounting policies (continued)

Impairment and uncollectibility of financial assets (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the Group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the income statement.

The following criteria are also applied in assessing impairment of specific assets:

Associates

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss of the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case the Group calculates the amount of impairment as being the difference between the fair value of the associate and the acquisition cost and recognises the amount in the income statement.

Dividend on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders.

Employee benefits

Payment is made to the Omani Government Social Security scheme under Royal Decree 72/91 for Omani employees.

The Group provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

3. Summary of significant accounting policies (continued)

Provisions

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably estimated. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process. Interest on loans is accounted on accrual basis.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Sales

Revenue from the sale of goods net of sales commission and trade discount is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is not recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

3. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Interest

Interest revenue is recognised as the interest accrues using the effective interest rate method, under which the rate used exactly discounts, estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend

Dividend revenue is recognised when the right to receive the dividend is established.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IFRIC 4.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currency translation

The consolidated financial statements are presented in Rial Omani, which is the parent Company's and the subsidiary's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

3. Summary of significant accounting policies (continued)

Foreign currency translation (continued)

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation of foreign operations

Exchange differences arising on equity accounting of foreign associates are taken directly to the foreign currency translation reserve. Foreign currency translation reserve is recognized in equity under cumulative changes in fair value. On disposal of the foreign associate, such exchange differences are recognised in the income statement as part of the profit or loss on sale. A write down of the carrying amount of a foreign operation does not constitute a disposal.

Income tax

Taxation is provided for based on relevant tax laws of the respective countries in which the Group operates.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the reporting date.

Deferred income tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

3. Summary of significant accounting policies (continued)

Income tax (continued)

The carrying amount of deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Income tax relating to items recognised directly in equity are recognised in equity and not in the income statement.

Directors' remuneration

The Parent Company follows the Commercial Companies Law 1974 (as amended), and other latest relevant directives issued by CMA, in regard to determination of the amount to be paid as Directors' remuneration. Directors' remuneration is charged to the income statement in the year to which they relate.

4. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements, as per IFRS, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the reporting date and the resultant provisions and changes in fair value for the period. Such estimates are necessarily based on assumptions about several factors involving varying, and possibly significant, degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated assets and liabilities.

Classification of investments

Management decides on acquisition of an investment whether it should be classified as held for trading, carried at fair value through profit or loss, or available-for-sale or held-to-maturity investments.

Fair values

For investments traded in organised financial markets, fair value is determined by reference to quoted market bid prices.

For unquoted equity investments, fair value is determined by reference to the market value of a similar investment or is based on expected discounted cash flows. Fair value cannot be reliably measured for certain unquoted foreign investments. Such investments are measured at cost.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of accounts receivable

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due.

At the reporting date, trade receivables were RO 67,127,985 (2012: RO 51,686,765), and the provision for doubtful debts was RO 1,200,000 (2012: RO 1,000,000). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the Income statement.

Impairment of inventories

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

At the reporting date, gross inventories were RO 57,337,362 (2012: RO 50,104,958) and the provisions for slow moving and obsolete inventories of RO 1,260,000 (2012: RO 1,010,000) respectively. Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the Income statement.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

4. Critical accounting judgments and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Impairment of equity investments

The Group treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment, which is critically evaluated by the Group on a case to case basis.

Taxes

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

5. Property, plant and equipment

Group 31 December 2013	Buildings	Plant and ma-chinery	Electrical equipment and instal-lations	Motor vehicles	Furniture, fixtures and fittings	Office equipment	Material handling equipment	Loose tools	Laborato-ry equip-ment	Capital work in progress	Total
	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO
Cost											
At 1 January 2013	12,036,120	33,663,839	2,216,665	279,781	652,911	1,002,769	2,416,482	364,344	1,639,014	1,701,418	55,973,343
Additions	20,663	811,160	30,885	24,300	71,733	261,398	291,009	49,648	18,657	4,094,979	5,674,432
Disposals	(51,442)	(575,657)	(6,407)	(13,200)	(72,266)	(70,345)	(139,599)	(62,406)	(26,265)	-	(1,017,587)
Transfers	2,253,151	2,506,046	153,817	-	-	-	-	-	643,973	(5,556,987)	-
At 31 December 2013	14,258,492	36,405,388	2,394,960	290,881	652,378	1,193,822	2,567,892	351,586	2,275,379	239,410	60,630,188
Depreciation											
At 1 January 2013	3,621,843	10,725,964	1,250,699	183,042	478,803	725,945	1,784,297	175,389	757,562	-	19,703,544
Charge for the year	634,760	1,781,748	179,356	39,584	79,398	207,013	161,714	27,633	169,607	-	3,280,813
Disposals	(48,842)	(558,887)	(6,366)	(13,200)	(71,412)	(70,151)	(119,676)	(62,266)	(25,781)	-	(976,581)
At 31 December 2013	4,207,761	11,948,825	1,423,689	209,426	486,789	862,807	1,826,335	140,756	901,388	-	22,007,776
Carrying amount											
At 31 December 2013	10,050,731	24,456,563	971,271	81,455	165,589	331,015	741,557	210,830	1,373,991	239,410	38,622,412
At 31 December 2012	8,414,277	22,937,875	965,966	96,739	174,108	276,824	632,185	188,955	881,452	1,701,418	36,269,799

OMAN CABLES INDUSTRY (SAOG) AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013 (Continued)

5. Property, plant and equipment (continued)

Group 31 December 2012	Buildings	Plant and machinery	Electrical equipment and instal-lations	Motor vehicles	Furniture, fixtures and fittings	Office equipment	Material handling equipment	Loose tools	Laboratory equipment	Capital work in progress	Total
	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO
Cost											
At 1 January 2012	10,488,539	31,147,160	2,210,891	271,781	632,776	812,474	2,283,668	321,571	1,129,116	3,280,714	52,578,690
Additions	50,587	285,792	5,774	40,200	68,324	195,031	157,014	42,773	174,681	2,644,270	3,664,446
Disposals	-	(160,468)	-	(32,200)	(48,189)	(4,736)	(24,200)	-	-	-	(269,793)
Transfers	1,496,994	2,391,355	-	-	-	-	-	-	335,217	(4,223,566)	-
At 31 December 2012	12,036,120	33,663,839	2,216,665	279,781	652,911	1,002,769	2,416,482	364,344	1,639,014	1,701,418	55,973,343
Depreciation											
At 1 January 2012	3,033,326	9,215,079	1,080,884	176,144	451,681	564,168	1,652,751	152,903	610,615	-	16,937,551
Charge for the year	588,517	1,671,350	169,815	39,095	73,767	166,460	155,745	22,486	146,947	-	3,034,182
Disposals	-	(160,465)	-	(32,196)	(46,645)	(4,683)	(24,199)	-	-	-	(268,188)
At 31 December 2012	3,621,843	10,725,964	1,250,699	183,042	478,803	725,945	1,784,297	175,389	757,562	-	19,703,544
Carrying amount											
At 31 December 2012	8,414,277	22,937,875	965,966	96,739	174,108	276,824	632,185	188,955	881,452	1,701,418	36,269,799
At 31 December 2011	7,455,213	21,932,081	930,007	95,637	181,095	241,306	630,917	168,668	518,501	3,480,714	35,641,139

5. Property, plant and equipment (continued)

Parent Company 31 December 2013	Buildings	Plant and machinery	Electrical equipment and installations	Motor vehicles	Furniture, fixtures and fittings	Office equipment	Material handling equipment	Loose tools	Laboratory equipment	Capital work in progress	Total
	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO
Cost											
At 1 January 2013	**8,249,067**	**24,562,612**	**1,329,206**	**208,861**	**522,982**	**829,839**	**2,280,006**	**248,761**	**1,513,586**	**1,695,538**	**41,440,458**
Additions	**6,727**	**130,837**	**16,700**	**7,800**	**62,868**	**149,157**	**230,859**	**46,751**	**18,657**	**3,855,569**	**4,525,925**
Disposals	**(51,442)**	**(575,657)**	**(6,407)**	**-**	**(71,775)**	**(70,345)**	**(110,999)**	**(62,406)**	**(26,265)**	**-**	**(975,296)**
Transfers	**2,247,271**	**2,506,046**	**153,817**	**-**	**-**	**-**	**-**	**-**	**643,973**	**(5,551,107)**	**-**
At 31 December 2013	**10,451,623**	**26,623,838**	**1,493,316**	**216,661**	**514,075**	**908,651**	**2,399,866**	**233,106**	**2,149,951**	**-**	**44,991,087**
Depreciation											
At 1 January 2013	**3,165,293**	**9,664,699**	**1,033,849**	**151,139**	**421,449**	**645,749**	**1,752,529**	**156,438**	**727,737**	**-**	**17,718,882**
Charge for the year	**444,571**	**1,317,811**	**90,492**	**24,952**	**46,093**	**149,385**	**145,908**	**15,987**	**157,064**	**-**	**2,392,263**
Disposals	**(48,842)**	**(558,887)**	**(6,366)**	**-**	**(71,125)**	**(70,151)**	**(110,814)**	**(62,266)**	**(25,781)**	**-**	**(954,232)**
At 31 December 2013	**3,561,022**	**10,423,623**	**1,117,975**	**176,091**	**396,417**	**724,983**	**1,787,623**	**110,159**	**859,020**	**-**	**19,156,913**
Carrying amount											
At 31 December 2013	**6,890,601**	**16,200,215**	**375,341**	**40,570**	**117,658**	**183,668**	**612,243**	**122,947**	**1,290,931**	**-**	**25,834,174**
At 31 December 2012	5,083,774	14,897,913	295,357	57,722	101,533	184,090	527,477	92,323	785,849	1,695,538	23,721,576

OMAN CABLES INDUSTRY (SAOG) AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013 (Continued)

5. Property, plant and equipment (continued)

Parent Company

31 December 2012	Buildings	Plant and machinery	Electrical equipment and instal-lations	Motor vehicles	Furniture, fixtures and fittings	Office equipment	Material handling equipment	Loose tools	Laboratory equipment	Capital work in progress	Total
	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO
Cost											
At 1 January 2012	6,745,173	22,189,991	1,329,206	220,861	522,570	667,509	2,151,692	219,672	1,060,425	3,280,714	38,387,813
Additions	6,900	141,734	-	20,200	48,601	167,066	152,514	29,089	117,944	2,638,390	3,322,438
Disposals	-	(160,468)	-	(32,200)	(48,189)	(4,736)	(24,200)	-	-	-	(269,793)
Transfers	1,496,994	2,391,355	-	-	-	-	-	-	335,217	(4,223,566)	-
At 31 December 2012	8,249,067	24,562,612	1,329,206	208,861	522,982	829,839	2,280,006	248,761	1,513,586	1,695,538	41,440,458
Depreciation											
At 1 January 2012	2,765,281	8,604,792	952,601	158,381	425,056	525,147	1,634,422	144,993	597,088	--	15,807,761
Charge for the year	400,012	1,220,372	81,248	24,954	43,038	125,285	142,306	11,445	130,649		2,179,309
Disposals	-	(160,465)	-	(32,196)	(46,645)	(4,683)	(24,199)	-	-	-	(268,188)
At 31 December 2012	3,165,293	9,664,699	1,033,849	151,139	421,449	645,749	1,752,529	156,438	727,737	-	17,718,882
Carrying amount											
At 31 December 2012	5,083,774	14,897,913	295,357	57,722	101,533	184,090	527,477	92,323	785,849	1,695,538	23,721,576
At 31 December 2011	2,979,892	13,585,199	376,605	62,480	97,514	142,362	517,270	74,679	463,337	3,280,714	22,580,052

6. Investment in a subsidiary

	% Holding	Activity	Year of incorporation	**2013 Parent Company**	2012 Parent Company
Oman Aluminium Processing Industries LLC (OAPIL) (Incorporated in Oman)	51%	Manufacture of aluminium rods and overhead conductors	2008	**2,226,660**	2,226,660

The Parent Company has 51% shareholding in Oman Aluminium Processing Industries LLC (OAPIL). The Subsidiary commenced its commercial operations from July 2010.

The Income statement of the Group has been made after consolidating the OAPIL accounts and the 49% share of profit of RO 1,510,051 (2012: RO 964,971) has been shown as non-controlling interests in consolidated Income statement.

The following further notes apply:

1. Investment in OAPIL has been set off against the capital and reserves of the subsidiary in the consolidated financial statements.

2. The Board of Directors of the Parent Company believes that no impairment has arisen in the investment in OAPIL.

7. Investment in an associate

	2013			2012		
	Group and Parent Company			Group and Parent Company		
Name of the associate	**% Holding**	**Carrying value**	**Cost**	% Holding	Carrying value	Cost
		RO	**RO**		RO	RO
Associated Cables Private Limited, India (ACPL)	40%	**578,608**	**-**	40%	607,699	-

The associate company registered in India, is in the business of manufacturing and selling of electrical power cables, control cables and instrumentation cables.

During the year 2006, the Parent Company had acquired 35% stake and in 2009 an additional 5% stake in the associate at consideration of Nil. This acquisition was in accordance with the terms of the commercial understanding agreement with Draka Holding NV, the associate company's major shareholder.

7. Investment in an associate (continued)

The carrying value of the investment in an associate is as follows

	2013		2012	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
At the beginning of the year	**607,699**	**607,699**	618,591	618,591
Share of results / fair value changes of associate	**38,357**	**38,357**	3,629	3,629
Effect of foreign currency translation	**(67,448)**	**(67,448)**	(14,521)	(14,521)
	578,608	**578,608**	607,699	607,699

The share of results is based on the unaudited financial statements of the associate as at 31 December 2013. The associate company prepares audited financial statements at 31 March each year.

The summarised financial position of the associate as at reporting date is as follows:

	2013	2012
	RO	RO
Associate's statement of financial position:		
Current assets	**1,281,209**	1,283,310
Non-current assets	**471,263**	621,268
Current liabilities	**(266,675)**	(294,577)
Non-current liabilities	**(39,301)**	(90,775)
Net assets	**1,446,496**	1,519,226
Associate's revenue and profit:		
Revenue	**3,581,984**	3,346,077
Profit	**95,893**	7,486
Carrying amount of investment	**578,608**	607,699

8. Available-for-sale investments

	2013		2012	
	Group and Parent Company		Group and Parent Company	
	Market value	**Cost**	Market value	Cost
	RO	**RO**	RO	RO
Unquoted investments (refer note (a) below)	**168,442**	**168,442**	130,442	130,442
Marketable securities listed on the Muscat Securities Market	**8,617**	**2,544**	5,980	2,544
	177,059	**170,986**	136,422	132,986

(a) During the year, the Company invested RO 38,000 (2012: RO 27,942) in units of Oman Fixed Income Fund.

(b) Movements in cumulative changes in fair values arising from available-for-sale investments are as follows:

	2013	2012
	Group and Parent company	
	RO	RO
Net unrealised profit / (loss)	**2,637**	(435)

9. Held to maturity investments

Held to maturity investments comprise bonds issued by a commercial bank in the Sultanate of Oman maturing in May 2016. The bonds earn a fixed interest rate of 8% per annum (2012: 8% per annum).

10. Inventories

	2013		2012	
	Group	Parent Company	Group	Parent Company
	RO	RO	RO	RO
Raw materials	14,065,380	13,955,795	11,157,369	10,348,006
Spares, consumables and scrap	2,714,471	1,795,299	2,121,478	1,499,773
Finished goods	26,282,865	22,165,873	22,186,400	20,664,275
	43,062,716	37,916,967	35,465,247	32,512,054
Work in progress	4,617,283	4,501,546	3,356,628	3,285,283
Goods in transit	9,657,363	9,657,363	11,283,083	11,283,083
	57,337,362	52,075,876	50,104,958	47,080,420
Less :provision for slow moving and obsolete items	(1,260,000)	(1,210,000)	(1,010,000)	(1,010,000)
	56,077,362	50,865,876	49,094,958	46,070,420

Raw materials include an amount of RO 305,570 for Parent Company and RO 271,115 for Group (2012 – Parent RO 109,275 Group RO 284,041), that relates to derivative financial assets in relation to procurement of raw materials required to meet confirmed sales orders as on 31 December 2013.

The movement in the provision for slow moving inventories is as follows:

	2013		2012	
	Group	Parent Company	Group	Parent Company
	RO	RO	RO	RO
At the beginning of the year	1,010,000	1,010,000	810,000	810,000
Add: Provision for the year	250,000	200,000	200,000	200,000
	1,260,000	1,210,000	1,010,000	1,010,000

11. Trade and other receivables

Trade receivables	**67,127,985**	**63,477,059**	51,686,765	46,991,452
Less: Allowance for credit losses	**(1,200,000)**	**(1,200,000)**	(1,000,000)	(1,000,000)
	65,927,985	**62,277,059**	50,686,765	45,991,452
Advances	**499,778**	**398,129**	911,612	865,237
Derivatives designated and effective as hedging instruments carried at fair value (Note 18)	**121,301**	**66,929**	974,825	968,925
Other receivables and prepayments	**254,993**	**166,457**	241,240	131,105
	66,804,057	**62,908,574**	52,814,442	47,956,719

Movements in the allowance for impairment of receivables were as follows:

	2013		2012	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
At the beginning of the year	**1,000,000**	**1,000,000**	800,000	800,000
Add: Provision for the year	**200,000**	**200,000**	200,000	200,000
	1,200,000	**1,200,000**	1,000,000	1,000,000

The Company offers credit to its customers, after which trade receivables are considered to be past due. At the reporting date, gross trade receivables amounting to RO 585,177 (2012 – RO 618,760) were assessed as impaired by the management, for which allowance for credit losses has been established. In addition an amount of RO 614,823 (2012 – RO 381,240) has also been established as a collective provision for credit losses against unsecured trade receivables.

11. Trade and other receivables (continued)

				Past due but not impaired			
	Total	**Impaired**	**Neither past due nor impaired**	**Less than 3 months**	**3 to 6 months**	**6 to 12 months**	**More than 1 year**
	RO		**RO**	**RO**	**RO**	**RO**	**RO**
2013	**63,477,059**	**1,200,000**	**58,066,927**	**4,021,949**	**188,183**		
2012	46,991,452	1,000,000	43,651,644	2,339,808	-	-	-

At the reporting date 50% of parent's trade receivables are due from 9 customers (2012- 50% from 8 customers). Trade receivables amounting to RO 58,066,927 (2012 – RO 43,651,644) are neither past due nor impaired and are estimated as collectible based on historical experience. 60% (2012 – 64%) of the trade receivables are secured against letters of Credit, bank guarantees or other credit risk cover.

12. Cash and bank balances

	2013		2012	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Cash in hand	**21,713**	**21,407**	23,426	22,170
Cash at bank – current and call accounts	**1,253,749**	**1,153,951**	4,628,254	1,696,925
	1,275,462	**1,175,358**	4,651,680	1,719,095

13. Share capital

The Parent Company's authorised share capital comprises 120,000,000 shares of 100 baisa each (2012 – 120,000,000 shares of 100 baisa each).

The Parent Company's issued and fully paid up share capital comprises 89,700,000 shares of 100 baisa each (2012 – 89,700,000 shares of 100 baisa each).

Shareholders who own 10% or more of the Parent Company's share capital at the reporting date and the number of shares they hold are as follows:

	2013		2012	
	No of shares held	**%**	No of shares held	%
Draka Holding NV	**31,200,000**	**34.78**	31,200,000	34.78
Mustafa Mukhtar Ali Al Lawati	**11,247,040**	**12.54**	11,247,040	12.54
Hussain Salman Al Lawati	**10,890,630**	**12.14**	10,978,130	12.24

14. Share premium

Share premium represents the excess of amounts received over the nominal value of shares issued to shareholders during 1998.

15. Legal reserve

As required by Article 106 of the Commercial Companies Law of 1974 of Sultanate of Oman, 10% of the net profit of the Company has to be transferred to a non-distributable legal reserve until the amount of the legal reserve becomes equal to one-third of issued share capital of the Company.

The Parent Company has discontinued such transfers as the reserve has reached the statutory minimum of one third of the capital. The subsidiary has transferred 10% of profit to legal reserve.

16. General reserve

This reserve represents a distributable reserve initially created at 31 December 2001, to address any impact of unforeseen events in view of the Parent Company's growing operations. 10% (2012 - 10%) of the net profit of the Parent Company has been transferred to this reserve during the year. The transfer is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

17. Dividend per share

During the year, dividends of 70 baisa (2012: 40 baisa) per share totalling RO 6,279,000 (2012: RO 3,588,000) relating to the year 2012 were declared and paid.

The Board of Directors have recommended a dividend of 88 baisa (2012: 70 baisa) per share for the year 2013 amounting to RO 7,893,600 (2012: RO 6,279,000), subject to the approval of the shareholders at the forthcoming Annual General Meeting.

18. Cumulative changes in fair values

The following summarises the cumulative changes in fair values as of reporting date:

	2013		2012	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Unrealised gain relating to:				
Hedging commodity and currency forward / future contracts (Net) maturing within 12 months	**94,659**	**66,929**	971,934	968,925
Fair value of investments Available-for-sale	**6,073**	**6,073**	3,436	3,436
Others	**(39,121)**	**(39,121)**	28,327	28,327
	61,611	**33,881**	1,003,697	1,000,688

The following further note applies:

Any positive or negative fair value adjustments of commodity future contracts designated as cash flow hedges will be included in the subsequent period on the maturity of the contracts, as cost of inventories and ultimately as cost of sales in the income statement.

The cumulative change in fair value relating to the unrealised gain in commodity future contracts of RO 121,301 (2012 – RO 974,825) is mainly on account of differences between the original values of the future commodity contracts entered into by the Group in the normal course of business and the market value of these contracts as at the reporting date attributable to equity holders of the parent company. RO 26,642 (2012 – RO 2,891) attributable to non-controlling interest is disclosed separately in statement of changes in equity as a component of non-controlling interests.

18. Cumulative changes in fair values (continued)

The cumulative change in fair value relating to the unrealised gain in commodity future contracts of RO 66,929 (2012 - RO 968,925) is mainly on account of differences between the original values of the future commodity contracts entered into by the Parent Company in the normal course of business and the market value of these contracts as at the reporting date.

The reported fair value changes on account of commodity future contracts mentioned above, does not have an impact on the year 2013 profitability, as it relates to the cost of purchase in the year 2014.

19. Term loans

	2013		2012	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Non-current liabilities				
Loans from commercial banks	**4,875,355**	-	6,500,480	-
Current liabilities				
Loans from commercial banks	**1,625,120**	-	1,625,120	-
Total term loans	**6,500,475**	-	8,125,600	-

The subsidiary company has drawn a US$ denominated loan equivalent of RO 9,750,718 (2012: RO 9,750,718) out of the sanctioned loan amount of RO 12,900,000 as at the reporting date. The drawn portion of the loan is repayable in 8 equal half yearly instalments of RO 812,560 upto the year 2017.

The term loan is secured by:

- a first ranking legal mortgage over the existing and future lease hold (leasehold rights) and building at Sohar
- a first ranking commercial mortgage on plant and machinery and other assets registered with the ministry of Commerce and Industry and
- endorsement of insurance policy

19. Term loans (continued)

The following further note applies:

The maturity profile of the non-current portion of term loans based on the remaining period to maturity from the reporting date is as follows:

	2013		2012	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Between 1 and 2 years	**1,625,120**	**-**	1,625,120	-
Between 2 and 5 years	**3,250,235**	**-**	4,875,360	-
	4,875,355	**-**	6,500,480	-

20. Taxation

	Group RO 2013	**Parent Company RO 2013**	Group RO 2012	Parent Company RO 2012
Income statement				
Current year income tax charge	**2,069,517**	**2,069,517**	1,498,691	1,498,691
Deferred tax:				
Relating to origination and reversal of temporary differences	**26,759**	**11,227**	256,711	(28,587)
Income tax expense reported in the Income statement	**2,096,276**	**2,080,744**	1,755,402	1,470,104
Statement of financial position				
Current liability				
Current year	**2,069,517**	**2,069,517**	1,498,691	1,498,691
Previous year	**9,551**	**9,551**	9,476	9,476
	2,079,068	**2,079,068**	1,508,167	1,508,167
Non-current liability				
Deferred tax liability:				
At 1 January	**1,119,689**	**781,342**	862,985	809,936
Movement for the year	**26,759**	**11,227**	256,704	(28,594)
	1,146,448	**792,569**	1,119,689	781,342

20. Taxation (continued)

The following is a reconciliation of income taxes calculated on accounting profits at the applicable tax rates with the income tax expense:

	2013		2012	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Profit before income tax	**20,492,611**	**17,883,965**	14,628,088	12,455,259
Income tax as per rates mentioned below	**2,455,513**	**2,142,476**	1,751,771	1,491,031
Income exempt from tax	**(313,037)**	**-**	(260,740)	-
Tax effect of items deductible / non-deductible for tax purpose	**(72,959)**	**(72,959)**	7,660	7,660
Deferred tax	**26,759**	**11,227**	256,711	(28,587)
Net tax expense	**2,096,276**	**2,080,744**	1,755,402	1,470,104

The tax rate applicable to the Parent Company is 12% (2012 - 12%). For the purpose of determining the tax expense for the year ended 31 December 2013, the accounting profit has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expenses. After giving effect to these adjustments, the average effective tax rate is estimated to be 11.6% (2012 – 11.8%).The difference between the applicable tax rates of 12% (2012: 12%) and the effective tax rate of 11.6% arises due to the tax effect of income not considered to be taxable and the expenses that are not considered to be deductible. The adjustments are based on the current understanding of the existing tax laws, regulations and practices.

Assessments of the Parent Company with the tax department have been completed up to the year 2009.

In accordance with the Ministrial Decision number 25/2011, the subsidiary company is exempt from income tax for a period of five years from 26 July 2010. Accordingly OAPIL has not made a provision for current tax. Tax assessments of the subsidiary for the years 2008 to 2012 have not yet been finalized with the tax department. The Management believes that, any additional tax liability likely to arise on the completion of the assessments of the above year would not be material to the financial position of the Group at the reporting date.

21. End of service benefits

Movement in the liability towards end of service benefits recognised in the statement of financial position is as follows:

	2013		2012	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Liability as at 1 January	**1,092,765**	**1,064,501**	907,903	892,211
Accrued during the year	**160,825**	**142,299**	235,210	219,812
Employees' end of service benefits paid	**(17,059)**	**(14,103)**	(50,348)	(47,522)
	1,236,531	**1,192,697**	1,092,765	1,064,501

22. Trade and other payables

	2013		2012	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Trade payables	**21,016,242**	**16,224,102**	21,687,012	14,327,814
Other payables	**1,759,477**	**739,495**	906,754	151,475
Accruals	**4,188,432**	**3,442,810**	3,423,797	2,739,895
	26,964,151	**20,406,407**	26,017,563	17,219,184

23. Bank borrowings

Overdrafts	**40,091**	**40,091**	66,065	66,065
Loans against trust receipts	**38,349,744**	**38,349,744**	37,130,292	37,130,292
Short term loans	**18,000,000**	**18,000,000**	10,000,000	10,000,000
	56,389,835	**56,389,835**	47,196,357	47,196,357

Loans against trust receipts are secured by a first charge over the inventories financed. The Parent Company avails short-term loans from commercial banks for a period ranging upto 180 days (2012 – 180 days). Bank borrowings carry interest at commercial rates.

24. Cost of sales

	2013		2012	
	Group	Parent Company	Group	Parent Company
	RO	RO	RO	RO
Cost of materials consumed	262,281,628	228,575,055	221,502,067	185,742,810
Employee costs	4,693,563	3,914,730	4,184,222	3,468,005
Depreciation	2,954,818	2,171,833	2,754,859	1,986,032
Stores, consumables, repairs and maintenance	2,465,191	1,316,379	2,411,677	1,185,722
Electricity and water	1,017,176	703,896	897,265	611,661
Provision for slow moving inventories [note 10]	250,000	200,000	200,000	200,000
Land lease rent	85,629	40,329	85,328	40,328
Other direct costs	872,478	708,470	1,085,793	885,656
	274,620,483	237,630,692	233,121,211	194,120,214

25. Other income

	2013		2012	
	Group	Parent Company	Group	Parent Company
	RO	RO	RO	RO
Insurance claim	27,268	27,268	46,844	46,844
(Loss) / gain on sale of property, plant and equipment	(7,510)	(11,416)	44,177	44,177
Dividend from subsidiary	-	502,179	-	111,333
Reversal of prior years provision	-	-	678,295	678,295
Miscellaneous income	128,272	16,300	82,469	21,458
	148,030	534,331	851,785	902,107

26. Administrative expenses

	2013		2012	
	Group	**Parent Company**	**Group**	**Parent Company**
	RO	**RO**	RO	RO
Employee costs	**3,626,631**	**2,855,289**	3,268,316	2,708,562
Insurance	**353,222**	**353,222**	324,795	324,795
Allowance for credit losses	**200,000**	**200,000**	200,000	200,000
Directors' remuneration	**191,200**	**191,200**	190,250	190,250
Directors' meeting attendance fees	**52,897**	**8,800**	9,750	9,750
Legal and professional charges	**177,599**	**112,528**	148,658	109,393
Repairs and maintenance	**123,744**	**123,744**	114,448	114,448
Communication	**97,186**	**71,446**	86,913	61,464
Travelling	**60,101**	**49,989**	76,964	51,377
Printing and stationery	**47,800**	**39,669**	56,726	48,921
Contributions to local organizations	**100,000**	**100,000**	49,225	49,225
Vehicle running, repairs and maintenance	**59,588**	**23,389**	23,687	19,505
Service charges	**6,000**	**6,000**	5,250	5,250
Other sundry expenses	**302,020**	**247,146**	422,199	355,754
	5,397,988	**4,382,422**	4,977,181	4,248,694

27. Selling and distribution expenses

	2013		2012	
	Group	**Parent Company**	**Group**	**Parent Company**
	RO	**RO**	RO	RO
Marketing and freight	**2,936,604**	**1,907,460**	2,510,074	1,109,146
Employee costs	**971,694**	**839,601**	980,466	866,544
Advertisement and sales promotion	**342,221**	**323,034**	338,290	292,720
Travelling	**183,048**	**152,645**	173,487	127,004
	4,433,567	**3,222,740**	4,002,317	2,395,414

28. Financing costs

	2013		2012	
	Group	**Parent Company**	**Group**	**Parent Company**
	RO	**RO**	RO	RO
Financing cost	**1,434,170**	**1,180,637**	1,404,165	1,068,698
Less: foreign currency translation	**(348,426)**	**(352,157)**	(274,053)	(272,941)
	1,085,744	**828,480**	1,130,112	795,757

29. Employee costs

	2013		2012	
	Group	**Parent Company**	Group	Parent Company
Salaries	**3,327,935**	**2,172,326**	3,035,871	2,011,639
Other benefits	**5,648,781**	**5,170,421**	5,037,802	4,709,099
Contributions to defined retirement plan for Omani employees	**154,347**	**124,574**	124,121	102,561
Increase in liability for unfunded defined benefit retirement plan	**160,825**	**142,299**	235,210	219,812
	9,291,888	**7,609,620**	8,433,004	7,043,111

30. Basic earnings per share

The basic earnings per share is calculated by dividing the net profit of the Group and Parent Company for the year attributable to the shareholders of the Parent Company, by the weighted average number of shares outstanding during the year.

	2013		2012	
	Group	**Parent Company**	Group	Parent Company
Net profit for the year (RO)	**16,886,284**	**15,803,221**	11,907,715	10,985,155
Weighted average number of shares outstanding during the year	**89,700,000**	**89,700,000**	89,700,000	89,700,000
Basic earnings per share (RO)	**0.188**	**0.176**	0.133	0.122

As the Group and Parent Company does not have any dilutive potential shares, the diluted earnings per share is the same as the basic earnings per share.

31. Net assets per share

Net assets per share, is calculated by dividing the equity attributable to the shareholders of the Group and Parent Company at the reporting date by the number of shares outstanding.

	2013		2012	
	Group	**Parent Company**	Group	Parent Company
Net assets (RO)	**68,208,138**	**66,058,786**	58,542,940	57,501,372
Number of shares outstanding at the reporting date	**89,700,000**	**89,700,000**	89,700,000	89,700,000
Net assets per share (RO)	**0.760**	**0.736**	0.653	0.641

32. Segmental reporting

The Group is engaged in one business segment which is manufacturing and sale of electrical cables and conductors as per different specifications based on market requirements. A substantial portion of the products are sold for use within Middle East and North Africa (MENA) and international markets.

Geographic information

Revenues from external customers

	2013		2012	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Oman	**124,143,635**	**120,791,610**	116,458,331	115,559,719
Middle East and North Africa (MENA)	**137,660,539**	**117,110,819**	94,683,351	81,047,140
Others	**44,253,441**	**25,581,226**	46,018,650	16,573,534
	306,057,615	**263,483,655**	257,160,332	213,180,393

33. Related party transactions

The Group has entered into transactions with Directors and entities in which certain Directors of the Parent Company and the subsidiary have an interest. In the ordinary course of business, the Group sells goods to related parties and procures goods and services from related parties. These transactions are entered into on terms and conditions, which the Directors believe could be obtained on an arms' length basis from independent third parties.

During the year the related party transactions, which are subject to shareholders' approval at the forthcoming Annual General Meeting, are as follows:

33. Related party transactions (continued)

	2013			2012		
Group	**Sales and other income**	**Purchases and other expenses**	**Others**	Sales and other income	Purchase and other expenses	Others
	RO	**RO**	**RO**	RO	RO	RO
Associated companies	**120,188**	**3,284,097**	**-**	525,703	1,916,332	-
Shareholders	**748,243**	**125,452**	**15,255**	19,276	11,610	15,233
Other related parties	**8,101,839**	**-**	**-**	6,387,104	-	-
	8,970,270	**3,409,549**	**15,255**	6,932,083	1,927,942	15,233
Parent Company						
Associated companies	**120,188**	**3,284,097**	**-**	525,703	1,916,332	-
Shareholders	**748,243**	**125,452**	**15,255**	19,276	11,610	15,233
Subsidiary	**502,179**	**2,386,502**	**-**	120,605	4,852,738	-
Other related parties	**8,101,839**	**-**	**-**	6,387,104	-	-
	9,472,449	**5,796,051**	**15,255**	7,052,688	6,780,680	15,233

Compensation of key management personnel

The key management personnel compensation for the year comprises:

	2013		2012	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Short term employment benefits	**1,406,547**	**862,837**	1,310,639	813,339
End of service benefits	**46,429**	**28,492**	55,101	21,654
Directors' meeting attendance fees	**52,897**	**8,800**	9,750	9,750
Directors' remuneration	**191,200**	**191,200**	190,250	190,250
	1,697,073	**1,091,329**	1,565,740	1,034,993

33. Related party transactions (continued)

Apart from specific bonus provisions to certain top management, the Company makes an overall provision for employees' bonus each year. Of the amounts so provided in the previous year, amounts paid to key management personnel are included in short term employment benefits. The Directors' remuneration and employees' end of service benefits are included under other payables.

	2013		2012	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Amounts due from related parties				
Other related parties	**2,192,247**	**2,192,247**	1,983,779	1,983,779
Subsidiary	**1,508**	**-**	3,071	1,993
	2,193,755	**2,192,247**	1,986,850	1,985,772
Amounts due to related parties:				
Other related parties	**200,465**	**200,465**	7,990	7,990
Subsidiary	**1,508**	**89,933**	-	396,654
	201,973	**290,398**	7,990	404,644

The amounts due from and due to related parties are on normal terms of credit and consideration to be settled in cash. There have been no guarantees given in respect of amounts due from or due to related parties. An amount of RO 1,336,242 (2012 – RO 226,568) due from a related party is secured by a credit instrument and the balance amounts are unsecured.

At the reporting date, the entire due from related parties is due from four related parties (2012 - two related party). Amounts due from related parties are neither past due nor impaired and are estimated as collectible based on historical experience. There has been no impairment assessed on dues from related parties and accordingly no allowance for credit losses against these dues has been considered necessary.

34. Commitments and contingent liabilities

Commitments

	2013		2012	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Capital commitments	**1,795,201**	**1,3423,49**	2,209,018	1,569,479
Letters of credit	**19,372,474**	**11,280,588**	26,467,718	18,375,832

Contingencies

	2013		2012	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Letters of guarantee	**17,616,081**	**17,572,908**	10,305,970	10,262,797
Legal case (refer note (a))	**1,943,542**	**1,943,542**	-	-

(a) The liability estimated refers to an ongoing case by a customer. The Parent Company has won in the Primary Court, however the Appeal Court reversed the Primary Court decision. Company has applied to Supreme Court. Stay on the appeal verdict has been granted and Company is awaiting the Supreme Court verdict as of reporting date. Company believes it has a good case.

(b) During 2013 an ex-employee filed a complaint before the Department of labour disputes in the Ministry of Manpower, Sultanate of Oman, which included a claim for unfair dismissal and various compensation elements totalling more than RO ten million. As on the reporting date no settlement was reached before the Department of labour disputes in the Ministry of Manpower and the case is referred to the labour department in the Primary Court. Liability in this respect has not been estimated, in the absence of any objective determination.

35. Leases

The Parent Company has leased land for factory premises, at Rusayl, from the Public Establishment for Industrial Estates (PEIE), under agreements that expire over periods ranging up to 1 January 2031. Payment of lease rentals to PEIE in respect of the plot that expires on 22 June 2026 commenced on 2 June 2012 as the lease rentals until that date will be set off against certain amounts due to the Parent Company for having developed the land. The subsidiary has entered into a lease agreement on 6 January 2009 in respect of the land used for factory premises, which is valid until 5 January 2034.

At the reporting date future minimum lease commitments under non-cancellable operating leases were as follows:

	2013		2012	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Less than one year	**85,896**	**40,896**	85,328	40,328
Between one and five years	**416,656**	**236,656**	399,128	219,128
More than five years	**1,289,040**	**569,040**	1,341,982	621,982
	1,791,592	**846,592**	1,826,438	881,438

36. Financial instruments and related risk management

The Group's principal financial liabilities other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to raise finances for the Group's operations. The Group principal financial assets comprise loans, trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Group also holds available-for-sale investments, held to maturity investments and enters into derivative transactions.

The Group's activities expose it to various financial risks, primarily being, credit risk, market risk (including currency risk, interest rate risk, and price risk) and liquidity risk. The Group's risk management is carried out internally in accordance with the policies approved by the Board of Directors.

36. Financial instruments and related risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations and arises principally from the Company's receivables.

Credit risk primarily arises from credit exposures to customers, including outstanding receivables and committed transactions. The Group has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed for all customers requiring credit over a certain amount. The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The exposure to credit risk at the reporting date is on account of:

	2013		2012	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Trade receivables	**67,127,985**	**63,477,059**	51,686,765	46,991,452
Other receivables	**621,079**	**465,058**	1,886,437	1,834,162
Bank balances	**1,253,749**	**1,153,951**	4,628,254	1,696,925
	69,002,813	**65,096,068**	58,201,456	50,522,539

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments, and derivative financial instruments.

Interest rate risk

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

36. Financial instruments and related risk management (continued)

Market risk (continued)

The Group is exposed to interest rate risk on its interest bearing assets and liabilities (short term bank deposits, held to maturity investments, bank borrowings and term loans). The management manages the interest rate risk by constantly monitoring the changes in interest rates and availing lower interest bearing facilities.

For every 0.5% change in interest rate, the impact on the income statement will be approximate to RO 315,000 (2012 – RO 275,000) based on the level of borrowing at the reporting date.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group operates in international markets and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Euros, Pound sterling and all GCC currencies.

The majority of the Group's financial assets and financial liabilities are either denominated in local currency viz. Rial Omani or currencies pegged with Rial Omani. Term loan is due in US Dollars. As the Omani Rial is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk Hence the management believes that there would not be a material impact on the profitability if these foreign currencies weakens or strengthens against the Omani Rials with all other variables held constant.

Commodity price risk

The Group is affected by the volatility of certain commodities. Its operating activities require the ongoing purchase and manufacturing of electric cables and therefore require a continuous supply of Copper, Aluminum, and Lead. Due to the significantly increased volatility of the price of the underlying, the Group's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

To manage metal price fluctuation risk, the management uses futures contracts to hedge any significant risks arising from fluctuations in metal prices. Future contracts have maturities of less than one year after the reporting date. Hence the management believes that there would not be a material impact on the profitability if these commodity prices weakens or strengthens.

36. Financial instruments and related risk management (continued)

Market risk (continued)

Equity price risk

The Group is exposed to price risk related to quoted investments held by the Group and traded in organized financial markets. To manage its price risk arising from investments in equity, the management continuously monitors the market and the key factors that effect stock market movements. The management believes that the impact of price fluctuation on the quoted investments will not be material considering the amount of quoted investments at the reporting date.

Liquidity risk

The Group maintains sufficient and approved bank credit limits to meet its obligations as they fall due for payment and is therefore not subjected to significant liquidity risk.

The table below summarizes the maturities of the Group and Parent Company's undiscounted financial liabilities based on contractual payment dates.

Parent Company	**Less than 3 months**	**3 to 6 months**	**6 months to 1 year**	**More than 1 year**	**Total**
	RO	**RO**	**RO**	**RO**	**RO**
2013					
Trade and other payables	**18,173,975**	**1,153,594**	**444,094**	**634,744**	**20,406,407**
Short term loan	**18,000,000**	**-**	**-**	**-**	**18,000,000**
Overdraft	**40,091**	**-**	**-**	**-**	**40,091**
Loans against trust receipts	**30,507,636**	**7,842,108**	**-**	**-**	**38,349,744**
Amount due to related parties	**290,398**	**-**	**-**	**-**	**290,398**
	67,012,100	**8,995,702**	**444,094**	**634,744**	**77,086,640**
2012					
Trade and other payables	12,627,130	2,800,828	556,151	1,235,075	17,219,184
Short term loan	10,000,000	-	-	-	10,000,000
Overdraft	66,065	-	-	-	66,065
Loans against trust receipts	37,130,292	-	-	-	37,130,292
Amount due to related parties	404,644	-	-	-	404,644
	60,228,131	2,800,828	556,151	1,235,075	64,820,185

36. Financial instruments and related risk management (continued)

Liquidity risk (continued)

Group	**Less than 3 months**	**3 to 6 months**	**6 months to 1 year**	**More than 1 year**	**Total**
	RO	**RO**	**RO**	**RO**	**RO**
2013					
Trade and other payables	**24,731,719**	**1,153,594**	**444,094**	**634,744**	**26,964,151**
Term loans	**-**	**812,560**	**812,560**	**4,875,355**	**6,500,475**
Short term loan	**18,000,000**	**-**	**-**	**-**	**18,000,000**
Overdraft	**40,091**	**-**	**-**	**-**	**40,091**
Loans against trust receipts	**30,507,636**	**7,842,108**	**-**	**-**	**38,349,744**
Amount due to related parties	**201,973**	**-**	**-**	**-**	**201,973**
	73,481,419	**9,808,262**	**1,256,654**	**5,510,099**	**90,056,434**
2012					
Trade and other payables	21,425,508	2,800,828	556,151	1,235,076	26,017,563
Term loans	-	812,560	812,560	6,500,480	8,125,600
Short term loan	10,000,000	-	-	-	10,000,000
Overdraft	66,065	-	-	-	66,065
Loans against trust receipts	37,130,292	-	-	-	37,130,292
Amount due to related parties	7,990	-	-	-	7,990
	68,629,855	3,613,388	1,368,711	7,735,556	81,347,510

37. Fair values of financial instruments

Fair values

Financial instruments comprise financial asset, financial liabilities and derivatives. Financial assets consist of bank balances, receivables and available-for-sale investments. Financial liabilities consist of term loans and trade and other payables. Derivatives relates to forward currency and commodity hedging contracts. Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements.

	Carrying amount				Fair Value			
	2013		2012		**2013**		2012	
	Group	**Parent Company**	Group	Parent Company	**Group**	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO	**RO**	**RO**	RO	RO
Financial assets								
Trade and other receivables	**66,804,057**	**62,908,574**	52,814,442	47,956,719	**66,804,057**	**62,908,574**	52,814,442	47,956,719
Available for sale investments	**177,059**	**177,059**	136,422	136,422	**177,059**	**177,059**	136,422	136,422
Held to maturity investments	**1,251,204**	**1,251,204**	1,251,204	1,251,204	**1,251,204**	**1,251,204**	1,251,204	1,251,204
Due from related parties	**2,193,755**	**2,192,247**	1,986,850	1,985,772	**2,193,755**	**2,192,247**	1,986,850	1,985,772
Cash and bank balances	**1,275,462**	**1,175,358**	4,651,680	1,719,095	**1,275,462**	**1,175,358**	4,651,680	1,719,095
	71,701,537	**67,704,442**	60,840,598	53,049,212	**71,701,537**	**67,704,442**	60,840,598	53,049,212
Financial liabilities								
Trade and other payables	**26,964,151**	**20,406,407**	26,017,563	17,219,184	**26,964,151**	**20,406,407**	26,017,563	17,219,184
Due to related parties	**201,973**	**290,398**	7,990	404,644	**201,973**	**290,398**	7,990	404,644
Bank borrowings	**56,389,835**	**56,389,835**	47,196,357	47,196,357	**56,389,835**	**56,389,835**	47,196,357	47,196,357
Term loans	**6,500,475**	**-**	8,125,600	-	**6,500,475**	**-**	8,125,600	-
	90,056,434	**77,086,640**	81,347,510	64,820,185	**90,056,434**	**77,086,640**	81,347,510	64,820,185

37. Fair values of financial instruments (continued)

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

- Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 December 2013, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.

- Fair value of quoted instruments is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

- Fair value of unquoted available-for-sale financial assets is disclosed in note 8.

- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using a valuation techniques with market observable inputs are mainly, foreign exchange forward contracts and commodity forward contracts. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying commodity.

- As at 31 December 2013, the marked to market value of derivative asset position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

37. Fair values of financial instruments (continued)

Fair value hierarchy

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 December, the Group had unquoted available for sale investments which are carried at cost as described in note 13 and are under level 3 fair value measurement category.

Assets measured at fair value

	Total	Level 1	Level 2	Level 3
2013	**RO**	**RO**	**RO**	**RO**
Parent Company				
Available-for-sale investments	**177,059**	**8,617**	**168,442**	**-**
Commodity and currency forward contract	**66,929**	**-**	**66,929**	
Group				
Available-for-sale investments	**177,059**	**8,617**	**168,442**	**-**
Commodity and currency forward contract	**94,659**	**-**	**94,659**	
2012				
Parent Company				
Available-for-sale investments	136,422	5,980	130,442	-
Commodity and currency forward contract	968,925	-	968,925	-
Group				
Available-for-sale financial assets	136,422	5,980	130,442	-
Commodity and currency forward contract	971,934	-	971,934	-

During the reporting years ended 31 December 2013 and 31 December 2012, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

38. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and benefit other stake holders. The management's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business.

Management is confident of maintaining the current level of profitability by enhancing top line growth and prudent cost management. The Group is not subject to externally imposed capital requirements.

There has been no change in the Group's objectives, policies or process during the year ended 31 December 2013 and 31 December 2012.