OMAN CABLES INDUSTRY (SAOG)

كابلات عُمان
OCI
OMAN CABLES

ANNUAL REPORT 2015

HIS MAJESTY SULTAN QABOOS BIN SAID

OUR VISION

We at OCI ensure that through our product offering, we remain the leader in our industry in quality and performance, exceeding the expectations of our customers and stakeholders.

OUR MISSION

We 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

Fabio Ignazio Romeo
Chairman

Hussain Bin Salman Bin Ghulam Al Lawati
Director

Lara Hansen
Vice Chairman

Abdul Amir Bin Saied Bin Mohamed
Director

Christian Raskin
Director

Mohamed Bin Mustafa Bin Mukhtar Al Lawati
Director

Mahmut Tayfun Anik
Director

REPORT OF THE BOARD OF DIRECTORS

To our valued shareholders

It gives me great pleasure to welcome you all on behalf of my colleagues and the Board of Directors of Oman Cables Industry to the 27th Annual General Meeting (AGM) of the company.

Board of Directors

In the Annual General Meeting held on 8 March 2015 the following directors were elected:

1. Fabio Ignazio Romeo
2. Lara Caroline Mahmoud-Hansen
3. Hussain Salman Al Lawati
4. Mohamed Mustafa Mukhtar
5. Abdul Amir Saied Mohamed
6. Christian Raskin
7. Mahmut Tayfun Anik

Mr. Mustafa Mukhtar Ali Al Lawati, Mr. Maqbool Ali Salman and Mr. Kwok Ki Yeung did not stand for re-election. The new elected Board resolved to appoint Mr. Fabio Ignazio Romeo as Chairman and Ms. Lara Caroline Mahmoud-Hansen as Vice Chairman.

We wish to place on record our sincere appreciation of the services rendered by the outgoing Directors.

A special word of appreciation goes to Mr. Mustafa Mukhtar Ali Al Lawati, the founder of the company, who served on the board as the Chairman, since the inception of the company in 1984.

We further wish to inform that Mr. Hussain Salman, founder and a long time Managing Director and Vice Chairman of the company and currently a Director has offered his resignation with effect of the 4th January 2016. The Board is deeply aware and appreciates the contribution of Mr. Hussain to Oman Cables.

The current Board seeks the well wishes of the founders of the company and assures the shareholders that the Board will try and steer the company in times to come.

Operational Review

The company had a very successful year.
The increased profitability and sales volume have been achieved in spite of the challenges from intensified competition and volatile and lower copper prices.

Despite the average copper prices being lower by over 17% in 2015 compared to 2014, the group reported an increase in volume of 3.4% and a profitability increase of 4.5%.

The shareholders and stakeholders are well aware that Oman Cables is a unique and well recognized company in the cable industry that differentiates itself. Oman Cables seeks 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 which 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 the MENA region. The local market demand for cable products remained robust throughout the year and we foresee continuing opportunities in the year ahead.

The results were achieved by a customer focused performance, continuous initiatives in several areas to remain a competitive manufacturer through our focus on continuous improvement, productivity enhancement, solving bottleneck processes and increasing efficiency with a view to improve the service to the customers in an even better manner.

Sales

We are pleased to report the 2015 Sales revenues of RO 231.5 million for the parent company as compared to RO 253.2 million in 2014. The sales of the Group were RO 283.5 million compared to RO 303.1 million in 2014.

The sales value decrease in 2015 is solely attributable to 17% decline of copper rate in comparison to 2014. The Volume sold in 2015 were higher than 2014.

The increase in sales volumes are attributable to increased market share, penetration into global markets, an enhanced product portfolio, wider 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.

Profitability

The Net Profit of the parent company for the year 2015 was RO 18.2 million as compared to RO 16.8 million in 2014, increase of 8.1%

The Net Profit of the Group was RO 18.5 million compared to RO 17.7 million in 2014 an increase of 4.5%.

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 Aluminum 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 2015 was the fifth 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.

During the year 2015, OAPIL achieved higher sales and profits compared to 2014. The OAPIL financial results are consolidated with Oman Cables, the parent company and are reported as Group results. The Aluminum market worldwide is in turmoil and OAPIL has a challenging year ahead.

Human Resources

Human Resources is an essential part of Oman Cables consistent development. Every employee's personal growth and professional competence are important to achieve the Company's operational excellence plans. To ensure that every employee is comfortable at the work place to deliver their best potential, the company has for the first full year used the E-learning platform. 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.

The company is focusing on knowledge growth and has a dedicated Training and Development Programme to maintaining and retaining the talent, especially local Omani talent in the company. The management is continually focused and investing thorough different programs for Omanis and others viz., welfare programs, training and skill development of Graduate Engineers Trainees, induction programs, overseas deputation for skill updating and succession planning with the aim to build 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 unparalleled value and wealth to all the stakeholders.

Health Safety & Environment

During the year new initiatives to improve the Safety Awareness are initiated so that all employees have been introduced to the Safety Awareness Programme. The lost time injury frequency rate (LTI) in the company has dropped significantly adding to the concept to have a safe working place with proper safety and health regulations.

Corporate Governance

The company has been following the best standards in the Corporate Governance since its inception. The Board has constituted three committees ie. Audit Committee, Strategic Management Committee and the Nomination and Remuneration Committee. Based on the importance of the strategy area the board realigns the strategy of the company in the "Strategic Management Committee". The "Nomination and Remuneration Committee" is established in the first quarter of 2015 and assists and advises the Board on matters relating to the CEO and the top line management staff as well as on other essential matters relating to the Company's human resources concerns.

The company has internal systems and manuals to assist the management in the day-to-day operations. These systems and manuals are reviewed and updated and are in line with statutory requirements while meeting the organizations goals that gives transparency to all transactions. These systems and manuals are in-line with Capital Market Authority regulations as a public listed company on the Muscat Securities Market.

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 the MSM website and on 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. 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 2015 to different sectors of the community and society related to the cultural and social development in Oman. Also the environment society of Oman has been supported with their initiatives. 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 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 working on its CSR activities to reach and cover different sectors of corporate social responsibility in the community and society.

Future Outlook

The management continuous to focus on the dynamic and competitive market for cables. The continued emphasis on operational excellence is an important factor to the continuous success of the company. The company has a strong management and a strong operational performance and will continue to strive on a strategy framework that focuses on the creation of long term value to all the stakeholders while ensuring sustainability in the operations.

The company has demonstrated another year of a strong performance Oman Cables invested further in the manufacturing capabilities, in marketing and in human resources to continue to deal with the market dynamics. Today Oman Cables is positioned favorably locally, regionally in the GCC and MENA and in selected international markets.

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 0.090 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.

Prysmian Group enhanced its stake in Oman cables to 51%

During December 2015 the Prysmian Group, thru its wholly owned subsidiary, enhanced its stake from 34.8% to 51%. This action by the Prysmian Group, which is worlds number 1 cable company as a leading provider of energy and telecom systems, has endorsed Oman Cables as an cable company with tremendous potential.

The Prysmian Group senior management, while addressing the Investor community in Oman, has outlined its strategy for Oman cables which includes "..assistance on improving OCI product portfolio by introducing products and services, expanding customer base.. "

Oman Cables while appreciating its entry into the Prysmian group is keenly looking forward to cooperation for mutual benefit.

Conclusion

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

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 has trustworthy employees who are the reason for our success and it emphasizes the importance of all our people in the company.

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 wish the best for 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.

Mr. Fabio Romeo

Chairman
Oman Cables Industry (SAOG)
Date: 20 January 2016

(Arabic version prevails over the English)

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

Industry Structure and Development

Oman Cables Industry (SAOG) develops, manufactures and markets a totally integrated variety of electrical cables and conductors for diverse applications, including medium voltage power cables, low voltage power and control cables, instrumentation cables, pilot cables, overhead power transmission line conductors and building wires.

Achieving economies of scale combined with operational excellence is an important dynamic for success within the very competitive cable business environment. Copper conductor is the most dominant metal used in power cables however there is a trend towards aluminum cables in some market sectors.

Oman Cables is a well-known internationally accredited power cable manufacturer and operates predominantly within the GCC region with an extensive distribution and office network throughout the region. Oman Cables is serving customers in Utilities, Construction, Oil, Gas and Petrochemical Industries, Mining, Transportation and Industrial manufacturing sector.

The company has positioned itself as a recognized power cable manufacturer following international standards and accreditations to ensure that the highest quality products are delivered to its customers on time. Through constantly researching the demands and trends within the different market sectors the company provides a specialized service for each customers need.

Opportunities and Threats

The GCC region historically enjoyed oil related economic growth which has given rise to executing major projects in the residential, commercial, infrastructure and oil and gas, power, and Industrial sectors. This has generated the demand for the company's cable products.

The demand for cables in the region has also attracted many regional and international cable manufacturers creating a very competitive environment. The recent fall in oil prices has affected the pipe-line of new projects and the pressure of the competition has further increased.

Oman Cables has plans and strategies in place to counter this thru market development and product diversification. The capabilities and positioning can be leveraged swiftly to seize the growth opportunities that may emerge for large projects or for an increase in the demand for power cables within its markets.

Segment Performance

Oman Cables has performed well across all geographical segments in ٢٠١٥. Oman Cables Industry has developed a sustainable customer base within the various market sectors, thru a combination of branch offices and associations spanning all markets.

The company has also managed to obtain and sustain a good market share at all main utilities within the region. Oman Cables have invested in the latest technology for manufacturing and testing.

Oman Cables is firmly established with International EPC companies doing business within the MENA region. Oman Cables has successfully executed projects with stringent quality and delivery parameters.

Oman Cables Industry's subsidiary company supplying aluminum products has contributed to Oman Cables results. The Aluminum operation will continue to integrate with Oman Cables' strategic outlook.

Outlook

The low oil prices, the low copper price and the geo-political situation are likely to affect the overall economic situation in the markets where Oman Cables operates. The various measures being taken by the authorities to face this situation will start giving results and stabilize the economy.

Oman Cables expects to maintain its presence in the market and is well equipped to face the challenges based on Operational Excellence executed by a customer focused performance, efficient resource utilization, managing the cost structure, market driven expansion, and sound financial discipline.

The outlook for, Oman Aluminum Industries LLC (OAPIL), is challenging and the Aluminum market is facing a critical phase.

Risk and Concerns

Oman Cables main markets are heavily influenced by the declining oil price. This may impact capital spend on major projects which are necessary to stimulate the local economies and GDP. This may have a cascading effect on the demand for power cables. This coupled with the established capacity in the region may result in pressure on pricing.

The domestic market may remain active based on the government's spend as indicated in the State Budget for ٢٠١٦. Oman Cables Industry will remain vigilant and ensure that supplying a superior product with competitive pricing is maintained.

Oman Cables Industry works carefully to monitor the developments in the potential countries for future business. The company strives to find the balance between the business opportunities and the potential risks involved and cautiously builds market confidence

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 is routinely audited in depth by multinational corporations as a part of their stringent pre-qualification processes and product approvals.

These audits include the compliance of the operational activities and Health, Safety and Environmental (HSE) aspects. Oman Cables Industry is driven by Corporate Governance through its strict ethical policies and emphasis on customer satisfaction.

Expansion

During ٢٠١٥, the company invested in expansion programmes which resulted in the increase of capacity for specific wires and cables and special projects initiatives. This includes the introduction of the latest technological systems and upgrades of machinery and construction of new factory buildings.

Sales and Profitability

The operational performance of the Group for the last ٥ years is as below:

	2011	2012	2013	2014	2015
Sales (RO' 000)	272,304	257,160	306,058	303,146	283,470
Profit after Tax (RO' 000)	6,874	11,908	16,886	17,718	18,507
Equity (RO' 000)	52,058	61,745	72,461	83,498	92,974
Dividend (%)	40%	70%	88%	90%	90%*

*recommended

Conclusion

The financial year end of ٢٠١٥ has been one of the best years with respect to profitability. This was possible through the well planned and long term marketing efforts, utilization of production capacity and overall emphasis on Operational Excellence.

Oman Cables has shown consistent growth in performance. This is possible due to its excellent relationship and support of the prestigious customer base, other stakeholders and dedicated employees.

The Executive Management with the guidance of the Board of Directors is confident that the company is on a sound footing and will strive to improve its market position and stakeholders value.

Mr. Gert Hoefman

CEO
Oman Cables Industry (SAOG)
Date: 20 January 2016

(Arabic version prevails over the English)

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**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 2015 and does not extend to any financial statements of **Oman Cables Industry SAOG**, taken as a whole.

Deloitte & Touche

**Deloitte & Touche (M.E.) & Co. LLC
Muscat, Sultanate of Oman
20 January 2016**

CORPORATE GOVERNANCE REPORT

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 2015:

Name	Designation	Category	No. of Board Meeting Attended	AGM attended
Fabio Ignazio Romeo (Represent Draka Holding)	Chairman	Non-executive Non-independent	6	Yes
Lara Caroline Mahmoud-Hansen*	Vice Chairman	Non-executive Independent	5	NA
Hussain Salman Al Lawati	Director	Non-executive Non-independent	5	Yes
Mohamed Mustafa Mukhtar*	Director	Non-executive Non-Independent	4	NA
Abdul Amir Saied Mohamed*	Director	Non-executive Independent	5	NA
Christian Raskin	Director	Non-executive Independent	6	Yes
Mr. Mahmut Tayfun Anik (Represent Draka Holding)	Director	Non-executive Non-Independent	6	yes
Mustafa Mukhtar Ali Al Lawati *	Chairman	Non-executive Non-independent	1	Yes
Maqbool Ali Salman *	Director	Non-executive Independent	--	Yes
Kwok Ki Yeung*	Director	Non-executive Independent	1	No

*For part of the year

Please note that the Company is applying the definition of independent directors as amended by CMA circular (14/2012) issued on 24 October 2012.

Changes in the Board membership during 2015

In the Annual General Meeting held on 8 March 2015 the following directors were elected:

1. Fabio Ignazio Romeo (Represent Draka Holding B.V.)
2. Lara Caroline Mahmoud-Hansen
3. Hussain Salman Al Lawati
4. Mohamed Mustafa Mukhtar
5. Abdul Amir Saied Mohamed
6. Christian Raskin
7. Mahmut Tayfun Anik (Represent Draka Holding B.V.)

Mr. Mustafa Mukhtar Ali Al Lawati, Mr. Maqbool Ali Salman and Mr. Kwok Ki Yeung did not stand for re-election. The new elected Board resolved to appoint Mr. Fabio Ignazio Romeo as Chairman and Ms. Lara Caroline Mahmoud-Hansen as Vice Chairman

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

Name of Director	Designation in other *Company*	Name of Company
Fabio Ignazio Romeo Chairman	Chief Strategy Officer	Prysmian Group
	Director	Centro Elettrotecnico Sperimentale Italiano Giacinto Motta S.p.A.
	Director	Prysmian (China) Investment Co. Ltd
	Director	Prysmian Angel Tianjin Cable Co. Ltd.
	Director	Prysmian Tianjin Cable Co. Ltd.
	Member of the Comite de Controle	Prysmian Cables et Systemes France S.A.S.
	Director	Prysmian Power Cables and Systems Canada Ltd.
	Director	Prysmian S.p.A.
	Director	Draka Cableteq Asia Pacific Holding Pte. Ltd.
	Representative of Draka Holding B.V.	Turk Prysmian Kablo ve Sistemleri A.S
	Director	Prysmian Cables and Systems Ltd.
	Vice Chairman	Elkat Ltd.
	Director	Prysmian Baosheng Cable Co. Ltd.
	Member of the Supervisory Board	Prysmian Netherlands Holding B.V.
Lara Caroline Mahmoud-Hansen, Vice Chairman	General Manager	Feed & Agricultural Suppliers Services Co LLC
Hussain Salman Al Lawati Director	Member Member Proprietor	Bin Salman Electrical & Lighting Jenfel LLC, Bin Salman Investments
Mohamed Mustafa Mukhtar, Director	Chief Executive Officer	Al-Saleh Group
Abdul Amir Saied Mohamed, Director	Director Director Director	Oman Fisheries Company Sembcorp Salalah Muscat Finance
Christian Raskin Director	NA	NA
Mr. Mahmut Tayfun Anik Director	NA	NA

Fabio Ignazio Romeo – Chairman 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.

Mrs. Lara Caroline Mahmoud-Hansen – Vice Chairman has a Bachelor of Arts from the University of Wisconsin and Juris Doctor from Rutgers University, New Jersey. She has practiced Oman corporate and commercial law for 15 years, specialising in corporate governance. Mrs Hansen was the principal external legal advisor to Oman Cables Industry SAOG from 1998 to 2011. She is currently an owner and the general manager of Feed & Agricultural Suppliers Services Co LLC.

Hussain Salman Al Lawati - Director is the co-founder of Oman Cables in 1984. He has a rich Business experience of 52 years in the electrical and lighting Industry including 32 years in Oman Cables Industry where he held the position of the Vice Chairman and Managing Director from pre 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 driving force and the Chairman of the company till early August 2013, further he is primer partner and Chairman of Bin Salman Group companies, the company is in electrical and lighting trading Business, besides property development and industrial investment.

On his social involvement, he was the first Chairman of the Omani Australian Business council till 2013 at the Oman Chamber of Commerce. He was holding a board member position in the Oman Chamber of Commerce from 1995 till 2003. He was the chairman for the Industrial Committee of the Oman Chamber Of Commerce for the period of eight years as well he was Member industrial Development at the Ministry of Commerce and Industry from 1996 till 2003 and is continuing his contribution as an expertise member. 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 in 2012 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.

Mohamed Mustafa Mukhtar, Director holds a Bachelor degree in Mechanical Engineering from University of Manchester, UK. He has 5 years engineering experience in Petroleum Development Oman (PDO). He has also held various positions in Oman Cables Industry (SAOG) for 5 years, latest as General Manager – Sales & Marketing and General Manager - Corporate Projects. Currently he is the CEO of Al-Saleh Group.

Abdul Amir Saied Mohamed, Director Holds a Masters in Business Administration from the Oxford Brookes University, UK. He has also been a Member of the Association of Accounting Technicians since 1979. He worked for ten years as Deputy Chief Executive Officer at the State General Reserve Fund. He is a Director of Sembcorp Power and Water Co Salalah SAOG, Oman Fisheries Co. SAOG and Muscat Finance SAOG. He held Directorship of various public limited companies in the past, in and outside the Sultanate of Oman.

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.

Mahmut Tayfun Anik – Director, holds a B. A degree in Business Administration from Bogazici University in Turkey. He has over 30 years of experience at various positions in the Prysmian Group.

Company Management

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

- Gert Hoefman is the Chief Executive Officer of the Company as of January 2013. He has over 24 years of experience in the cable business and worked with one of the largest cable manufacturing companies in the world at various executive management roles.

- M. M. Vaidya - General Manager – Corporate Finance
  Experience of 33 years, of which 28 years at executive management levels. Responsible for Finance and Risk Management functions.

- Louis Dupreez - General Manager – Sales and Marketing
  Experience of 36 years in industry, of which 26 years at executive management levels. Responsible for Sales, Marketing and Customer Service.

- Ahmed Farooqui – General Manager – Procurement and Supply Chain
  Experience of 33 years in industry, of which 21 years at executive levels.

- Alaa Al Lawati - General Manager – Human Resources and Administration
  Experience of 13 years, of which 9 years at executive levels

- Sajid Ali – General Manager – Information Technology
  Experience of 25 years, of which 17 years at executive levels

- Antony Douglas Falconer – General Manager – Cable Engineering and Development,
  Experience of 29 years, of which 20 years at executive levels

Board Meetings held during the year:

During the year 2015 the company held six Board Meetings on the following dates:

14 January 2015, 9 March 2015, 22 April 2015, 15 July 2015, 10 August 2015 and 14 October 2015.

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 three committees of the Board which provided able support to the Board for carrying out its responsibilities. The Three 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
Abdul Amir Saied Mohamed	Chairman	4
Lara Caroline Mahmoud-Hansen	Member	4
Christian Raskin	Member	4
Mohamed Mustafa Mukhtar	Member	4
Maqbool Ali Salman*	Chairman	--
Kwok Ki Yeung *	Member	1

*For part of the year

During the year 2015, Audit Committee met and conducted five meetings on the following dates, 12 January 2015, 20 April 2015, 13 May 2015, 13 July 2015 and 12 October 2015.

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 Management Committee

The Board has constituted "Strategic Management Committee" to develop and oversight the company's strategic plan and to maintain a cooperative, interactive strategic planning process with management, including the identification and setting of strategic goals and expectations.

The following are the members of the Strategic Management Committee

Name	Designation	No. of meetings attended
Christian Raskin	Chairman	4
Hussain Salman Al Lawati	Member	3
Fabio Ignazio Romeo	Member	4
Gerrit Hendrik Hoefman	Member	4
Manoj M. Vaidya	Member	4

During the year 2015, Strategic Management Committee conducted four meetings on the following dates, 12 January 2015, 20 April 2015, 13 July 2015 and 12 October 2015.

The committee reviewed market studies presented by the management and discussed strategic plans for the company.

Nomination and Remuneration Committee

The Board constituted “Nomination and Remuneration Committee” to assist and advise the Board on matters relating to the remuneration of the Board, and the performance and remuneration of Executive management and Chief Executive Officer along with assisting on nomination of Directors and senior executive management.
The following are the members of the Nomination and Remuneration Committee

Name	Designation	No. of meetings attended
Lara Hansen	Chairman	2
Abdul Amir Saied Mohamed	Member	2
Mahmut Tayfun Anik – Director	Member	2

During the year 2015, Nomination and Remuneration Committee conducted two meetings on the following dates, 21 April 2015 and 25 June 2015.

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 11,050 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 188,950, the Directors have no other pecuniary relationship or transaction with the company – except for then Chairman, Mustafa Mukhtar Ali Al Lawati and Director Hussain Salman Al Lawati.

Operating Management Remuneration:

Salary and perquisites of the five top senior officers paid / accrued during the year 2015 is RO 576,601 (2014: RO 683,546), which includes RO 492,239 (2014: RO 475,997) as fixed component and RO 84,362 (2014: RO 207,549) linked to performance of 2014. 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.

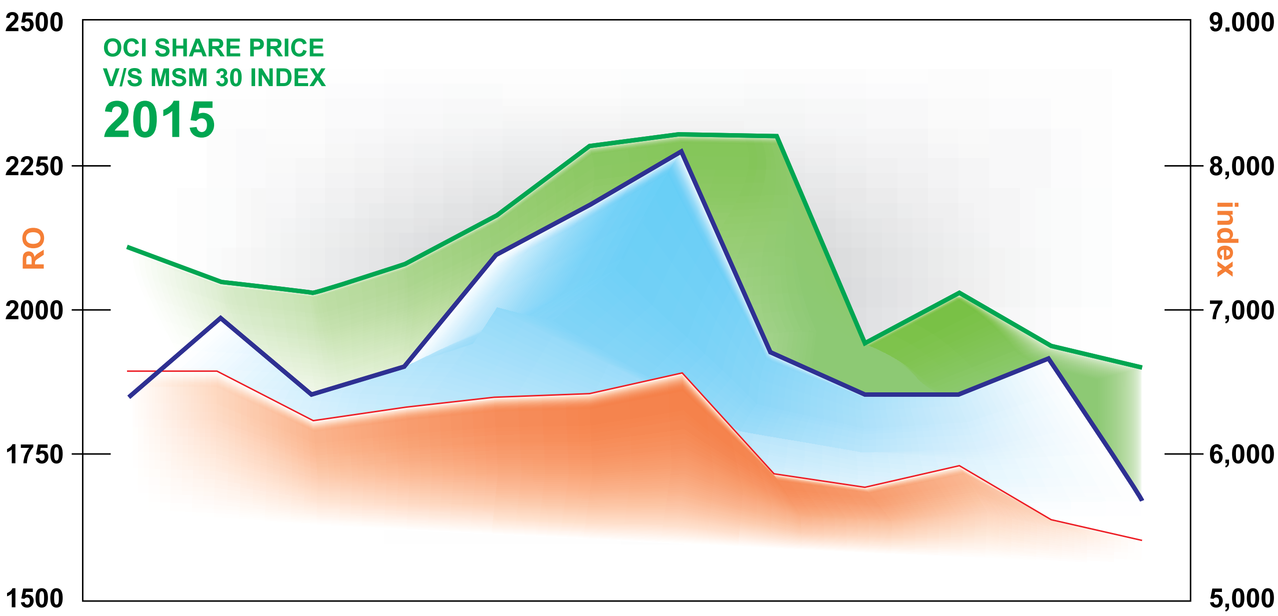
The company has appropriate disclosure policy and adequate procedures are in place to ensure implementation and monitoring of compliance of the policy

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 2015 the share price of RO 0.100 face value moved in the range of high of RO 2.300 to a low of RO. 1.670. The share price as on 31 December 2015 was RO 1.770.



	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Low	1.850	1.980	1.850	1.900	2.090	2.180	2.270	1.925	1.850	1.850	1.910	1.670
High	2.105	2.060	2.030	2.075	2.165	2.280	2.300	2.300	1.945	2.025	1.940	1.900
Index	6,558	6,559	6,238	6,323	6,388	6,425	6,558	5,872	5,788	5,928	5,548	5,406

The distribution of Major Shareholding is as follows:

Shareholder	% of Shares Held of total
Draka Holding (NV)	51.17%
Mustafa Mukhtar Ali Al Lawati	12.54%

The Company does not have any ADR/GDR/Warrants or any other Convertible Instruments as on 31 December 2015 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

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, 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 220,000 professionals are committed to making an impact that matters.

About Deloitte & Touche (M.E.)

Deloitte & Touche (M.E.) is a member firm of Deloitte Touche Tohmatsu Limited (DTTL) and is a leading professional services firm established in the Middle East region with uninterrupted presence since 1926.

Deloitte provides audit, tax, consulting, and financial advisory services through 26 offices in 15 countries with more than 3,300 partners, directors and staff. It is a Tier 1 Tax advisor in the GCC region since 2010 (according to the International Tax Review World Tax Rankings). It has also received numerous awards in the last few years which include best employer in the Middle East, best consulting firm, the Middle East Training & Development Excellence Award by the Institute of Chartered Accountants in England and Wales (ICAEW), as well as the best CSR integrated organization.

The Audit fee for the year 2015 is RO 11,600 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.

Mr. Fabio Romeo

Chairman
Oman Cables Industry (SAOG)

Mr. Gert Hoefman

CEO
Oman Cables Industry (SAOG)

(Arabic version prevails over the English)

Deloitte.

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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 2015, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other 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 explanatory information as set out on pages 22 to 64.

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 disclosure requirements issued by the Capital Market Authority, and for such internal control as Board of Directors 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.

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 2015 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

Also, 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 disclosure requirements by the Capital Market Authority.

Deloitte - Touche

Deloitte & Touche (M.E.) & Co. LLC
Muscat, Sultanate of Oman
20 January 2016

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

Signed by
Mark David Dunn
Partner

Consolidated statement of financial position at 31 December 2015

	Notes	Group 2015 RO	Parent Company 2015 RO	Group 2014 RO	Parent Company 2014 RO
ASSETS					
Non-current assets					
Property, plant and equipment	5	38,782,905	25,431,153	38,055,520	25,732,990
Investment in a subsidiary	6	-	2,226,660	-	2,226,660
Investment in an associate	7	553,063	553,063	576,159	576,159
Available-for-sale investments	8	119,067	119,067	174,022	174,022
Held-to-maturity investments	9	-	-	1,251,204	1,251,204
Total non-current assets		39,455,035	28,329,943	40,056,905	29,961,035
Current assets					
Held-to-maturity investments	9	1,251,204	1,251,204	-	-
Inventories	10	37,809,072	34,266,331	44,629,416	37,705,724
Trade and other receivables	11	72,146,321	64,510,379	71,843,263	66,608,604
Due from related parties	33	396,898	396,898	1,498,162	1,498,162
Cash and bank balances	12	2,485,416	2,193,260	2,099,710	1,969,512
Total current assets		114,088,911	102,618,072	120,070,551	107,782,002
Total assets		153,543,946	130,948,015	160,127,456	137,743,037
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	4,445,333	2,990,000	4,009,764	2,990,000
General reserve	16	9,452,910	9,452,910	7,637,825	7,637,825
Retained earnings		64,559,196	62,614,579	56,376,058	54,351,819
Cumulative changes in fair values	18	(1,204,133)	(1,331,125)	21,255	(423,430)
Equity attributable to equity holders of the parent		87,200,806	83,673,864	77,992,402	74,503,714
Non-controlling interests		5,537,252	-	5,505,374	-
Total equity		92,738,058	83,673,864	83,497,776	74,503,714
Non-current liabilities					
Term loan	19	1,625,116	-	3,250,236	-
Deferred tax liability	20	1,107,160	710,338	1,134,966	781,087
Employee's end of service benefits	21	1,558,729	1,456,252	1,428,290	1,355,291
Total non-current liabilities		4,291,005	2,166,590	5,813,492	2,136,378
Current liabilities					
Trade and other payables	22	19,042,528	12,958,847	25,608,239	18,056,660
Due to related parties	33	197,126	848,797	59,157	677,313
Bank borrowings	23	33,138,118	29,096,668	41,407,778	40,253,078
Current maturities of term loans	19	1,625,120	-	1,625,120	-
Taxation	20	2,511,991	2,203,249	2,115,894	2,115,894
Total current liabilities		56,514,883	45,107,561	70,816,188	61,102,945
Total liabilities		60,805,888	47,274,151	76,629,680	63,239,323
Total equity and liabilities		153,543,946	130,948,015	160,127,456	137,743,037
Net assets per share	31	0.972	0.933	0.869	0.831

The consolidated financial statements were authorized for issue in accordance with a resolution of the directors on 20 January 2016.

Chairman **Chief Executive Officer**

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

Consolidated statement of profit or loss for the year ended 31 December 2015

	Notes	Group 2015 RO	Parent company 2015 RO	Group 2014 RO	Parent Company 2014 RO
Sales		283,470,465	231,486,089	303,145,615	253,245,835
Cost of sales	24	(248,314,501)	(205,253,138)	(269,415,307)	(226,786,695)
Gross profit		35,155,964	26,232,951	33,730,308	26,459,140
Other income	25	224,025	2,625,234	149,766	1,476,126
Administrative expenses	26	(6,223,206)	(4,817,559)	(5,990,870)	(4,538,867)
Selling and distribution expenses	27	(4,317,013)	(3,005,734)	(4,302,549)	(3,282,908)
Depreciation		(239,299)	(153,233)	(277,031)	(170,187)
Operating profit		24,600,471	20,881,659	23,309,624	19,943,304
Finance costs	28	(885,387)	(710,320)	(1,458,457)	(1,175,208)
Finance income		101,766	101,766	107,727	107,727
Share of results of an associate	7	688	688	14,876	14,876
Profit before income tax		23,817,538	20,273,793	21,973,770	18,890,699
Income tax expense	20	(2,474,633)	(2,122,948)	(2,094,860)	(2,094,860)
Profit for the year		21,342,905	18,150,845	19,878,910	16,795,839
Attributable to:					
Equity holders of the parent		18,506,792	18,150,845	17,718,220	16,795,839
Non-controlling interests		2,836,113	-	2,160,690	-
		21,342,905	18,150,845	19,878,910	16,795,839
Basic and diluted earnings per share attributable to ordinary equity holders of the parent company	30	0.206	0.202	0.198	0.187
Gross profit margin		12.40%	11.33%	11.13%	10.45%
Net profit margin		7.53%	7.84%	6.56%	6.63%

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

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015

	Notes	Group 2015 RO	Parent Company 2015 RO	Group 2014 RO	Parent Company 2014 RO
Profit for the year		**21,342,905**	**18,150,845**	19,878,910	16,795,839
Other comprehensive (expense) /income					
Items that may be reclassified subsequently to profit or loss:					
Net movement in hedging commodity future contracts		**(1,503,292)**	**(880,364)**	380,608	(436,950)
Net movement in available-for-sale investments	8	**(3,547)**	**(3,547)**	(3,036)	(3,036)
Exchange difference on foreign currency translation of associate	7	**(23,784)**	**(23,784)**	(17,325)	(17,325)
Other comprehensive income / (expense) for the year		**(1,530,623)**	**(907,695)**	360,247	(457,311)
Total comprehensive income for the year		**19,812,282**	**17,243,150**	20,239,157	16,338,528
Attributable to:					
Equity holders of the parent		**17,281,404**	**17,243,150**	17,677,864	16,338,528
Non-controlling interests		**2,530,878**	**-**	2,561,293	-
		19,812,282	**17,243,150**	20,239,157	16,338,528

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 2015

Attributable to the equity holders of the Parent Company

Group	Share capital	Share premium	Legal reserve	General reserve	Retained earnings	Cumulative changes in fair values	Total	Non-controlling interests	Total
	RO	RO	RO	RO	RO	RO	RO	RO	RO
Balance at 1 January 2014	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
Profit for the year	-	-	-	-	17,718,220	-	17,718,220	2,160,690	19,878,910
Other comprehensive (expense) / Income	-	-	-	-	-	(40,356)	(40,356)	400,603	360,247
Total comprehensive income	-	-	-	-	17,718,220	(40,356)	17,677,864	2,561,293	20,239,157
Dividend for the year 2013	-	-	-	-	(7,893,600)	-	(7,893,600)	(1,309,219)	(9,202,819)
Transfer to legal and general reserve	-	-	440,957	1,679,584	(2,120,541)	-	-	-	-
Balance at 1 January 2015	8,970,000	977,500	4,009,764	7,637,825	56,376,058	21,255	77,992,402	5,505,374	83,497,776
Profit for the year	-	-	-	-	18,506,792	-	18,506,792	2,836,113	21,342,905
Other comprehensive expense	-	-	-	-	-	(1,225,388)	(1,225,388)	(305,235)	(1,530,623)
Total comprehensive income	-	-	-	-	18,506,792	(1,225,388)	17,281,404	2,530,878	19,812,282
Dividend for the year 2014	-	-	-	-	(8,073,000)	-	(8,073,000)	(2,499,000)	(10,572,000)
Transfer to legal and general reserve	-	-	435,569	1,815,085	(2,250,654)	-	-	-	-
Balance at 31 December 2015	8,970,000	977,500	4,445,333	9,452,910	64,559,196	(1,204,133)	87,200,806	5,537,252	92,738,058

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

Consolidated statement of changes in equity for the year ended 31 December 2015 (continued)

Parent Company	Share capital RO	Share premium RO	Legal reserve RO	General reserve RO	Retained earnings RO	Cumulative changes in fair values RO	Total RO
Balance at 1 January 2014	8,970,000	977,500	2,990,000	5,958,241	47,129,164	33,881	66,058,786
Profit for the year	-	-	-	-	16,795,839	-	16,795,839
Other comprehensive expense	-	-	-	-	-	(457,311)	(457,311)
Total comprehensive income	-	-	-	-	16,795,839	(457,311)	16,338,528
Dividend for the year 2013	-	-	-	-	(7,893,600)	-	(7,893,600)
Transfer to general reserve	-	-	-	1,679,584	(1,679,584)	-	-
Balance at 1 January 2015	**8,970,000**	**977,500**	**2,990,000**	**7,637,825**	**54,351,819**	**(423,430)**	**74,503,714**
Profit for the year	**-**	**-**	**-**	**-**	**18,150,845**	**-**	**18,150,845**
Other comprehensive expense	**-**	**-**	**-**	**-**	**-**	**(907,695)**	**(907,695)**
Total comprehensive income	**-**	**-**	**-**	**-**	**18,150,845**	**(907,695)**	**17,243,150**
Dividend for the year 2014	**-**	**-**	**-**	**-**	**(8,073,000)**	**-**	**(8,073,000)**
Transfer to general reserve	-	**-**	**-**	**1,815,085**	**(1,815,085)**	**-**	**-**
Balance at 31 December 2015	**8,970,000**	**977,500**	**2,990,000**	**9,452,910**	**62,614,579**	**(1,331,125)**	**83,673,864**

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

Consolidated statement of cash flows for the year ended 31 December 2015

	Group 2015 RO	**Parent Company 2015 RO**	Group 2014 RO	Parent Company 2014 RO
Operating activities				
Cash receipt from sales	**284,719,647**	**236,510,388**	301,657,543	252,023,264
Cash paid towards cost of sales and expenses	**(256,413,612)**	**(211,809,780)**	(268,550,246)	(221,380,254)
Cash generated from operations	**28,306,035**	**24,700,608**	33,107,297	30,643,010
Interest received	**101,767**	**101,767**	107,727	107,727
Income tax paid	**(2,106,342)**	**(2,106,342)**	(2,069,516)	(2,069,516)
Directors' remuneration and meeting attendance fees paid	**(239,925)**	**(202,300)**	(199,950)	(199,950)
Net cash flows from operating activities	**26,061,535**	**22,493,733**	30,945,558	28,481,271
Investing activities				
Purchase of property, plant and equipment	**(4,486,983)**	**(2,491,414)**	(2,869,498)	(2,484,191)
Purchase of available-for-sale investments	**53,252**	**53,252**	-	-
Proceeds from disposal of property, plant and equipment	**68,791**	**66,629**	48,638	34,638
Net cash used in investing activities	**(4,364,940)**	**(2,371,533)**	(2,820,860)	(2,449,553)
Financing activities				
Repayment of term loans	**(1,625,120)**	**-**	(1,625,119)	-
Dividends paid to equity holders of the parent	**(8,073,000)**	**(8,073,000)**	(7,893,600)	(7,893,600)
Dividend paid to non-controlling interest	**(2,499,000)**	**-**	(1,309,219)	-
Net movement in short term loans	**4,139,180**	**1,252,430**	(6,997,730)	(8,152,430)
Net movement in loans against trust receipts	**(12,435,728)**	**(12,435,728)**	(7,994,236)	(7,994,236)
Interest paid	**(844,109)**	**(669,042)**	(1,490,455)	(1,207,207)
Net cash used in financing activities	**(21,337,777)**	**(19,925,340)**	(27,310,359)	(25,247,473)
Net change in cash and cash equivalents during the year	**358,818**	**196,860**	814,339	784,245
Cash and cash equivalents at 1 January	**2,049,710**	**1,919,512**	1,235,371	1,135,267
Cash and cash equivalents at 31 December	**2,408,528**	**2,116,372**	2,049,710	1,919,512
Cash and cash equivalents at the end of the year comprise:				
Current accounts	**2,451,686**	**2,164,550**	2,074,428	1,944,406
Cash in hand	**33,730**	**28,710**	25,282	25,106
	2,485,416	**2,193,260**	2,099,710	1,969,512
Bank overdraft	**(76,888)**	**(76,888)**	(50,000)	(50,000)
	2,408,528	**2,116,372**	2,049,710	1,919,512

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. Application of new and revised International Financial Reporting Standards (IFRS)

2.1 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2015, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.
- Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.
- Amendments to IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

2.2 New and revised IFRS in issue but not yet effective

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to IAS 1 Presentation of Financial Statements relating to Disclosure initiative	1 January 2016
Amendments to IFRS 11 Joint arrangements relating to accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture relating to bearer plants	1 January 2016
Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements	1 January 2016

2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 10 *Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures* relating to applying the consolidation exception for investment entities	1 January 2016
Annual Improvements to IFRSs 2012 - 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34	1 January 2016
IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014). IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments. A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas: • **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. • **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised • **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. • **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.	1 January 2018
Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9	When IFRS 9 is first applied
IFRS 7 *Financial Instruments: Disclosures* relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	When IFRS 9 is first applied

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 15 *Revenue from Contracts with Customers :* In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition: • Step 1: Identify the contract(s) with a customer. • Step 2: Identify the performance obligations in the contract. • Step 3: Determine the transaction price. • Step 4: Allocate the transaction price to the performance obligations in the contract. • Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.	1 January 2018
Amendments to IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture	Effective date deferred indefinitely

Directors anticipates that these new and revised standards, interpretations and amendments will be adopted in the Company's financial statements for the year beginning 1 January 2016 or as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9 and IFRS 15, may have no material impact on the financial statements of the Company in the period of initial application. Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Company's financial statements for the annual year beginning 1 January 2018. The application of IFRS 15 and IFRS 9 may have impact on amounts reported and disclosures made in the Company's financial statements in respect of revenue from contracts with customers and the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Company performs a detailed review.

3. Summary of significant accounting policies

Statement of compliance

The consolidated 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 consolidated financial statements comply with the relevant disclosure requirements of the Commercial Companies Law of 1974, as amended and the provisions for disclosure included in the Executive Regulations of the Capital Market Law.

Basis of preparation

These consolidated 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.

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.

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 statement of profit or loss 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 statement of profit or loss 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.

Derivative financial instruments and hedge accounting

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 statement of profit or loss. Subsequently the gains or losses recognized as other comprehensive income are transferred to the cost of inventories in the statement of profit or loss. Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

3. Summary of significant accounting policies (continued)

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 statement of profit or loss 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.

Financial instruments

Financial assets

Initial recognition and measurement
Financial assets are classified 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.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

These investments are initially recorded at fair value. Subsequent to initial recognition, these investments are re-measured at fair value. Fair value adjustments and realized gain and loss are recognized in the statement of profit or loss.

Available-for-sale investments
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 statement of profit or loss for the period.

Held-to-maturity investments
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 statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss 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.

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.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

De-recognition of financial instruments (continued)

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 statement of profit or loss.

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.

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 un-collectability 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 statement of profit or loss. 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.

3. Summary of significant accounting policies (continued)

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.

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 statement of profit or loss.

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 statement of profit or loss.

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.

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.

3. Summary of significant accounting policies (continued)

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 statement of profit or loss 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.

Interest
Interest revenue is recognised as the interest accrues using the effective interest rate method, under which the rate used exactly discounts the 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 statement of profit or loss 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.

3. Summary of significant accounting policies (continued)

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.

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 statement of profit or loss. 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 statement of profit or loss 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 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 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 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.

The carrying amount of deferred 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 is recognised in equity and not in the statement of profit or loss.

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 statement of profit or loss 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, Group trade receivables were RO 72,675,972 (2014: RO 71,035,970), and the provision for doubtful debts was RO 1,850,000 (2014: RO 1,400,000). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the statement of profit or loss.

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 39,475,542 (2014: RO 46,039,416) and the provisions for slow moving and obsolete inventories of RO 1,666,470 (2014: RO 1,410,000) respectively. Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the statement of profit or loss.

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

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 2015	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 2015	14,467,172	38,484,276	2,394,960	282,293	692,855	1,234,164	2,752,740	398,772	2,335,323	130,672	63,173,227
Additions	784,232	1,014,132	9,500	14,395	50,803	97,755	265,469	104,104	101,228	2,045,365	4,486,983
Disposals	(14,235)	(633,307)	-	(8,750)	(18,948)	(30,561)	(98,392)	-	(62,708)	-	(866,901)
Transfers	-	665,312	-	-	-	130,672	-	-	-	(795,984)	-
At 31 December 2015	15,237,169	39,530,413	2,404,460	287,938	724,710	1,432,030	2,919,817	502,876	2,373,843	1,380,053	66,793,309
Depreciation											
At 1 January 2015	4,909,262	13,612,996	1,606,187	206,513	565,269	958,420	1,969,988	189,543	1,099,529	-	25,117,707
Charge for the year	773,187	1,982,122	181,059	31,946	70,526	136,883	189,918	68,174	205,949	-	3,639,764
Disposals	(10,156)	(520,440)	-	(8,750)	(16,768)	(29,860)	(98,387)	-	(62,706)	-	(747,067)
At 31 December 2015	5,672,293	15,074,678	1,787,246	229,709	619,027	1,065,443	2,061,519	257,717	1,242,772	-	28,010,404
Carrying amount											
At 31 December 2015	9,564,876	24,455,735	617,214	58,229	105,683	366,587	858,298	245,159	1,131,071	1,380,053	38,782,905
At 31 December 2014	9,557,910	24,871,280	788,773	75,780	127,586	275,744	782,752	209,229	1,235,794	130,672	38,055,520

The property, plant and equipment of subsidiary is mortgaged against long term loan availed from a local commercial bank (note 19)

5. Property, plant and equipment (continued)

Group 31 December 2014	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 2014	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
Additions	75,320	308,424	-	35,882	50,986	95,206	223,373	47,186	59,944	2,058,139	2,954,460
Disposals	-	(263,053)	-	(44,470)	(10,509)	(54,864)	(38,525)	-	-	-	(411,421)
Transfers	133,360	2,033,517	-	-	-	-	-	-	-	(2,166,877)	-
At 31 December 2014	14,467,172	38,484,276	2,394,960	282,293	692,855	1,234,164	2,752,740	398,772	2,335,323	130,672	63,173,227
Depreciation											
At 1 January 2014	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
Charge for the year	701,501	1,900,590	182,498	37,765	88,946	150,320	179,441	48,787	198,141	-	3,487,989
Disposals	-	(236,419)	-	(40,678)	(10,466)	(54,707)	(35,788)	-	-	-	(378,058)
At 31 December 2014	4,909,262	13,612,996	1,606,187	206,513	565,269	958,420	1,969,988	189,543	1,099,529	-	25,117,707
Carrying amount											
At 31 December 2014	9,557,910	24,871,280	788,773	75,780	127,586	275,744	782,752	209,229	1,235,794	130,672	38,055,520
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

5. Property, plant and equipment (continued)

Parent Company 31 December 2015	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 2015	10,587,983	28,305,462	1,493,316	201,161	546,473	934,148	2,571,696	242,693	2,209,895	-	47,092,827
Additions	84,056	95,477	9,500	-	27,684	51,446	84,079	-	93,807	2,045,365	2,491,414
Disposals	(14,235)	(633,307)	-	-	(15,105)	(30,561)	(98,392)	-	(62,708)	-	(854,308)
Transfers	-	665,312	-	-	-	-	-	-	-	(665,312)	-
At 31 December 2015	10,657,804	28,432,944	1,502,816	201,161	559,052	955,033	2,557,383	242,693	2,240,994	1,380,053	48,729,933
Depreciation											
At 1 January 2015	4,070,326	11,589,044	1,210,309	181,639	443,981	761,387	1,913,882	144,651	1,044,618	-	21,359,837
Charge for the year	576,264	1,458,795	90,895	11,810	52,497	88,926	162,062	45,043	187,125	-	2,673,417
Disposals	(10,156)	(520,440)	-	-	(12,925)	(29,860)	(98,387)	-	(62,706)	-	(734,474)
At 31 December 2015	4,636,434	12,527,399	1,301,204	193,449	483,553	820,453	1,977,557	189,694	1,169,037	-	23,298,780
Carrying amount											
At 31 December 2015	6,021,370	15,905,545	201,612	7,712	75,499	134,580	579,826	52,999	1,071,957	1,380,053	25,431,153
At 31 December 2014	6,517,657	16,716,418	283,007	19,522	102,492	172,761	657,814	98,042	1,165,277	-	25,732,990

5. Property, plant and equipment (continued)

Parent Company 31 December 2014	Buildings RO	Plant and machinery RO	Electrical equipment and installations RO	Motor vehicles RO	Furniture, fixtures and fittings RO	Office equipment RO	Material handling equipment RO	Loose tools RO	Laboratory equipment RO	Capital work-in-progress RO	Total RO
Cost											
At 1 January 2014	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
Additions	3,000	86,473	-	-	42,907	80,361	210,355	9,587	59,944	1,991,564	2,484,191
Disposals	-	(263,053)	-	(15,500)	(10,509)	(54,864)	(38,525)	-	-	-	(382,451)
Transfers	133,360	1,858,204	-	-	-	-	-	-	-	(1,991,564)	-
At 31 December 2014	10,587,983	28,305,462	1,493,316	201,161	546,473	934,148	2,571,696	242,693	2,209,895	-	47,092,827
Depreciation											
At 1 January 2014	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
Charge for the year	509,304	1,401,840	92,334	21,046	58,030	91,111	162,047	34,492	185,598	-	2,555,802
Disposals	-	(236,419)	-	(15,498)	(10,466)	(54,707)	(35,788)	-	-	-	(352,878)
At 31 December 2014	4,070,326	11,589,044	1,210,309	181,639	443,981	761,387	1,913,882	144,651	1,044,618	-	21,359,837
Carrying amount											
At 31 December 2014	6,517,657	16,716,418	283,007	19,522	102,492	172,761	657,814	98,042	1,165,277	-	25,732,990
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

6. Investment in a subsidiary

	% Holding	Activity	Year of incorporation	**2015 Parent Company**	2014 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 Aluminum Processing Industries LLC (OAPIL). The Subsidiary commenced its commercial operations from July 2010.

The statement of profit or loss of the Group has been made after consolidating the OAPIL accounts and the 49% share of profit of RO 2,836,113 (2014: RO 2,160,690) has been shown as non-controlling interests in consolidated statement of profit or loss.

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

	2015			2014		
	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%**	**553,063**	**-**	40%	576,159	-

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.

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

	Group RO	**Parent Company RO**	Group RO	Parent Company RO
At the beginning of the year	**576,159**	**576,159**	578,608	578,608
Share of profit / fair value changes of associate	**688**	**688**	14,876	14,876
Effect of foreign currency translation	**(23,784)**	**(23,784)**	(17,325)	(17,325)
	553,063	**553,063**	576,159	576,159

The share of results is based on the unaudited financial statements of the associate as at 31 December 2015. The associate company prepares audited financial statements at 31 March each year.

7. Investment in an associate (continued)

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

	2015	2014
	RO	RO
Associate's statement of financial position:		
Current assets	**1,366,578**	1,377,013
Non-current assets	**383,060**	437,795
Current liabilities	**(328,202)**	(359,292)
Non-current liabilities	**(38,773)**	(15,130)
Net assets	**1,382,663**	1,440,386
Associate's revenue and profit:		
Revenue	**2,717,205**	2,968,370
Profit	**1,721**	37,191
Carrying amount of investment	**553,063**	576,159

8. Available-for-sale investments

	2015		2014	
	Group and Parent Company		Group and Parent Company	
	Market value	**Cost**	Market value	Cost
	RO	**RO**	RO	RO
Unquoted investments (refer note (a) below)	**119,067**	**119,067**	168,442	168,442
Marketable securities listed on the Muscat Securities Market	**-**	**510**	5,580	2,544
	119,067	**119,577**	174,022	170,986

(a) During the year, the Company got a net refund of RO 49,375 (2014: RO Nil) in units of Oman Fixed Income Fund.

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

	2015	2014
	Group and Parent company	
	RO	RO
Net unrealised profit	**-**	(3,036)
Net realised loss reclassified to the statement of profit or loss on disposals	**(92)**	-

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 (2014: 8% per annum).

10. Inventories

	2015		2014	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Raw materials	**9,951,814**	**9,825,084**	11,004,880	10,792,775
Spares, consumables and scrap	**3,627,571**	**2,617,976**	3,865,988	2,379,425
Finished goods	**18,600,537**	**16,717,456**	21,665,447	16,482,625
	32,179,922	**29,160,516**	36,536,315	29,654,825
Work-in-progress	**3,894,371**	**3,314,566**	3,042,954	3,000,752
Goods in transit	**3,401,249**	**3,401,249**	6,460,147	6,460,147
	39,475,542	**35,876,331**	46,039,416	39,115,724
Less :provision for slow moving and obsolete items	**(1,666,470)**	**(1,610,000)**	(1,410,000)	(1,410,000)
	37,809,072	**34,266,331**	44,629,416	37,705,724

Raw materials include an amount of RO 2,906,460 for Parent Company and RO 2,728,140 for Group (2014 – Parent RO 608,243 Group RO 412,462), that relates to derivative financial assets in relation to procurement of raw materials required to meet confirmed sales orders as on 31 December 2015.

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

	2015		2014	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
At the beginning of the year	**1,410,000**	**1,410,000**	1,260,000	1,210,000
Add: Net provision for the year	**256,470**	**200,000**	150,000	200,000
	1,666,470	**1,610,000**	1,410,000	1,410,000

11. Trade and other receivables

	2015		2014	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Trade receivables	**72,675,972**	**65,499,216**	71,035,970	66,864,775
Less: allowance for credit losses	**(1,850,000)**	**(1,800,000)**	(1,400,000)	(1,400,000)
	70,825,972	**63,699,216**	69,635,970	65,464,775
Advances	**745,237**	**667,827**	1,024,861	937,476
Derivatives designated and effective as hedging instruments carried at fair value (Note 18)	**249,002**	**-**	871,930	-
Other receivables and prepayments	**326,110**	**143,336**	310,502	206,353
	72,146,321	**64,510,379**	71,843,263	66,608,604

11. Trade and other receivables (continued)

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

	2015		2014	
	Group	Parent Company	Group	Parent Company
	RO	RO	RO	RO
At the beginning of the year	**1,400,000**	**1,400,000**	1,200,000	1,200,000
Add: Provision for the year	**450,000**	**400,000**	200,000	200,000
	1,850,000	**1,800,000**	1,400,000	1,400,000

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 1,800,000 (2014 - RO 951,874) were assessed as impaired by the management, for which allowance for credit losses has been established. In addition an amount of RO Nil (2014 - RO 448,126) has also been established as a collective provision for credit losses against unsecured trade receivables.

				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	RO
Group							
2015	**72,675,972**	**1,850,000**	**59,841,330**	**7,368,211**	**2,440,984**	**1,175,447**	**-**
2014	71,035,970	1,400,000	61,887,682	6,545,138	1,030,090	173,060	-
Parent							
2015	**65,499,126**	**1,800,000**	**52,898,755**	**7,184,030**	**2,440,984**	**1,175,447**	**-**
2014	66,864,775	1,400,000	58,302,655	5,958,970	1,030,090	173,060	-

At the reporting date 50% of parent's trade receivables are due from 10 customers (2014- 50% from 8 customers). Trade receivables amounting to RO 52,898,755 (2014– RO 58,302,655) are neither past due nor impaired and are estimated as collectible based on historical experience. 43% (2014 – 45%) of the trade receivables are secured against letters of Credit, bank guarantees or other credit risk cover.

12. Cash and bank balances

	2015		2014	
	Group	Parent Company	Group	Parent Company
	RO	RO	RO	RO
Cash in hand	**33,730**	**28,710**	25,282	25,106
Cash at bank – current and call accounts	**2,451,686**	**2,164,550**	2,074,428	1,944,406
	2,485,416	**2,193,260**	2,099,710	1,969,512

13. Share capital

The Parent Company's authorised share capital comprises 120,000,000 shares of 100 baisa each (2014 – 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 (2014 – 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:

	2015		2014	
	No of shares held	**%**	No of shares held	%
Draka Holding NV	**45,899,610**	**51.17**	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

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. During 2015, the subsidiary has transferred RO 435,569 and has reached the statutory minimum of one third of its capital 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 % (2014 - 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 90 baisa (2014: 88 baisa) per share totalling RO 8,073,000 (2014: RO 7,893,600) relating to the year 2014 were declared and paid.

The Board of Directors have recommended a dividend of 90 baisa (2014: 90 baisa) per share for the year 2015 amounting to RO 90 (2014: RO 8,073,000), 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:

	2015		2014	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Unrealised gain relating to:				
Hedging commodity and currency forward / future contracts (Net) maturing within 12 months	**(1,123,393)**	**(1,250,385)**	74,664	(370,021)
Fair value of investments available-for-sale	**(510)**	**(510)**	3,036	3,036
Others	**(80,230)**	**(80,230)**	(56,445)	(56,445)
	(1,204,133)	**(1,331,125)**	21,255	(423,430)

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 statement of profit or loss.

The cumulative change in fair value relating to the unrealised gain / loss in commodity future contracts of RO (1,001,383) (2014 – RO 501,910) 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 122,011 (2014 – RO 427,246) attributable to non-controlling interest is disclosed separately in statement of changes in equity as a component of non-controlling interests.

The cumulative change in fair value relating to the unrealised gain / loss in commodity future contracts of RO (1,250,385) (2014 - RO (370,021)) 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 2015 profitability, as it relates to the cost of purchase in the year 2016.

19. Term loans

	2015		2014	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Non-current liabilities				
Loans from commercial banks	**1,625,116**	**-**	3,250,236	-
Current liabilities				
Loans from commercial banks	**1,625,120**	**-**	1,625,120	-
Total term loans	**3,250,236**	**-**	4,875,356	-

The subsidiary company has drawn a US$ denominated loan equivalent of RO 9,750,718 (2014: RO 9,750,718) out of the sanctioned loan amount of RO 12,900,000 as at the reporting date. The balance drawn portion of the loan is repayable in four equal half yearly instalments of RO 812,560 upto the year 2017. The loan carries an interest rate of LIBOR plus fixed margin.

19. Term loans (continued)

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
- endorsement of insurance policy

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:

	2015		2014	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Within 1 year	**1,625,116**	**-**	1,625,120	-
Between 2 and 5 years	**-**	**-**	1,625,116	-
	1,625,116	**-**	3,250,236	-

20. Taxation

	2015		2014	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Statement of profit or loss				
Current year income tax charge	**2,502,439**	**2,193,697**	2,106,342	2,106,342
Deferred tax:				
Relating to origination and reversal of temporary differences	**(27,806)**	**(70,749)**	(11,482)	(11,482)
Income tax expense reported in the statement of profit or loss	**2,474,633**	**2,122,948**	2,094,860	2,094,860
Statement of financial position				
Current liability				
Current year	**2,502,439**	**2,193,697**	2,106,342	2,106,342
Previous year	**9,552**	**9,552**	9,552	9,552
	2,511,991	**2,203,249**	2,115,894	2,115,894
Non-current liability				
Deferred tax liability:				
At 1 January	1,134,966	781,087	1,146,448	792,569
Movement for the year	(27,806)	(70,749)	(11,482)	(11,482)
	1,107,160	710,338	1,134,966	781,087

20. Taxation

Deferred tax is allocated to following items.

	1 January 2015	**Charge for the year**	**31 December 2015**
	RO	**RO**	**RO**
Group			
Tax effect of depreciation	1,146,448	**(31,820)**	**1,114,628**
Tax effect of provisions	(11,482)	**4,014**	**(7,468)**
	1,134,966	**(27,806)**	**1,107,160**

	1 January 2015	**Charge for the year**	**31 December 2015**
	RO	**RO**	**RO**
Parent			
Tax effect of depreciation	1,118,287	**1,251**	**1,119,538**
Tax effect of provisions	(337,200)	**(72,000)**	**(409,200)**
	781,087	**(70,749)**	**710,338**

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

	2015		2014	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Profit before income tax	**23,817,538**	**20,273,793**	21,973,770	18,890,699
Income tax as per rates mentioned below	**2,854,505**	**2,429,255**	2,633,252	2,263,284
Income exempt from tax	**(425,248)**	**-**	(369,968)	-
Tax effect of items deductible / non-deductible for tax purpose	**73,182**	**(235,558)**	(156,942)	(156,942)
Deferred tax	**(27,806)**	**(70,749)**	(11,482)	(11,482)
Net tax expense	**2,474,633**	**2,122,948**	2,094,860	2,094,860

The tax rate applicable to the Parent Company is 12% (2014 - 12%). For the purpose of determining the tax expense for the year ended 31 December 2015, 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 10.5% (2014 – 11.1%).The difference between the applicable tax rates of 12% (2014: 12%) and the effective tax rate of 10.5% 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 2012.

20. Taxation (Continued)

In accordance with the Ministerial Decision number 25/2011, the subsidiary company is exempt from income tax for a period of five years from 26 July 2010. From 27 July 2015 the Company is subject to income tax at 12%. The Company has applied for the renewal of extension for an additional period of five years which is still pending with the Secretariat General of Taxation (SGT) as on the reporting date. The Company has nevertheless provided for current taxation on prudent basis. Tax assessments of the subsidiary for the years 2008 to 2014 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:

	2015		2014	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Liability as at 1 January	**1,428,290**	**1,355,291**	1,236,531	1,192,697
Accrued during the year	**218,994**	**183,376**	243,991	214,826
Employees' end of service benefits paid	**(88,555)**	**(82,415)**	(52,232)	(52,232)
	1,558,729	**1,456,252**	1,428,290	1,355,291

22. Trade and other payables

	2015		2014	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Trade payables	**12,547,172**	**7,841,712**	20,421,311	14,265,593
Other payables	**601,149**	**348,437**	546,949	51,617
Derivatives designated and effective as hedging instruments carried at fair value (Note 18)	**1,250,385**	**1,250,385**	370,020	370,020
Accruals	**4,643,822**	**3,518,313**	4,269,959	3,369,430
	19,042,528	**12,958,847**	25,608,239	18,056,660

23. Bank borrowings

	2015		2014	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Overdrafts	**76,888**	**76,888**	50,000	50,000
Loans against trust receipts	**17,919,780**	**17,919,780**	30,355,508	30,355,508
Short term loans	**15,141,450**	**11,100,000**	11,002,270	9,847,570
	33,138,118	**29,096,668**	41,407,778	40,253,078

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 (2014-180 days). Bank borrowings carry interest at commercial rates.

24. Cost of sales

	2015		2014	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Cost of materials consumed	**233,982,881**	**194,940,331**	256,011,337	217,031,113
Employee costs	**5,548,628**	**4,621,996**	5,210,306	4,392,664
Depreciation	**3,400,465**	**2,520,184**	3,210,958	2,385,615
Stores, consumables, repairs and maintenance	**2,769,413**	**1,291,248**	2,741,934	1,334,078
Electricity and water	**1,285,999**	**881,253**	1,184,050	783,725
Provision for slow moving inventories [note 10]	**256,470**	**200,000**	150,000	200,000
Land lease rent	**130,821**	**85,821**	108,361	63,361
Loss on sale of property, plant and equipment	**53,206**	**53,206**	-	-
Other direct costs	**886,618**	**659,099**	798,361	596,139
	248,314,501	**205,253,138**	269,415,307	226,786,695

25. Other income

	2015		2014	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Insurance claim	**13,074**	**13,074**	21,198	21,198
Gain on sale of property, plant and equipment	**2,162**	**-**	15,276	5,066
Dividend from subsidiary	**-**	**2,601,000**	-	1,362,657
Miscellaneous income	**208,789**	**11,160**	113,292	87,205
	224,025	**2,625,234**	149,766	1,476,126

26. Administrative expenses

	2015		2014	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Employee costs	**4,168,402**	**3,327,808**	3,964,212	3,009,144
Insurance	**150,959**	**150,959**	203,216	203,216
Allowance for credit losses	**450,000**	**400,000**	200,000	200,000
Directors' remuneration	**188,950**	**188,950**	249,129	191,250
Directors' meeting attendance fees	**82,871**	**11,050**	8,750	8,750
Legal and professional charges	**286,519**	**83,286**	415,283	174,586
Repairs and maintenance	**141,405**	**120,550**	144,465	90,870
Communication	**106,833**	**61,796**	95,899	52,642
Travelling	**79,090**	**44,676**	59,347	43,807
Printing and stationery	**53,874**	**47,248**	49,160	43,204
Contributions to local organizations	**100,000**	**100,000**	100,000	100,000
Vehicle running, repairs and Maintenance	**50,032**	**17,971**	43,324	15,380
Service charges	**6,000**	**6,000**	10,050	10,050
Other sundry expenses	**358,271**	**257,265**	448,035	395,968
	6,223,206	**4,817,559**	5,990,870	4,538,867

27. Selling and distribution expenses

	2015		2014	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Marketing and freight	**2,610,510**	**1,700,129**	2,844,255	2,000,600
Employee costs	**1,154,940**	**960,814**	1,065,717	923,403
Advertisement and sales promotion	**394,006**	**210,025**	242,968	226,472
Travelling	**157,557**	**134,766**	149,609	132,433
	4,317,013	**3,005,734**	4,302,549	3,282,908

28. Financing costs

	2015		2014	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Financing cost	**950,701**	**775,634**	1,412,035	1,133,894
Less: foreign currency translation	**(65,314)**	**(65,314)**	46,422	41,314
	885,387	**710,320**	1,458,457	1,175,208

29. Employee costs

	2015		2014	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Salaries	**4,101,819**	**2,798,222**	3,664,939	2,516,722
Other benefits	**6,224,719**	**5,658,500**	6,083,157	5,392,343
Contributions to defined retirement plan for Omani employees	**326,438**	**270,520**	248,148	201,320
Increase in liability for unfunded defined benefit retirement plan	**218,994**	**183,376**	243,991	214,826
	10,871,970	**8,910,618**	10,240,235	8,325,211

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.

	2015		2014	
	Group	**Parent Company**	Group	Parent Company
Net profit for the year (RO)	**18,506,792**	**18,150,845**	17,718,220	16,795,839
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)	**0.206**	**0.202**	0.198	0.187

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.

	2015		2014	
	Group	**Parent Company**	Group	Parent Company
Net assets (RO)	**87,200,806**	**83,673,864**	77,992,402	74,503,714
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)	**0.972**	**0.933**	0.869	0.831

32. Segmental reporting

Management has determined the operating segments based on the reports reviewed by the key decision makers (Board of directors) that are used to make strategic decisions. 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

	2015		2014	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Oman	**121,667,472**	**115,904,418**	119,558,562	117,987,936
Middle East and North Africa (MENA)	**128,195,664**	**100,972,409**	130,972,188	123,253,665
Others	**33,607,329**	**14,609,262**	52,614,865	12,004,234
	283,470,465	**231,486,089**	303,145,615	253,245,835

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.

33. Related party transactions (continued)

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

	2015			2014		
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	**-**	**1,845,914**	**-**	**-**	**1,746,041**	**-**
Shareholders	**568,364**	**-**	**-**	**163,978**	**544,510**	**-**
Other related parties	**-**	**-**	**-**	**6,933,066**	**-**	**-**
	568,364	**1,845,914**	**-**	**7,097,044**	**2,290,551**	**-**
Parent Company						
Associated companies	**-**	**1,845,914**	**-**	-	1,746,041	-
Shareholders	**568,364**	**-**	**-**	163,978	544,510	-
Subsidiary	**2,638,150**	**1,801,307**	**-**	1,370,807	2,097,791	-
Other related parties	**-**	**-**	**-**	6,933,066	-	-
	3,206,514	**3,647,221**	**-**	8,467,851	4,388,342	-

Compensation of key management personnel

The key management personnel compensation for the year comprises:

	2015		2014	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Short term employment benefits	**1,448,739**	**749,600**	1,516,117	903,197
End of service benefits	**55,404**	**35,867**	46,362	31,839
Directors' meeting attendance fees	**11,050**	**11,050**	8,750	8,750
Directors' remuneration	**260,771**	**188,950**	248,937	191,250
	1,775,964	**985,467**	1,820,166	1,135,036

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.

33. Related party transactions (continued)

	2015		2014	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Amounts due from related parties				
Other related parties	**396,898**	**396,898**	1,498,162	1,498,162

Amounts due to related parties:

	2015		2014	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Other related parties	**197,126**	**197,126**	59,157	59,157
Subsidiary	**-**	**651,671**	-	618,156
	197,126	**848,797**	59,157	677,313

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 Nil (2014 – RO 782,492) 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 two related parties (2014 - four 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

	2015		2014	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Capital commitments	**1,237,090**	**988,240**	925,117	401,328
Letters of credit	**16,695,932**	**8,587,051**	21,956,096	13,836,823

Contingencies

	2015		2014	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Letters of guarantee	**14,409,507**	**14,263,461**	15,920,373	15,287,211

During the year 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. Since the parties did not reach an agreement, the matter was referred to the court. The amount claimed by the ex-employee is RO 8,548,628.600. In 2015, the primary court passed a judgement and obliged the Company to pay RO 942,810. An appeal was filed by both the parties against the primary court decision in the appeal court. The additional amount claimed by the other party in the appeal court is around RO 7,500,000. As on the reporting date the case is pending in the appeal court. Company, as a matter of prudence, has booked a liability to the extent of amount decided by the primary court.

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 27 September 2035. 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:

	2015		2014	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Less than one year	**130,825**	**85,825**	130,825	85,825
Between one and five years	**658,816**	**478,816**	641,287	461,287
More than five years	**1,725,162**	**1,140,162**	1,828,004	1,198,004
	2,514,803	**1,704,803**	2,600,116	1,745,116

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.

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:

	2015		2014	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Trade receivables	**72,675,972**	**65,499,216**	71,035,970	66,864,775
Other receivables	**994,239**	**667,827**	1,896,791	937,476
Bank balances	**2,451,686**	**2,164,550**	2,074,428	1,944,406
	76,121,897	**68,331,593**	75,007,189	69,746,657

36. Financial instruments and related risk management (continued)

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.

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 statement of profit or loss will be approximate to RO 182,000 (2014 – RO 235,000) 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.

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. At the reporting date the Group's exposure to equity price risk is insignificant.

36. Financial instruments and related risk management

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 RO**	**3 to 6 months RO**	**6 months to 1 year RO**	**More than 1 year RO**	**Total RO**
2015					
Trade and other payables	**11,561,385**	**84,114**	**1,313,348**	**-**	**12,958,847**
Short term loan	**11,100,000**	**-**	**-**	**-**	**11,100,000**
Overdraft	**76,888**	**-**	**-**	**-**	**76,888**
Loans against trust receipts	**1,854,207**	**16,065,573**	**-**	**-**	**17,919,780**
Amount due to related parties	**473,869**	**374,928**	**-**	**-**	**848,797**
	25,066,349	**16,524,615**	**1,313,348**	**-**	**42,904,312**
2014					
Trade and other payables	15,045,086	1,174,668	1,836,906	-	18,056,660
Short term loan	9,847,570	-	-	-	9,847,570
Overdraft	50,000	-	-	-	50,000
Loans against trust receipts	16,720,406	13,635,102	-	-	30,355,508
Amount due to related parties	629,395	47,918	-	-	677,313
	42,292,457	14,857,688	1,836,906	-	58,987,051
Group					
2015					
Trade and other payables	**16,602,775**	**1,126,405**	**1,313,348**	**-**	**19,042,528**
Term loans	**-**	**812,560**	**812,560**	**1,625,116**	**3,250,236**
Short term loan	**15,141,450**	**-**	**-**	**-**	**15,141,450**
Overdraft	**76,888**	**-**	**-**	**-**	**76,888**
Loans against trust receipts	**1,854,207**	**16,065,573**	**-**	**-**	**17,919,780**
Amount due to related parties	**197,126**	**-**	**-**	**-**	**197,126**
	33,872,446	**18,004,538**	**2,125,908**	**1,625,116**	**55,628,008**
2014					
Trade and other payables	22,596,665	1,174,668	1,836,906	-	25,608,239
Term loans	-	812,560	812,560	3,250,236	4,875,356
Short term loan	11,002,270	-	-	-	11,002,270
Overdraft	50,000	-	-	-	50,000
Loans against trust receipts	16,720,406	13,635,102	-	-	30,355,508
Amount due to related parties	59,157	-	-	-	59,157
	50,428,498	15,622,330	2,649,466	3,250,236	71,950,530

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**			
	2015		2014		**2015**		2014	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO	**Group RO**	**Parent Company RO**	Group RO	Parent Company RO
Financial assets								
Trade and other receivables	**72,146,321**	**64,510,379**	71,843,263	66,608,604	**72,146,321**	**64,510,379**	71,843,263	66,608,604
Available for sale investments	**119,067**	**119,067**	174,022	174,022	**119,067**	**119,067**	174,022	174,022
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	**396,898**	**396,898**	1,498,162	1,498,162	**396,898**	**396,898**	1,498,162	1,498,162
Cash and bank balances	**2,485,416**	**2,193,260**	2,099,710	1,969,512	**2,485,416**	**2,193,260**	2,099,710	1,969,512
	76,398,906	**68,470,808**	76,866,361	71,501,504	**76,398,906**	**68,470,808**	76,866,361	71,501,504
Financial liabilities								
Trade and other payables	**19,042,528**	**12,958,847**	25,608,239	18,056,660	**19,042,528**	**12,958,847**	25,608,239	18,056,660
Due to related parties	**197,126**	**848,797**	59,157	677,313	**197,126**	**848,797**	59,157	677,313
Bank borrowings	**33,138,118**	**29,096,668**	41,407,778	40,253,078	**33,138,118**	**29,096,668**	41,407,778	40,253,078
Term loans	**3,250,236**	**-**	4,875,356	-	**3,250,236**	**-**	4,875,356	-
	55,628,008	**42,904,312**	71,950,530	58,987,051	**55,628,008**	**42,904,312**	71,950,530	58,987,051

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 2015, 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 2015, 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.

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.

37. Fair values of financial instruments (continued)

Assets measured at fair value

	Total	Level 1	Level 2	Level 3
2015	**RO**	**RO**	**RO**	**RO**
Parent Company				
Available-for-sale investments	**119,067**	**-**	**119,067**	**-**
Commodity forward contract	**(1,250,385)**	**-**	**(1,250,385)**	**-**
Group				
Available-for-sale investments	**119,067**	**-**	**119,067**	**-**
Commodity forward contract	**(1,123,394)**	**-**	**(1,123,394)**	**-**
2014				
Parent Company				
Available-for-sale investments	174,022	5,580	168,442	-
Commodity and currency forward contract	(370,021)	-	(370,021)	-
Group				
Available-for-sale financial assets	174,022	5,580	168,442	-
Commodity and currency forward contract	74,664	-	74,664	-

During the reporting years ended 31 December 2015 and 31 December 2014, 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 2015 and 31 December 2014.