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OMAN CABLES INDUSTRY (SAOG)

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 SAOG (the Company) to its 32nd Annual General Meeting (AGM). The performance of the Company and its subsidiaries (the Group) is below.

Board of Directors

The following are the Board of Directors of the Company:

1. Mr. Fabio Ignazio Romeo
2. Mr. Mohamed Mustafa Al Lawati
3. Mrs. Lara Caroline Mahmoud-Hansen
4. Mrs. Manal Said Al Ghazali
5. Mr. Christian Raskin
6. Mr. Michele Binda
7. Mr. Fabrizio Rutschmann

The Board and its committees conducted various meetings and directed the company operations.

Operational Review

After a steady increase during 2018, oil prices dropped again at the end of year 2018. During the year 2019, even though oil prices came back to around $65 (per barrel) levels, it was not enough to avoid double digit decrease compared to 2018 as an average. In 2020, oil price went down even more dramatically down to $ 20 (per barrel) levels and caused significant damage on GCC economies. The price of copper decreased initially at the end of first quarter to 4.617 $/ton level as first reaction to pandemic, but regained in the second half up to 7.964 $/ton, which created uncertainty in the business environment.

This has affected Cable market in the region and increased the pressure on sales price and margins.

Your company responded to the market situation with vigorous efforts to protect the market share in terms of volume, defend the margins with increased focus on control of costs. Combination of these efforts helped to keep the Company competitive in the current business environment.

During the year, with cooperation between the Company and Prysmian, resulted in increased product range and operational cost control at the Company.

Sales

Sales revenues for 2020 are RO 134.0 million for the Company as compared to RO 165.4 million in 2019. The sales of the Group were RO 175.4 million compared to RO 210.1 million in 2019.

The effect of the oil price levels and lockdowns due to pandemic has an impact on all business sectors and the pressure on the sales value was felt in all markets and across the different segments. Slowdown in construction industry is affecting cable market severely. Company volumes are impacted by global conditions.

Profitability

The Net Profit of the Company for the year 2020 was RO 2.6 million as compared to RO 7.6 million in 2019. The decrease in profitability is mainly due to volume reduction as a result of pandemic and low oil prices, which is partially compensated by cost control initiatives.

The Net Profit of the Group in 2020 was RO 2.3 million compared to RO 7.2 million in 2019. The decrease in Group profitability is due to the slowdown in construction industry and volume reduction consequently.

Subsidiary: Oman Aluminum Processing Industries LLC, Oman

Oman Aluminum Processing Industries LLC (OAPIL) in Sohar, was a joint venture between the Company with 51% share and Takamul Investment Company of Oman Oil with 49% share. After the Company has concluded an agreement with Takamul Investment Company for their shares in OAPIL and owned 100% of OAPIL, the Company became directly involved in the operations and management of OAPIL in order to improve production efficiency and to apply cost control activities.

The Company management continued cost reduction actions during 2020 and managed to eliminate significant pandemic impact in GCC region by creating business flows in new markets.

Subsidiary: Associated Cables Private Limited, India (ACPL) (100% subsidiary)
The Company has increased focus on India market and has invested in growing ACPL operations which add capabilities to produce new products and also capacity. During 2020, pandemic had a significant impact on India and ACPL due to production losses during lockdowns.

Human Resources
Human Resources play a strategic role in the continuous development of the Group.
As a response to changing market dynamics, the Group is continuously promoting and developing its employee strength performance and talent. Prysmian continued to support in this area by deputing highly experienced professionals to the Company.

Thymar ثمار Initiative – Omani Youth Development
Thymar initiative was launched in 2018 and this year we are pleased to announce that 20 Omani graduates were enrolled in this initiative which entail one-year training. Two young Omanis have been selected for Prysmian Graduate Trainee Programme of three years, which involves international education and work experience across Prysmian Plants.

Health Safety & Environment
The Group is continuously striving to improve safety awareness. All employees have been introduced to the Safety Awareness Program. The lost time injury frequency rate (LTI) continues to be actively monitored for the benefit of the employees and Company.

Covid 19 actions taken by the Company:

- Daily sanitization in Plant, Offices, Accommodation and company Transport.
- Face and body temperature detection entrance system.
- Contact tracing and strict implementation of Isolation and back to work policy:
    - 2 Negative Test (Symptomatic) – 7 days Isolation
    - 1 Negative Test (Asymptomatic) – 7 days Isolation
    - Confirmed +ve Case – Negative Test after 14 days isolation
- 50% reduction in canteen and use of disposable items only.
- Facilitated working from home in 2020 with 50% reduction in staff capacity that can work from home.
- Mandatory face mask at work provided by the company.
- Installed hand sanitizers in various area of the company.
- Isolation of suspected and confirmed cases of blue-collar workers in hotel/separate accommodation paid by the company.
- Restrictions on visiting the company and work by third parties.
- Closure of other gathering places like Gym, Play Area & Prayer rooms.
- COVID awareness sessions were organized in accommodation

Corporate Governance

The Company continues to follow high standards in Corporate Governance. The Board has three committees: Audit Committee, Strategic Management Committee and the Nomination and Remuneration Committee.

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.

The Company 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

The Company believes that giving back to the community is extremely important. As the Company has grown, so has its commitment to the society.

As part of the Corporate Social Responsibility effort, the Company has developed the Thymar initiative described above.

Future Outlook

The Gulf region is unlikely to benefit from immediate recovery mainly due to dependence from oil prices. The Group is maintaining the focus on existing markets and is streamlining its operations to continue to deliver value to its stakeholders.

The management continues to focus on the dynamic and competitive market for cables by enlarging the product portfolio with high value-added cables in order to differentiate its offering. The emphasis on operational excellence is an important factor to the success of the Group.

Dividend:

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 proposes distributing a cash dividend to the shareholders.

Taking into account the financial performance of the Group, the Board recommends to distribute dividend on paid-up capital, by 13% of its Paid-up Share capital of the Company equal to RO

1,166,100 (13 baiza per share) of the face value of RO 0.100, to the shareholders registered as on the date of Annual General Meeting.

Directors Remuneration

The Board of Directors recommends to the shareholders at the Annual General Meeting to approve the total Directors' remuneration of RO 85,895 (including meeting participation 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.

It may be noted that three non-independent board members, being Prysmian employees, have waived their portion of remuneration for 2019, in response to drop in business results.

Conclusion:

Our special thanks go to all our employees and to the management for their consistent hard work and wholehearted commitment to the Company. We consider our employees fundamental to our success.

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 the Company.

We wish the best for our beloved Oman to further develop under the leadership of His Majesty Sultan Haitham bin Tariq bin Taimur in good health and longevity.

On behalf **Mr. Fabio Romeo**
Chairman
Oman Cables Industry (SAOG)

Date: 26 January 2021

EY
Building a better working world

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C.R. No. 1224013
PR No. HMH/15/2015; HMA/9/2015

REPORT OF FACTUAL FINDING

TO THE SHAREHOLDERS OF OMAN CABLES INDUSTRIES SAOG

We have performed the procedures agreed with you pursuant to the Capital Market Authority's (CMA) circular no. E/4/2015, dated 22 July 2015, with respect to the Board of Directors' corporate governance report of Oman Cables Industries SAOG (the "Company") as at and for the year ended 31 December 2020 and its application of the corporate governance practices in accordance with amendments to CMA Code of Corporate Governance issued under circular no. E/10/2016 dated 1 December 2016 (collectively the "Code"). Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in evaluating the extent of the Company's compliance with the Code as issued by the CMA and are summarised as follows:

1) We obtained the corporate governance report (the "report") issued by the Board of Directors and checked that the report of the Company includes as a minimum, all items suggested by the CMA to be covered by the report as detailed in the Annexure 3 of the Code by comparing the report with such suggested content in Annexure 3; and

2) We obtained the details regarding areas of non-compliance with the Code identified by the Company's Board of Directors for the year ended 31 December 2020. The Company's Board of Directors has not identified any areas of non-compliance with the Code.

We have no exceptions to report in respect of the procedures performed.

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 Industries SAOG to be included in its annual report for the year ended 31 December 2020 and does not extend to any financial statements of Oman Cables Industries SAOG, taken as a whole.

Ernst & Young LLC

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ص.ب: ١٧٥٠ روي - ١١٢ ، سلطنة عمان
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C.R. No. 1224013
P.O. Box 1750 - P.C. 112, Sultanate of Oman

Muscat
28 January 2021

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OmanCables
الكابلات العمانية

Report of Corporate Governance for 2020

Company's philosophy on Code of Corporate Governance

Oman Cables Industry SAOG (OCI) is committed to adhere to the highest standards of Corporate Governance. OCI believes that the process of Corporate Governance enables it to control and direct the operations making it more efficient. Implementation of the Code of Corporate Governance protects all stakeholders of the company.

OCI's Corporate Governance Structure is based on the Code of Corporate Governance issued by Capital Market Authority (CMA).

The Directors and management of OCI adapts the following main pillars:

- Transparency regarding sharing of information with stakeholders
- Accountability towards stakeholders
- Fairness in dealing with all Stakeholders
- Responsibility to perform the duties with honesty and integrity
- Acting with prudence, care & diligence
- Placing the Company & community interests ahead of personal Interests

The Company's has applied the above principles through a combination of measures like:

- Instituting Internal Regulations and Operating Procedures - through the Human Resource Manual, Operations Manual for Finance, Sales and Marketing, Procurement and Supply Chain, documented Quality Management System and other policies
- Monitoring adherence to the Internal Regulations and Operating procedures through frequent internal checks, conducting Internal and external Audit, carrying out regular Quality System, allowing customers to conduct quality and 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, Strategic Management Committee Charter all duly approved by the Board and which and are all based on the regulations of the CMA.

Board of Directors

The Board of Directors is elected every three years by the shareholders of the Company at the Annual General Meeting (AGM). The Board was elected for a three-year term in the AGM held during March 2018. The Board reports to the shareholders at the AGM. The Board comprises of seven Directors. The Board held eight meetings during the year; following are the relevant details of the Directors and meetings attendance during the year 2020.

Name	Designation	Category	No. of Board Meeting Attended	AGM / EGM Attended
Fabio Romeo	Chairman	Non-executive Non-independent	8	No*
Mohamed Al Lawati	Vice Chairman	Non-Executive Non-Independent	7	Yes
Manal Al Ghazali	Director	Non-Executive Independent	7	No**
Lara Hansen	Director	Non-Executive Independent	8	Yes
Christian Raskin	Director	Non-Executive Independent	8	No**
Fabrizio Rutschmann	Director	Non-Executive Non-Independent	8	Yes
Michele Binda	Director	Non-Executive Non-Independent	8	Yes

*Mr. Fabio apologized for attending the AGM and EGM meetings for health reasons

**Mrs. Manal and Mr. Raskin did not attend the AGM and EGM meetings for technical reasons

Please note that the Company is applying the definition of independent directors as per the revised Code of Corporate Governance for Publicly Listed Companies announced by the Capital Market Authority in July 2015.

There were no changes took place in the Board of directors during 2020.

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

Name of Director	Designation in other Companies	Name of Company
Fabio Romeo Chairman	Chief Strategy Officer Director Director Director Director Director Director Vice Chairman Director	Prysmian Group Centro Elettrotecnico Sperimentale Italiano Giacinto Motta S.p.A. Prysmian (China) Investment Co. Ltd Prysmian Cables and Systems Canada S.p.A. Prysmian S.p.A Draka Cableteq Asia Pacific Holding Pte. Ltd. Prysmian Cables and Systems Ltd. Elkat Ltd. Corporate Hangar S.r.l.
Mohamed Al Lawati Vice Chairman	Asst. to Chairman Director Director	Al-Saleh Group Al-Saleh Mauritius ASE India Private Limited
Manal Al Ghazali Director	Director of Internal Audit Department Vice President	Public Authority of Social Insurance (PASI) Institute of Internal Auditors, Oman
Lara Hansen Director	General Manager	Feed & Agricultural Suppliers Services Co. LLC
Christian Raskin Director	-	-
Fabrizio Rutschmann Director	Chief Human Resource Officer	Prysmian Group
Michele Binda Director	Group Legal Affairs VP - Prysmian S.p.A	Prysmian S.p.A

Profile of the Board of Directors and Executive Management

Mr. Fabio Romeo, Chairman, non-Independent

He is the Senior Vice President Business Energy of Prysmian since July 2011 and Chief Strategy Officer in the group. 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.

Mr. Mohamed Al Lawati, Vice Chairman, non-Independent 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 assistance to the Chairman of Al-Saleh Group.

Mrs. Manal Al Ghazali, Independent Director

Head of Internal Audit Operations Department of Public Authority of Social Insurance, Sultanate of Oman with 19 years of rich experience in the Internal Audit profession has served reputed multinational organizations namely Bank Muscat and Orpic in Senior Positions. Manal graduated from the Sultan Qaboos University possesses in-depth knowledge in Accounting, Finance, Investment Management, and Information Systems. Manal is also a qualified member of the Association of Chartered Certified Accountants, a Certified Fraud Examiner and a Certified Information System Auditor.

Manal, Vice President of Institute of Internal Auditors till December 2020, Sultanate of Oman had effectively aligned Internal Audit function to meet the requirements of the IIA standards at Bank Muscat, Orpic and PASI adopting state of art Audit management systems. Manal has been instrumental in effectively implementing Three lines of Defense Internal Control framework adopting the COSO framework at Orpic and at PASI. Manal acts as an independent member of the Information Systems Committee, of PASI provides consulting services for implementing IT governance or continuous process improvement adopting COBIT 5 framework. Manal provides consulting advice to the Internal Control Committee on Fraud prevention and continuously enhance effectiveness of Internal Control at Public Authority of Social Insurance

Manal contributes to the society through her participation in various public forums that empower women economically and support their participation in sustainable development. Manal has participated in Oman Vision 2040 as a member of Governance team.

Mrs. Lara Hansen, Independent Director

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 16 years, specializing 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.

Mr. Christian Raskin, Independent 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.

Mr. Fabrizio Rutschmann, non-Independent Director

Graduate in Business Administration from Ca' Foscari University of Venice, with a specialization from SDA Bocconi University of Milan, Fabrizio Rutschmann began his career at the Electrolux Group, where he served in various Human Resources positions before becoming HR Director of one of Uni Credit's seven banks. Joining the Pirelli Group in 1999 as Human Resources Manager of the Tire Business Unit's Italian Division, Rutschmann became Pirelli's Chief HR Officer of the group in 2006 till 2010. Before that, between 2003 and 2006 he served as Chief HR of Latin America Operations of Telecom Italia Mobile (TIM) based in Rio de Janeiro. Within Pirelli he has also been General Manager of Pirelli Spain in 2009 and 2010. Currently Mr. Rutschmann is the Chief Human Resources Officer at Prysmian Group. He has over than 31 years of professional experience in leadership of human capital and change management.

Mr. Michele Binda, non-Independent Director

Group Head of Legal Affairs at Prysmian SpA with extensive national and international experience in dealing with corporate and commercial legal affairs developed by working more than 15 years as an in-house business lawyer. Specialized in contract drafting and negotiations, special projects (merger & acquisition, joint venture's establishment and management, EPC contracts, etc.) judicial and arbitral litigation management, corporate and intellectual property laws and compliance. Extensive knowledge and experience on competition laws.

Company Management

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

- Ali Habaj is the Chief Executive Officer since July 2017. Ali is a seasoned professional with an experience of more than 27 Years in varied organizations. Mr. Habaj has successfully headed and was instrumental in growing and expanding large manufacturing companies. Earlier, Mr. Ali Habaj was the Chief Executive Officer of Atyab Investments & Oman Flour Mills Co. SAOG. During his tenure through diversification initiatives he was instrumental in growing the Company three-fold over 15 years to become one of the largest and most profitable Food Companies in Oman & the GCC region. Ali Habaj obtained his undergraduate degree from New Hampshire University in the States, MBA from Bristol University in UK and attended the Executive Management Program at Harvard Business School, United States.
- Ercan Gokdag, Chief Financial Officer has experience of 17 years, of which 13 years in cable industry with Prysmian Group. Earlier, he worked as CFO of Prysmian Denmark and CFO of Prysmian Turkey. At the moment, he takes responsibility as CFO of "Middle Ease Africa and Turkey" MEAT Region.
- Ramon Pallares, Chief Production, Ramon has 31 years' experience on the cable industry (24 of them with Pirelli – Prysmian Group) covering international positions of Plant Manager, General Manager, Operations Director, Country Director and Chief Operational Officer at countries like Mexico, Chile, Germany, France, Italy, Czech Republic, China, Philippines, Brazil and Oman.
- Antonio Chiantore, Chief Commercial Officer with 30 years' experience in cable industry, covering international positions of Business and Sales Director, General Manager, Operation Director, Logistic Director.
- Jad Atallah, Chief - Legal & Governance, Company Secretary. Holds a PhD degree in law, joined the company in 2010 and has experience of 16 years.
- Ilhan Ozturk, He is Electical Engineer graduated from Istanbul Technical University (1990-1994) and he has a Pre MBA-degree from Marmara Cagdas Egitimler Vakfi. He started his worklife in 1994 in cable sector and worked in different positions (Domestic Sales, Export Sales, Logistics and Inventory Management) till 2003. In 2003 he joined Prysmian Group as Key Account Manager. He managed Prysmian Turkey's export department in years 2010 & 2011 and has been nominated as Industrial, MMS & Oil and Gas Sales Director from 2011 on. In 2017 he has been promoted as Oil and Gas Regional Director for MENAT region, reporting to Prysmian Group Oil and Gas Core Cables Business Unit. From January 2019 on he is working as Oman Cables Regional Oil and Gas Director as well as Prysmian Group MEAT Region Oil and Gas Director.

Board Meetings held during the year

During the year 2020, the company held eight Board Meetings on the following dates:
21 January 202, 23 January 2020, 26 March 2020, 30 April 2020, 23 July 2020, 7 October 2020, 21 October 2020 and 9 December 2020.

Six meetings were conducted over video conference following the official precautions as announced by the concerned authorities under the current extra-ordinary circumstances of Corona Virus COVID-19.

The meetings were coordinated by the Company secretary who was appointed as required by the applicable rules and regulations. The meetings were conducted with an 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
Mrs. Manal Al Ghazali	Chairman - independent	4
Mrs. Lara Hanse	Member - independent	4
Mr. Christian Raskin	Member - independent	4
Mr. Mohamed Al Lawati	Member – non-independent	4

During the year 2020, Audit Committee met and conducted four meetings on the following dates, 22 January 2020, 29 April 2020, 22 July 2020 and 20 October 2020.

The Committee carry out its functions in accordance with the policy approved by the Board in line with the resolutions issued by the Capital Market Authority. The Committee has reviewed the internal audit reports, enterprise risk management report and new ERP system during the period. The Committee issued necessary guidance to the executive management. The Audit Committee reviewed the quarterly accounts before the same was put up to the Board of Directors for approval. In accordance with the functions assigned to the Committee in accordance with the reference frame issued by the Board and in accordance with the resolutions issued by the Capital Market Authority in this regard.

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 Strategic Management Committee comprised of six members, four from the Board of Directors others from the executive management. The following are the members of the Strategic Management Committee:

Name	Designation	No. of meetings attended
Christian Raskin	Chairman	2
Fabio Romeo	Member	2
Mohamed Al Lawati	Member	2
Fabrizio Ruschmann	Member	2
Ali Habaj	Member	2
Ercan Gokdag	Member	2

During the year 2020, Strategic Management Committee conducted two meetings on the following dates 22 July 2020 and 20 October 2020.

The Committee reviewed market studies on different market segments and new markets as presented by the management. The Committee 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 prescribed by the Administrative Decision No. (11/2005) issued by Capital Market Authority on 31 December 2005, and in line with Code of Corporate Governance issued by Capital Market Authority. Three directors (Mr. Fabio Romeo, Mr. Fabrizio Rutschmann and Mr. Michele Binda) forego their share of the year 2019 remuneration payable to them amounting to RO 82,515.

Operating Management Remuneration

Salary and perquisites of the five top senior officers paid / accrued during the year 2020 is RO 855,393 (2019: RO 820,103), which includes RO 710,666 (2019: RO 771,836) as fixed component and RO 144,727 (2019: RO 48,267) linked to the performance in 2020. The severance notice period of all senior employees range from one to three months, with end of service benefits payable as per Omani Labor Law.

Measuring Board Performance

In accordance with the Fourth Principle of the Corporate Governance of Public Shareholding Companies issued by the Capital Market Authority, the annual general assembly meeting held on 26 March 2018 approved the criteria for measuring the performance of the Board of Directors of the company. Accordingly, an independent evaluator "Protiviti Co" was appointed to measure the performance of the Board for the three years period 2018-2020 according to the approved criteria in the said meeting and to present a performance report to the shareholders at the AGM meeting for the financial year ending 31 December 2020.

During 2020, Protiviti has completed the exercise of the evaluation of the board of Directors and its Committees. The primary objective of the engagement is to evaluate the Board of Directors to ensure the compliance with the Code of Corporate Governance issued by CMA and suggest improvement opportunities to enhance the effectiveness and efficiency of the board of Directors. The evaluation was performed based on the parameters approved by shareholders in the AGM dated 26 March 2018. Protiviti presented the evaluation report to the Board of Directors and to the shareholders.

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 Labor Law.

Details of non-compliance by the Company

No fines were imposed by the Capital Market Authority (CMA) or Muscat Securities Market (MSM) during the last three financial 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.

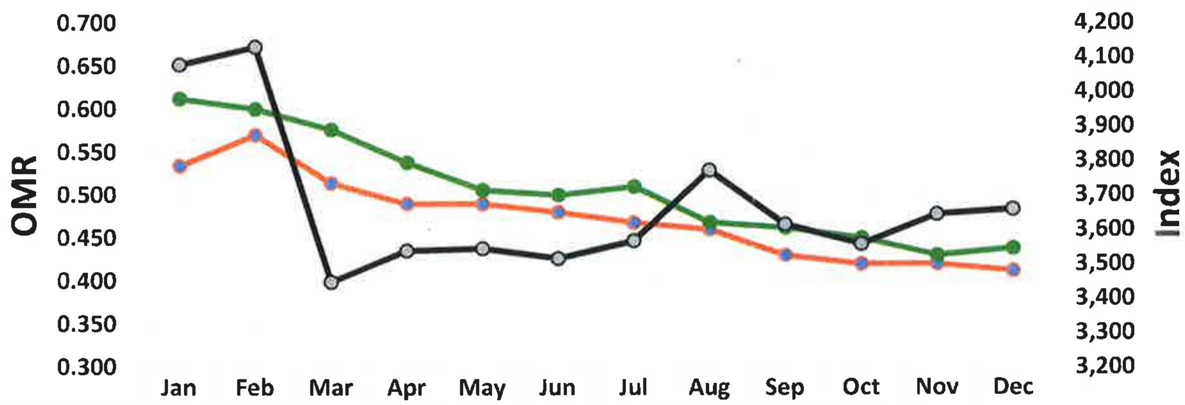
In regard to the Annual audited accounts, after the Annual General Meeting's approval, such financial statements are published in two local newspapers and submitted to Capital Market Authorities. This information is also posted on the Company's website.

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 2020 the share price of RO 0.100 face value moved in the range of high of RO 0.612 to a low of RO 0.412. The share price closed as on 31 December 2020 at RO 0.422.

OCI Share Price v/s MSM 30 Index - 2020



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Low	0.534	0.570	0.514	0.490	0.490	0.480	0.468	0.460	0.430	0.420	0.420	0.412
High	0.612	0.600	0.576	0.538	0.506	0.500	0.510	0.468	0.462	0.450	0.430	0.438
Index	4,079	4,131	3,448	3,539	3,545	3,516	3,568	3,772	3,615	3,558	3,644	3,659

The distribution of Major Shareholding as on 31 December 2020 is as follows:

Shareholder	% of Shares held of total
Draka Holding BV	51.17%
Mustafa Mukhtar Ali Al Lawati	13.3%

The Company does not have any ADR/GDR/Warrants or any other Convertible Instruments, as on 31 December 2020 and hence the 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 – 2020

EY is a global leader in assurance, tax, transaction and advisory services. EY is committed to doing its part in building a better working world. The insights and quality services which EY delivers help build trust and confidence in the capital markets and in economies the world over.

The MENA practice of EY has been operating in the region since 1923 and employs over 7,000 professionals. EY has been operating in Oman since 1974 and is a leading professional services firm in the country. EY MENA forms part of EY's EMEIA practice, with over 4,720 partners and approximately 127,444 professionals. Globally, EY operates in more than 150 countries and employs 334,012 professionals in 700 offices. Please visit ey.com for more information about EY.

The audit fees for 2020 are RO 22,000.

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, in line with applicable rules and regulations.

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.

On behalf **Fabio Romeo**
Chairman

Ali Al Habaj
Chief Executive Officer

OMAN CABLES INDUSTRY (SAOG)

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

Industry Structure and Development

The Cable Industry is a part of Electrical Sector which serves to projects related to basic Infrastructure of commercial or residential nature, various industries, and Government utilities and other oil and gas projects. These projects tend to be capital intensive and thus are dependent on long term strategy, growth of economy and available financial resources.

Oman Cables Industry (SAOG) (OCI) develops, manufactures and markets variety of electrical cables and conductors. OCI product portfolio includes Medium voltage power cables, Low voltage power and Control cables, Fire Resistant Cables, Instrumentation cables, Pilot cables, Overhead power transmission line conductors and Building wires.

In markets where OCI operates, Copper is the main material used in electrical cables. However, there is a recent trend towards using aluminum in some market sectors. OCI is carefully monitoring the situation and OCI has capable of processing both materials.

Cable Industry is very competitive and there are many manufactures in GCC region. Emerging trend is towards consolidation. Prysmian, the largest cable company in world, owns a majority stake in OCI.

Opportunities and Threats

In the GCC markets where OCI operates, cables supply is mainly linked to large projects which in turn is linked to oil prices and Government revenue. These market having favorable demography and growing population present a long term opportunity for Cable Industry.

Oil prices which had drop significantly by end 2015 have been on a steady increase during 2018, however since October 2018 the upward trend has been reversed. Early 2019 there was a small recovery, but not strong enough to reduce the pressure on GCC economies.

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During 2020, with the impact of pandemic, oil prices has drop again dramatically. GCC economies are impacted heavily both due to lockdowns and oil prices.

OCI and the Prysmian Group, are poised to build on mutually beneficial synergies and can tap into each other strengths have a successful commercial approach regionally and globally.

The supply of cables in the region creates a very competitive environment during the low demand due to slowdown in the economies. OCI has plans and strategies in place to counter this through market development, product diversification and cost reduction. The capabilities and positioning can be leveraged swiftly to cover the market when in the moment of recovery.

Segment Performance

The approach of Oman Cables of catering to diverse markets with a varied product range serving a wide spectrum of consumers has served well for the company.

Oman Cables has performed well across all geographical segments and product categories in first quarter of 2020. The performance in the rest of 2020 was affected due to lack of major projects as a result of pandemic and low oil prices. In the fourth quarter, some recovery signs in the market was experienced.

The margin erosion which was witnessed during 2017 and continued in 2018, has been reversed in 2019 with cost reduction projects. During 2020, Pandemic has caused production losses, raw material shortage, transportation difficulties and cost increase due to scarcity. However, OCI targeted to overcome these obstacles and initiated new cost reduction initiatives at all levels, which kept OCI competitive and minimized the impact of pandemic.

OCI subsidiary, OAPIL, which has reported loss in 2017 due to disruption caused as effect of declaration of Force Majeure in August 2017 by Sohar Aluminum, the only supplier of input materials to OAPIL, has recovered partially in 2018. Performance of OAPIL has improved further in 2019 with higher profitability and better control on fixed costs. 2020 was another good year for OCI despite the production losses due to pandemic.

Outlook

The lower oil prices, copper price and the geo-political situation is effecting the overall economic situation in the markets where OCI operates. However, it is hoped that this situation may improve slowly.

OCI 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, perform a market driven expansion, and sound financial discipline.

The outlook for Oman Aluminum Industries LLC (OAPIL) is challenging due to pressure on premiums at global level.

Risk and Concerns

OCI main markets were heavily influenced by oil prices. Low oil prices negatively impacts capital spend on major projects in the current year thereby affecting the local economies and GDP. This has a cascading effect on the demand for power cables. This coupled with the established capacity in the region results in pressure on pricing.

The domestic market may remain stable as per the economic outlook. OCI will remain vigilant and ensure that supplying a superior product with competitive pricing is maintained.

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

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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.

Sales and Profitability

The operational performance of the Group for the last 5 years is as below:

	2016	2017	2018	2019	2020
Sales (RO' 000)	228,639	242,258	247,011	210,079	175,370
Profit after Tax (RO' 000)	15,254	6,851	9,214	6,972	2,294
Equity (RO' 000)	101,908	99,978	102,723	103,735	104,562
Dividend (%)	85%	45%	45%	35%	13%*

*recommended by the Board of Directors

Conclusion

During 2020, the company and group has reported lower sales due to struggle in GCC markets and rest of the world. OCI has long term marketing plans for utilization of production capacity and overall emphasis on operational excellence, with synergies from Prysmian Group.

OCI performance 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 to improve its market position and increase stakeholder's value.

Mr. Ali Habaj
Chief Executive Officer
Oman Cables Industry (SAOG)
Date: 26 January 2021

OMAN CABLES INDUSTRY (SAOG)
AND ITS SUBSIDIARIES

Financial statements
for the year ended 31 December 2020

OMAN CABLES INDUSTRY (SAOG) AND ITS SUBSIDIARIES

Financial statements for the year ended 31 December 2020

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PR No. HMH/15/2015; HMA/9/2015

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN CABLES INDUSTRY (SAOG)

Report on the audit of the consolidated and separate financial statements

Opinion
We have audited the consolidated and separate financial statements (the "financial statements") of Oman Cables Industry (SAOG) (the "Parent Company") and its subsidiaries (the "Group"), which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group and separate financial position of the Company as at 31 December 2020 and their respective financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the International *Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN CABLES INDUSTRY (SAOG) (CONTINUED)

Key audit matters (continued)

Key audit matters	*How our audit addressed the key audit matters*
Allowance for impaired debts for consolidated and separate financial statements The Group is required to regularly assess the recoverability of its trade receivables. The recoverability of trade receivables was significant to our audit due to the value of amounts aged greater than the credit terms extended to customers coupled with the higher degree of estimation uncertainty due to the economic impacts of Covid-19. The key areas of judgment include: o Expected credit losses ("ECL") must reflect information about past events, current conditions and forecasts of future conditions, as well as the time value of money. o The effects of Covid-19 global pandemic impacting the management's determination of the ECL as it required the application of high level of judgment and estimation uncertainty, which may materially change the estimates in future periods. The Group's disclosures are included in notes 3 and 10 to the financial statements, which outlines the accounting policy for determining the allowance for doubtful debts and details of the period on period movement in gross and net trade receivables, respectively.	Our audit procedures for obtaining sufficient appropriate audit evidence over the carrying value of trade receivables, we: • Assessed the design and tested the operating effectiveness of relevant controls over the revenue cycle for a sample of revenue transactions; • Tested the aging of trade receivables for a sample of customer transactions; • Evaluated receipts after year-end to determine any remaining exposure at the date of the financial report; • Examined the Group's assessment of the customers' financial circumstances and ability to repay the debt and • Independently recomputed the Company's ECL by involving our specialist who validated the probability of default and reasonableness of forward-looking information especially in view of Covid - 19 pandemic. We evaluated the completeness, accuracy and relevance of data used in the expected credit loss model and checked the mathematical accuracy of the calculations. We assessed the adequacy of the Group's disclosures in relation to trade receivables included in the financial report. Details regarding credit risk and the aging of trade receivables is set out in note 33 and note 10 of the financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN CABLES INDUSTRY (SAOG) (CONTINUED)

Key audit matters (continued)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td>Inventory valuation for consolidated and separate financial statements

The Group's inventory mainly consists of finished goods, raw materials, work in progress and consumables.

Assessing the net realisable value of inventory is an area of significant judgement, in particular the estimation of provision for slow-moving and obsolete inventory is a critical accounting estimate and judgement.

Given the materiality to the financial statements and significant judgement involved this was a key audit matter.

Further, effective 1 January 2020, the Company has changed the method of determining cost of its inventories from the weighted average method to first-in first-out method for certain inventory items (note 3).</td><td>We obtained assurance over the appropriateness of management's assumptions applied in calculating the net realisable value, allowance for slow moving and obsolete inventory and change of costing method from weighted average to first-in first-out by:

• Assessing physical condition of inventory while attending the inventory count;
• Assessing the ageing of inventories, inventory levels, consumption patterns and net realisable value to identify whether the inventory requires a write down.
• Considering write down of inventories to net realisable value, by comparing current estimated selling price obtained through a review of future market conditions, trends and selling price to the cost of inventories.
• Reviewing the historical inventory allowance and the level of inventory write-offs over the years.
• Determining an independent expectation of slow moving and obsolete inventory using relevant data and assumptions.
• Validation of the impact of change in method of determining cost by recomputing the cost of a sample of inventory items using first-in-first-out at 1 January 2020.
• Assessing the appropriateness of the disclosures in the financial statements in accordance with IFRS.

The nature of inventory and the movement in provision for inventory is set out in note 9 of the financial statements.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
OMAN CABLES INDUSTRY (SAOG) (CONTINUED)

Key audit matters (continued)

Key audit matters	*How our audit addressed the key audit matters*
Derivative instruments and hedge accounting for consolidated and separate financial statements The Parent and the Group enters into derivative financial instrument contracts to manage its exposure to commodity price risk. Hedge accounting and the valuation of hedging instruments can involve management judgement and are subject to an inherent risk of error. Due to the significance of derivative financial instruments and the related estimation uncertainty, this is considered a key audit matter. The Company's accounting policies and disclosures on derivative financial instruments are disclosed in note 3 and note 17 to the financial statements.	We obtained assurance over the appropriateness of management's assumptions applied in hedge accounting by: • Assessing the overall process related to derivative instruments and hedge accounting including internal management policies and procedures; • Evaluating the appropriateness of management's hedge documentation and contracts; • We involved our internal valuation specialists to assist in reviewing whether the cash flow hedge relationship and related hedge accounting is appropriate under IFRS 9 - Financial Instruments, issued by the International Accounting Standards Board; • Obtaining confirmation of year end derivative financial instruments from counterparties to verify existence. Details of derivative financial instruments are disclosed in note 17 of the financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN CABLES INDUSTRY (SAOG) (CONTINUED)

Other information included in the Group's 2020 Annual Report

Those charged with governance and management are responsible for the other information. Other information consists of the information included in the Group's 2020 Annual Report other than the financial statements and our auditor's report thereon. We obtained the following information prior to the date of our auditor's report, and we expect to obtain the published 2020 Annual Report after the date of our auditor's report:

- Chairman's report
- Corporate governance report
- Management discussion and analysis

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Those charged with governance are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the relevant requirements of the Commercial Companies Law, as amended, and the Capital Market Authority ("the CMA") of the Sultanate of Oman, and for such internal control as those charged with governance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN CABLES INDUSTRY (SAOG) (CONTINUED)

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of those charged with governance use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN CABLES INDUSTRY (SAOG) (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (continued)

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

In our opinion, the financial statements comply, in all material respects, with the relevant requirements of the Commercial Companies Law, as amended, and CMA of the Sultanate of Oman.

Ernst & Young LLC

B. Hindy

Bassam Moustafa Hindy
Muscat
28 January 2021

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س.ت: ١٢٢٤٠١٣
ص.ب: ١٧٥٠ روي - ١١٢ ، سلطنة عمان
ERNST & YOUNG LLC
C.R. No. 1224013
P.O. Box 1750 - P.C. 112, Sultanate of Oman

OMAN CABLES INDUSTRY (SAOG) AND ITS SUBSIDIARIES

Statement of financial position at 31 December 2020

	Notes	Group 2020 RO	Parent Company 2020 RO	Group 2019 RO	Parent Company 2019 RO
ASSETS					
Non-current assets					
Property, plant and equipment	5(a)	27,012,843	17,278,118	29,735,718	19,272,115
Right-of-use assets	6	3,475,535	2,438,311	1,851,728	1,316,688
Intangible asset	5(b)	490,227	490,227	-	-
Investment in subsidiaries	7	-	6,387,547	-	6,387,547
Investment securities	8	1,269,686	1,254,524	1,181,535	1,168,909
Deferred tax assets	18	35,498	-	106,857	-
Total non-current assets		32,283,789	27,848,727	32,875,838	28,145,259
Current assets					
Inventories	9	15,835,058	11,610,540	24,604,187	20,337,411
Trade and other receivables	10	55,880,736	48,397,365	61,841,399	56,438,298
Cash and bank balances	11	31,433,855	31,402,366	14,671,417	14,504,351
Total current assets		103,149,649	91,410,271	101,117,003	91,280,060
Total assets		135,433,438	119,258,998	133,992,841	119,425,319
EQUITY AND LIABILITIES					
Equity					
Share capital	12	8,970,000	8,970,000	8,970,000	8,970,000
Share premium	13	977,500	977,500	977,500	977,500
Legal reserve	14	4,445,333	2,990,000	4,445,333	2,990,000
General reserve	15	14,746,597	13,593,658	14,529,949	13,377,010
Retained earnings		73,440,683	71,745,945	74,502,447	72,935,618
Cumulative changes in fair values	17	1,981,628	2,524,882	310,112	753,587
Total equity		104,561,741	100,801,985	103,735,341	100,003,715
Non-current liabilities					
Deferred tax liability	18	961,436	620,519	1,193,970	868,889
Leases liability	6	3,352,508	2,381,821	1,736,628	1,234,409
Employees end of service benefits	19	1,397,850	1,262,370	1,374,931	1,258,775
Total non-current liabilities		5,711,794	4,264,710	4,305,529	3,362,073
Current liabilities					
Trade and other payables	20	19,347,928	13,122,260	19,692,475	14,522,427
Bank borrowings	21	4,621,817	-	4,618,800	-
Leases liability	6	261,643	171,643	157,250	112,250
Taxation	18	928,515	898,400	1,483,446	1,424,854
Total current liabilities		25,159,903	14,192,303	25,951,971	16,059,531
Total liabilities		30,871,697	18,457,013	30,257,500	19,421,604
Total equity and liabilities		135,433,438	119,258,998	133,992,841	119,425,319
Net assets per share	29	1.166	1.124	1.156	1.115

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 26 January 2021.

Vice Chairman

Chief Executive Officer

The accompanying notes 1 to 36 form an integral part of these financial statements.

OMAN CABLES INDUSTRY (SAOG) AND ITS SUBSIDIARIES

Statement of income for the year ended 31 December 2020

	Notes	Group 2020 RO	Parent company 2020 RO	Group 2019 RO	Parent Company 2019 RO
Sales		175,370,245	134,048,301	210,079,037	165,390,463
Cost of sales	22	(162,846,635)	(124,050,912)	(192,588,720)	(150,333,457)
Gross profit		12,523,610	9,997,389	17,490,317	15,057,006
Other income	23	320,227	295,689	637,101	217,165
Administrative expenses	24	(5,659,376)	(4,764,401)	(6,450,410)	(5,571,385)
Selling and distribution expenses	25	(3,755,313)	(2,440,813)	(3,168,941)	(2,085,434)
Amortization on intangible asset	5(b)	(54,470)	(54,470)	-	-
Depreciation	5(a)	(126,496)	(94,371)	(129,181)	(98,717)
Operating profit		3,248,182	2,939,023	8,378,886	7,518,635
Finance costs	26 (a)	(795,414)	(592,262)	(504,414)	(254,875)
Finance income	26 (b)	262,590	249,954	341,321	298,180
Profit before income tax		2,715,358	2,596,715	8,215,793	7,561,940
Income tax expense	18	(420,974)	(430,240)	(992,370)	(1,132,871)
Profit for the year		2,294,384	2,166,475	7,223,423	6,429,069
Attributable to:					
Equity holders of the parent		2,294,384	2,166,475	6,971,890	6,429,069
Non-controlling interests		-	-	251,533	-
		2,294,384	2,166,475	7,223,423	6,429,069
Basic and diluted earnings per share attributable to ordinary equity holders of the parent company	28	0.026	0.024	0.078	0.072

The accompanying notes 1 to 36 form an integral part of these financial statements.

Statement of comprehensive income for the year ended 31 December 2020

	Group 2020 RO	Parent Company 2020 RO	Group 2019 RO	Parent Company 2019 RO
Profit for the year	**2,294,384**	**2,166,475**	7,223,423	6,429,069
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss, net of tax:				
Net movement in hedging commodity future contracts, net of tax (Note 17)	**1,661,156**	**1,771,295**	1,039,979	1,656,438
Exchange difference on foreign currency translation of subsidiary, net of tax (Note 17)	**10,360**	**-**	(15,041)	-
Other comprehensive income (loss) for the year	**1,671,516**	**1,771,295**	1,024,938	1,656,438
Total comprehensive income for the year	**3,965,900**	**3,937,770**	8,248,361	8,085,507
Attributable to:				
Equity holders of the parent	**3,965,900**	**3,937,770**	7,996,828	8,085,507
Non-controlling interests	**-**	**-**	251,533	-
	3,965,900	**3,937,770**	8,248,361	8,085,507

The accompanying notes 1 to 36 form an integral part of these financial statements.

OMAN CABLES INDUSTRY (SAOG) AND ITS SUBSIDIARIES

Statement of changes in equity for the year ended 31 December 2020

Group	Share capital	Share premium	Legal reserve	General reserve	Retained earnings	Cumulative changes in fair values	Equity attributable to equity holders of the parent	Non-controlling interests	Tota
	Attributable to the equity holders of the Parent Company								
	RO	RO	RO	RO	RO	RO	RO	RO	R(
Balance at 1 January 2019	8,970,000	977,500	4,445,333	13,887,042	70,723,770	(714,826)	98,288,819	4,434,661	102,723,48
Profit for the year	-	-	-	-	6,971,890	-	6,971,890	251,533	7,223,42
Other comprehensive Income	-	-	-	-	-	1,024,938	1,024,938	-	1,024,93
Total comprehensive income	-	-	-	-	6,971,890	1,024,938	7,996,828	251,533	8,248,36
Increase in investment in a subsidiary (Note 7)	-	-	-	-	1,486,194	-	1,486,194	(4,686,194)	(3,200,00C
Dividend for the year 2018 (Note 16)	-	-	-	-	(4,036,500)	-	(4,036,500)	-	(4,036,50C
Transfer to general reserve	-	-	-	642,907	(642,907)	-	-	-	
Balance at 31 December 2019	8,970,000	977,500	4,445,333	14,529,949	74,502,447	310,112	103,735,341	-	103,735,34
Balance at 1 January 2020	8,970,000	977,500	4,445,333	14,529,949	74,502,447	310,112	103,735,341	-	103,735,34
Profit for the year	-	-	-	-	2,294,384	-	2,294,384	-	2,294,38
Other comprehensive Income	-	-	-	-	-	1,671,516	1,671,516	-	1,671,51
Total comprehensive income	-	-	-	-	2,294,384	1,671,516	3,965,900	-	3,965,90
Dividend for the year 2019 (Note 16)	-	-	-	-	(3,139,500)	-	(3,139,500)	-	(3,139,50C
Transfer to general reserve	-	-	-	216,648	(216,648)	-	-	-	
Balance at 31 December 2020	**8,970,000**	**977,500**	**4,445,333**	**14,746,597**	**73,440,683**	**1,981,628**	**104,561,741**	**-**	**104,561,74**

The accompanying notes 1 to 36 form an integral part of these financial statements.

OMAN CABLES INDUSTRY (SAOG) AND ITS SUBSIDIARIES

Statement of changes in equity for the year ended 31 December 2020 (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 2019	8,970,000	977,500	2,990,000	12,734,103	71,185,956	(902,851)	95,954,708
Profit for the year	-	-	-	-	6,429,069	-	6,429,069
Other comprehensive loss	-	-	-	-	-	1,656,438	1,656,438
Total comprehensive income	-	-	-	-	6,429,069	1,656,438	8,085,507
Dividend for the year 2018 (Note 16)	-	-	-	-	(4,036,500)	-	(4,036,500)
Transfer to general reserve	-	-	-	642,907	(642,907)	-	-
Balance at 31 December 2019	8,970,000	977,500	2,990,000	13,377,010	72,935,618	753,587	100,003,715
Balance at 1 January 2020	8,970,000	977,500	2,990,000	13,377,010	72,935,618	753,587	100,003,715
Profit for the year	-	-	-	-	2,166,475	-	2,166,475
Other comprehensive income	-	-	-	-	-	1,771,295	1,771,295
Total comprehensive income	-	-	-	-	2,166,475	1,771,295	3,937,770
Dividend for the year 2019 (Note 16)	-	-	-	-	(3,139,500)	-	(3,139,500)
Transfer to general reserve	-	-	-	216,648	(216,648)	-	-
Balance at 31 December 2020	**8,970,000**	**977,500**	**2,990,000**	**13,593,658**	**71,745,945**	**2,524,882**	**100,801,985**

The accompanying notes 1 to 36 form an integral part of these financial statements.

OMAN CABLES INDUSTRY (SAOG) AND ITS SUBSIDIARIES

Statement of cash flows for the year ended 31 December 2020

	Group 2020 RO	Parent Company 2020 RO	Group 2019 RO	Parent Company 2019 RO
Operating activities				
Cash receipt from sales	184,932,894	140,932,009	215,938,493	166,670,917
Cash paid towards cost of sales and expenses	(161,569,320)	(118,030,540)	(207,230,007)	(158,225,026)
Cash generated from operations	23,363,574	22,901,469	8,708,486	8,445,891
Interest received	257,261	244,625	176,167	169,201
Income tax paid	(1,358,408)	(1,358,408)	(1,727,405)	(1,727,405)
Directors' remuneration paid	(117,485)	(117,485)	(117,490)	(117,490)
Net cash flows from operating activities	22,144,942	21,670,201	7,039,758	6,770,197
Investing activities				
Purchase of property, plant and equipment	(829,396)	(431,793)	(1,566,668)	(701,022)
Purchase of intangible asset	(544,697)	(544,697)	-	-
(Disposal) / Purchase of investment securities	(85,615)	(85,615)	65,150	65,150
Proceeds from disposal of property, plant and equipment	562	562	25,185	14,185
Movement in short term deposits	-	-	433,469	-
Additional contribution in a subsidiary	-	-	(3,200,000)	(3,200,000)
Net cash used in investing activities	(1,459,146)	(1,061,543)	(4,242,864)	(3,821,687)
Financing activities				
Dividends paid to equity holders of the parent	(3,139,500)	(3,139,500)	(4,036,500)	(4,036,500)
Payment of lease obligation	(195,614)	(150,614)	(131,884)	(86,884)
Short term loans received	464,897	-	33,151,753	-
Short term loans repaid	(461,880)	-	(33,498,163)	-
Interest paid	(402,347)	(231,615)	(431,356)	(185,876)
Net cash used in financing activities	(3,734,444)	(3,521,729)	(4,946,150)	(4,309,260)
Net change in cash and cash equivalents during the year	16,951,352	17,086,929	(2,149,256)	(1,360,750)
Cash and cash equivalents at 1 January	14,671,417	14,504,351	16,820,673	15,865,101
Cash and cash equivalents at 31 December	31,622,769	31,591,280	14,671,417	14,504,351
Cash and cash equivalents at the end of the year comprise:				
Current accounts	31,595,209	31,564,628	14,645,062	14,478,645
Cash in hand	27,560	26,652	26,355	25,706
	31,622,769	31,591,280	14,671,417	14,504,351
	31,622,769	31,591,280	14,671,417	14,504,351

The accompanying notes 1 to 36 form an integral part of these 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 100% (2019: 100%) shareholding in Oman Aluminium Processing Industries SPC ("the subsidiary") which was incorporated in the Sultanate of Oman in the year 2008 and commenced its operations from July 2010. On 5 December 2019 the "Company" acquired 49% shares making it a wholly owned subsidiary.

The Company holds 100% (2019: 100%) shareholding in Associated Cables Private Limited, India ('the subsidiary') which was registered in India in July 1973. 40% shares are being held since 2009 and balance 60% shares were acquired on 5 December 2017.

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

2.1 New and amended standards and interpretations

For the year ended 31 December 2020, the Group has adopted below mentioned new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for periods beginning on 1 January 2020:

- Amendments to IFRS 3 Definition of a Business
- Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8: Definition of Material
- Conceptual Framework for Financial Reporting
- Amendments to IFRS 16 Covid-19 Related Rent Concessions
- IBOR Transition (Interest Rate Benchmark Reforms Phase 1)

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

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

2.1 New and amended standards and interpretations (continued)

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provided a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statement of the Group.

Amendments to IFRS 16 Covid-19 Related Rental Concession

On 28 May 2020, the IASB issued Covid-19-Related Rent Concession- amendment to IFRS 16 Leases. The amendment provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic.
As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payment resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.
The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

IBOR Transition (Interest Rate Benchmark Reforms Phase 1)

Effective from 1 January 2020, the Company has adopted amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments Disclosures relating to interest rate benchmark reforms. The amendments (referred as Phase I of IBOR transition project) address the hedge accounting requirements arising before IBOR and proposed a hedging relief for such hedges. The Group does not currently have any interest rate hedging instruments. Hence, the IBOR reform Phase 1 do not have any significant impact on Group's financial statements.

2.2 Standards issued but not yet effective

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

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

2.2 Standards issued but not yet effective (continued)

IBOR Transition (Interest Rate Benchmark Reforms Phase 2)

On 27 August 2020 the IASB published 'Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16' (IBOR reform Phase 2). IBOR reform Phase 2 provides temporary reliefs to address the accounting issues which arise upon the replacement of an Inter-Bank Offered Rate (an IBOR) with an alternative nearly risk-free interest rate (an RFR). The amendment is effective for annual reporting periods beginning on or after 1 January 2021 with earlier adoption permitted.

The Group has not early adopted the standard and do not assess any impact on Group's financial statement if adopted.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.
The amendments are not expected to have a material impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

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

2.2 Standards issued but not yet effective (continued)

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 (continued)

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.
The amendments are not expected to have a material impact on the Group.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time Adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments is not applicable to the Group.

3. Summary of significant accounting policies

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) and the requirements of the Commercial Companies Law of the Sultanate of Oman, as amended and the Capital Market Authority.

3. Summary of significant accounting policies (continued)

Basis of preparation

The principal accounting policies of the group applied in the preparation of these consolidated financial statements are set out below. The accounting policies have been applied consistently applied to both the years presented in these consolidated financial statements, except for the changes in accounting policies described under Note 2.1 and change in valuation of inventories from weighted average method to first in first out.

The financial statements are prepared under the historical cost convention except for financial instruments measured at fair value through other comprehensive income and have been presented in Rial Omani, which is the functional and presentation currency of the Group.

Basis of consolidation

The financial statements comprise those of Oman Cables Industry SAOG and its subsidiaries as at 31 December each year. Subsidiaries are all entities over which the Group exercises control. Control is achieved when the Group:

- 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 Group 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 Group 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 Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group 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 Group gains control until the date when the Group ceases to control the subsidiary.

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

All intracompany 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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

3. Summary of significant accounting policies (continued)

Investment in subsidiaries

Investments in subsidiaries is stated at cost less any impairment in the parent company financial statements. The financial statements of the subsidiaries are incorporated into the consolidated financial statements of Oman Cables Industry SAOG and its subsidiaries.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

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 income as the expense is incurred.

3. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

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 income 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.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

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 income.

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. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

Cash flow Hedges

The Group uses forward commodity contracts for its exposure to volatility in the commodity prices.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to commodity contracts is recognised in other operating income or expenses.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve.

3. Summary of significant accounting policies (continued)

Cash flow Hedges (continued)

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied. For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Financial assets and financial liabilities

Financial assets

Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial asset with cash flow that are not SPPI are classified and measured at fair value through profit & loss irrespective of business model. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect CCF while financial asset classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect CCF and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

3. Summary of significant accounting policies (continued)

Financial assets and financial liabilities (continued)

Financial assets (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Below are the categories which are most relevant to the Group:

Financial assets at amortised cost:
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
(a) The asset is held within a "business model" whose objective is to hold assets to collect contractual cash flows;
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below. Further, financial assets carried at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Financing income, foreign exchange gains and losses and impairment are recognised in the profit or loss. Any gain or loss on derecognition is recognised in the profit or loss.

(a) Business model assessment
The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected). The expected frequency, value and timing of sales are also important aspects of the Group's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward

3. Summary of significant accounting policies (continued)

Financial assets and financial liabilities (continued)

Financial assets (continued)

Subsequent measurement

Financial assets at amortised cost: (continued)

(b) SPPI test
As a second step of its classification process the Group assesses the contractual terms of financial asset to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of profit within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Financial assets at fair value through other comprehensive income (FVOCI):

(i) Debt instruments at FVOCI

The Group applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:
- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Financing income and foreign exchange gains and losses and impairment losses are recognised in statement of comprehensive income. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from equity to profit or loss. This category only contains units of Oman fixed income fund.

ii) Equity instruments at FVOCI

Upon initial recognition, the Company may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument by instrument basis.

The Group have no equity instruments at FVOCI.

3. Summary of significant accounting policies (continued)

Financial assets and financial liabilities (continued)

Financial assets (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) 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.

Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined as follows:

Raw materials, consumables and spare parts
The cost includes insurance, freight and other incidental charges incurred in acquiring the inventories and bringing them to their present location and condition. Cost is determined on a first in and first out basis.

Finished goods and semi-finished goods
The cost of finished goods is arrived at on a first in first out basis and includes cost of direct materials, labour and a proportion of manufacturing overheads based on the normal operating capacity. Semi-finished goods are stated at cost of the materials and directly attributable overheads.

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of raw materials. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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

With effect from 1 January 2020, the Company has changed the method of determining cost of its inventories from the weighted average method to first-in first-out method in order to be in line with the policy adopted by other entities operating in similar industry except for drums, reels and metals held in inventories. Had the Company used the weighted average method, the cost of inventories and the cost of sales would not have been materially different.

Impairment of financial assets

The Group's follows a forward-looking expected credit loss (ECL) approach for impairment losses for financial assets. the Group is required to record an allowance for ECLs for all debt financial assets not held at FVTPL. The Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses on trade receivables and contract assets. The Group has established a provision matrix that is based on the Group's historical credit loss experience as adjusted for forward-looking factors.

3. Summary of significant accounting policies (continued)

Impairment of financial assets (continued)

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Group considers a financial asset in default when contractual payment is 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Derecognition

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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive Income.

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.

With respect to its national employees, the Company makes contributions to the Oman Government Social Security Scheme under Royal Decree No. 72/91 for its Omani employees calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

3. Summary of significant accounting policies (continued)

Provisions

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

Dividend on ordinary shares

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

Revenue recognition

Revenue from contracts with customers
The Group's principal activity is manufacturing and selling electrical cables, conductors and aluminum rods. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of electrical cables
Revenue from sale of electrical cables is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. The normal credit terms are 30 to 90 days upon delivery/receipt.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of products, the Group considers the effects of variable consideration.

Warranty obligations
The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Contract balances

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

3. Summary of significant accounting policies (continued)

Contract balances (continued)

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

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

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

a) Right of use assets
The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.
Lease costs for the period ended 31 December 2020 relating to the right-of-use assets amounting to RO 156,492 (2019 – RO 97,909) are included under depreciation expenses.

b) Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in- substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

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

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

3. Summary of significant accounting policies (continued)

Borrowing costs

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

Foreign currency translation

The Group financial statements are presented in Rial Omani, which is also the functional currency of the parent company.

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.

On consolidation, the assets and liabilities of foreign operations are translated at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions.

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.

3. Summary of significant accounting policies (continued)

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Directors' remuneration

The Parent Company follows the Commercial Companies Law (as amended), and other 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 it relates.

4. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items.

The COVID-19 outbreak has created uncertainty for revenue forecasts, sourcing and workforce availability, credit ratings, etc. But also, volatility in stock prices, interest and currency exchange rates. Estimates based on such metrics may be subject to change due to market changes in the near term or circumstances arising that are beyond the control of the Group.

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, are also described in the individual notes of the related financial statement line items below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

4.1 Significant judgements

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Classification of financial assets
The Group determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

4. Significant accounting judgements, estimates and assumptions (continued)

4.1 Significant judgements (continued)

Fair values
For investments and derivative financial instruments 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.

Significant judgement in determining the lease term of contracts with renewal and termination options – Group as lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or to terminate (e.g., a change in business strategy, construction of significant leasehold improvements or significant customization to the leased asset).

4.2 Estimates and assumptions

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, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of financial assets
The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.
At the reporting date, Group trade receivables were RO 56,535,699 (2019: RO 62,671402), and the allowance for expected credit losses was RO 4,810,630 (2019: RO 3,585,324). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the statement of profit or loss.

At the reporting date, Group fair value through other comprehensive income (debt) were RO 254,524 (2019: RO 168,909), and the allowance for expected credit losses was not material. Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the statement of profit or loss.

4. Significant accounting judgements, estimates and assumptions (continued)

4.2 Estimates and assumptions (continued)

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 18,262,134 (2019: RO 26,367,243) and the provisions for slow moving and obsolete inventories of RO 2,427,076 (2019: RO 1,763,056) respectively. Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the statement of comprehensive income.

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.

Leases – Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the fund necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit ratings).

Provision for expected credit losses of trade receivables
The Group uses a provision matrix to calculate ECLs for trade receivables and contracts assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast economic conditions may also not be representative of customer's actual default in the future.

5(a). Property, plant and equipment

Group 31 December 2020	Buildings	Plant and machinery	Electrical equipment & installations	Motor vehicles	Furniture, fixtures & fittings	Office equipment	Material handling Equipment	Loose tools	Laboratory equipment	Total
	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO
Cost										
At 1 January 2020	17,155,666	43,542,573	2,514,745	184,984	598,106	1,483,789	3,230,336	497,634	2,845,846	72,053,679
Additions	292,616	395,903	-	-	13,299	40,861	9,475	46,523	30,719	829,396
Disposals	-	(74,428)	-	(6,700)	(2,315)	(55,421)	(11,925)	-	-	(150,789)
At 31 December 2020	17,448,282	43,864,048	2,514,745	178,284	609,090	1,469,229	3,227,886	544,157	2,876,565	72,732,286
Depreciation										
At 1 January 2020	8,999,780	24,119,021	2,319,506	146,127	546,709	1,217,669	2,542,110	399,489	2,027,550	42,317,961
Charge for the year	827,649	2,084,026	89,053	15,763	23,970	86,763	175,160	41,461	199,594	3,543,439
Disposals	-	(68,703)	-	(6,699)	(2,297)	(54,102)	(10,156)	-	-	(141,957)
At 31 December 2020	9,827,429	26,134,344	2,408,559	155,191	568,382	1,250,330	2,707,114	440,950	2,227,144	45,719,443
Carrying amount										
At 31 December 2020	7,620,853	17,729,704	106,186	23,093	40,708	218,899	520,772	103,207	649,421	27,012,843
At 31 December 2019	8,155,886	19,423,552	195,239	38,857	51,397	266,120	688,226	98,145	818,296	29,735,718

5(a). Property, plant and equipment (continued)

Group 31 December 2019	Buildings	Plant and machinery	Electrical equipment & installations	Motor vehicles	Furniture, fixtures and fittings	Office equipment	Material handling equipment	Loose tools	Laboratory equipment	Total
	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO
Cost										
At 1 January 2019	17,127,877	42,765,754	2,510,565	277,412	794,880	1,573,440	3,140,497	531,673	2,649,294	71,371,392
Additions	69,902	922,349	4,180	-	21,108	102,885	249,692	-	196,552	1,566,668
Disposals	(42,113)	(145,530)	-	(92,428)	(217,882)	(192,536)	(159,853)	(34,039)	-	(884,381)
At 31 December 2019	17,155,666	43,542,573	2,514,745	184,984	598,106	1,483,789	3,230,336	497,634	2,845,846	72,053,679
Depreciation										
At 1 January 2019	8,258,477	22,180,595	2,190,465	217,749	738,075	1,323,737	2,484,008	403,120	1,835,054	39,631,280
Charge for the year	783,862	2,080,867	129,041	20,804	25,924	82,453	207,214	30,395	192,496	3,553,056
Disposals	(42,559)	(142,441)	-	(92,426)	(217,290)	(188,521)	(149,112)	(34,026)	-	(866,375)
At 31 December 2019	8,999,780	24,119,021	2,319,506	146,127	546,709	1,217,669	2,542,110	399,489	2,027,550	42,317,961
Carrying amount										
At 31 December 2019	8,155,886	19,423,552	195,239	38,857	51,397	266,120	688,226	98,145	818,296	29,735,718
At 31 December 2018	8,869,400	20,585,159	320,100	59,663	56,805	249,703	656,489	128,553	814,240	31,740,112

5(a). Property, plant and equipment (continued)

Parent Company 31 December 2020	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	Total RO
Cost										
At 1 January 2020	12,018,286	30,059,222	1,571,211	148,098	417,412	937,117	2,808,852	217,232	2,697,345	50,874,775
Additions	268,242	39,515	-	-	11,814	28,205	9,475	43,823	30,719	431,793
Disposals	-	(33,031)	-	(6,700)	(2,315)	(53,911)	(11,925)	-	-	(107,882)
At 31 December 2020	12,286,528	30,065,706	1,571,211	141,398	426,911	911,411	2,806,402	261,055	2,728,064	51,198,686
Depreciation										
At 1 January 2020	6,777,134	17,676,489	1,456,352	109,241	373,405	790,349	2,328,046	210,383	1,881,261	31,602,660
Charge for the year	574,059	1,385,417	31,736	15,763	23,027	55,581	136,520	4,184	197,382	2,423,669
Disposals	-	(33,029)	-	(6,699)	(2,297)	(53,580)	(10,156)	-	-	(105,761)
At 31 December 2020	7,351,193	19,028,877	1,488,088	118,305	394,135	792,350	2,454,410	214,567	2,078,643	33,920,568
Carrying amount **At 31 December 2020**	4,935,335	11,036,829	83,123	23,093	32,776	119,061	351,992	46,488	649,421	17,278,118
At 31 December 2019	5,241,152	12,382,733	114,859	38,857	44,007	146,768	480,806	6,849	816,084	19,272,115

5(a). Property, plant and equipment (continued)

Parent Company 31 December 2019	Buildings	Plant and machinery	Electrical equipment and installations	Motor vehicles	Furniture, fixtures and fittings	Office equipment	Material handling equipment	Loose tools	Laboratory equipment	Total
	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO
Cost										
At 1 January 2019	12,002,214	30,022,127	1,571,211	192,947	615,098	1,036,928	2,807,504	251,271	2,500,793	51,000,093
Additions	58,185	176,093	-	-	20,058	88,933	161,201	-	196,552	701,022
Disposals	(42,113)	(138,998)	-	(44,849)	(217,744)	(188,744)	(159,853)	(34,039)	-	(826,340)
At 31 December 2019	12,018,286	30,059,222	1,571,211	148,098	417,412	937,117	2,808,852	217,232	2,697,345	50,874,775
Depreciation										
At 1 January 2019	6,281,263	16,436,998	1,424,708	134,841	566,669	919,497	2,308,670	243,083	1,707,639	30,023,368
Charge for the year	537,975	1,375,400	31,644	19,246	23,890	55,581	168,938	1,326	173,622	2,387,622
Disposals	(42,104)	(135,909)	-	(44,846)	(217,154)	(184,729)	(149,562)	(34,026)	-	(808,330)
At 31 December 2019	6,777,134	17,676,489	1,456,352	109,241	373,405	790,349	2,328,046	210,383	1,881,261	31,602,660
Carrying amount At 31 December 2019	5,241,152	12,382,733	114,859	38,857	44,007	146,768	480,806	6,849	816,084	19,272,115
At 31 December 2018	5,720,951	13,585,129	146,503	58,106	48,429	117,431	498,834	8,188	793,154	20,976,725

5(b). Intangible asset

	2020 Group RO	2020 Parent RO	2019 Parent RO	2019 Parent RO
Applied software	544,697	544,697	-	-
Accumulated amortization	(54,470)	(54,470)	-	-
At 31 December	490,227	490,227	-	-

Intangible assets acquired during the year represent computer software for use in the company's operations. These are amortised over an estimated useful life of ten years.

6. Leases

	2020 Group Land right-of-use	2020 Parent Land right-of-use	2019 Group Land right-of-use	2019 Parent Land right-of-use
At 1 January	1,851,728	1,316,688	1,949,187	1,385,987
Modification	1,780,299	1,249,955	-	-
Depreciation (Note 22)	(156,492)	(128,332)	(97,909)	(69,299)
Others	-	-	450	-
At 31 December	3,475,535	2,438,311	1,851,728	1,316,688

	2020 Group RO Lease liability	2020 Parent RO Lease liability	2019 Group RO Lease liability	2019 Parent RO Lease liability
At 1 January	1,893,878	1,346,659	1,949,187	1,385,987
Modification	1,780,299	1,249,955	-	-
Finance cost (Note 26)	135,588	107,464	101,941	72,922
Payments	(195,614)	(150,614)	(131,884)	(86,884)
Others	-	-	(25,366)	(25,366)
At 31 December	3,614,151	2,553,464	1,893,878	1,346,659
Current portion	261,643	171,643	157,250	112,250
Non-current portion	3,352,508	2,381,821	1,736,628	1,234,409
	3,614,151	2,553,464	1,893,878	1,346,659

The Group has leased land for factory premises. Leases of lands generally have lease term between 15 to 20 years. The Group's obligations under its leases secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

6. Leases (continued)

The Parent Company has leased land for factory premises, at Rusayl, from Rusayl Industrial City (RIC), under agreements that expire over periods ranging up to 30 September 2036. 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.

During the current year the company has received a communication from RIC for increase in rent effective from 1 January 2021 from RO 112,500 to RO 171,643. The same has been accounted in accordance with modification clauses of IFRS 16.

The following are the amounts recognised in statement of income:

	2020 Group RO	**2020 Parent RO**	2019 Parent RO	2019 Parent RO
Depreciation expense of rights-of-use assets (Note 22)	**156,492**	**128,332**	97,909	69,299
Interest expense on lease liabilities (Note 26)	**135,588**	**107,464**	101,941	72,922
Expense relating to short term lease	**-**	**-**	31,727	-
Total amount recognized in statement of income	292,080	235,796	231,577	142,221

7. Investment in subsidiaries

a. Oman Aluminium Processing Industries SPC (OAPIL), (Incorporated in Oman)

	2020		2019	
	Parent Company		Parent Company	
Name of the subsidiary	**% Holding**	**Carrying value RO**	% Holding	Carrying value RO
Oman Aluminium Processing Industries SPC	**100%**	**5,426,660**	100%	5,426,660

The Parent Company has acquired 51% stake in 2008 and an additional 49% shares in Oman Aluminum Processing Industries (OAPIL) on 5 December 2019 making it a wholly owned subsidiary for a purchase consideration of RO 3,200,000. The Subsidiary was incorporated in Oman in 2008 and commenced commercial operations from July 2010. This subsidiary manufacture aluminum rods and overhead conductors.

The statement of comprehensive income of the Group has been made after consolidating the financial statements of OAPIL.

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

7. Investment in subsidiaries (continued)

b. Associated Cables Private Limited, India (ACPL), (Incorporated in India)

	2020		2019	
	Parent Company		Parent Company	
Name of the subsidiary	**% Holding**	**Carrying value RO**	% Holding	Carrying value RO
Associated Cables Private Limited, India	**100%**	**960,887**	100%	960,887

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

The statement of profit or loss of the Group has been made after consolidating the financial statements of ACPL share of loss of RO 251,775 (2019: Profit of RO 32,439) in consolidated statement of prof or loss.

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

8. Investment Securities

Disclosed in the statement of financial position as follows:

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Amortised costs (note b)	**1,015,162**	**1,000,000**	1,012,626	1,000,000
Investments at fair value through other comprehensive income (note a)	**254,524**	**254,524**	168,909	168,909
	1,269,686	**1,254,524**	1,181,535	1,168,909

(a) Investments at fair value through other comprehensive income (Debt instruments)

	2020 Group and Parent Company		2019 Group and Parent Company	
	Market value RO	**Cost RO**	Market value RO	Cost RO
Unquoted investments (refer note below)	**254,524**	**254,524**	168,909	168,909
	254,524	**254,524**	168,909	168,909

During the year, the Group invested capital contribution (net) RO 85,615 (2019: net investment of RO 65,150) in units of Oman Fixed Income Fund.

8. Investment Securities (continued)

(b) Amortised Cost

Investments at amortised costs comprise Development Bonds Issue No. 51 issued by Central Bank of Oman for Government of Sultanate of Oman in December 2016. The bonds are for a period of 10 years with a fixed interest rate of 5.5% per annum. In the previous year, investments comprised bonds issued by a commercial bank in the Sultanate of Oman matured in May 2017. The bonds earned a fixed interest rate of 8% per annum. The management believes that the expected ECL is immaterial at the financial statements as a whole.

9. Inventories

	2020		2019	
	Group	Parent Company	Group	Parent Company
	RO	RO	RO	RO
Raw materials	**4,532,165**	**4,068,665**	7,202,586	6,814,267
Spares, consumables and scrap	**3,251,193**	**1,826,791**	3,851,059	2,447,778
Finished goods	**7,846,993**	**6,594,345**	11,398,728	10,514,857
	15,630,351	**12,489,801**	22,452,373	19,776,902
Work-in-progress	**1,771,891**	**1,233,730**	2,129,227	1,918,869
Goods in transit	**859,892**	**-**	1,785,643	143,931
	18,262,134	**13,723,531**	26,367,243	21,839,702
Less: provision for slow moving and obsolete items	**(2,427,076)**	**(2,112,991)**	(1,763,056)	(1,502,291)
	15,835,058	**11,610,540**	24,604,187	20,337,411

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

	2020		2019	
	Group	Parent Company	Group	Parent Company
	RO	RO	RO	RO
At the beginning of the year	**1,763,056**	**1,502,291**	1,552,291	1,502,291
Provision for the year	**664,020**	**610,700**	210,765	-
	2,427,076	**2,112,991**	1,763,056	1,502,291

10. Trade and other receivables

	2020 Group RO	2020 Parent Company RO	2019 Group RO	2019 Parent Company RO
Trade receivables	**49,376,026**	**44,467,007**	56,342,837	51,190,741
Amount due from related parties	**7,159,673**	**4,694,779**	6,328,565	6,247,350
Less: allowance for credit losses	**(4,810,630)**	**(4,712,086)**	(3,585,324)	(3,486,780)
	51,725,069	**44,449,700**	59,086,078	53,951,311
Advances	**779,109**	**729,246**	924,720	841,660
Derivatives designated and effective as hedging instruments carried at fair value (Note 17)	**2,971,049**	**2,971,049**	1,046,410	1,046,410
Other receivables and Prepayments	**405,509**	**247,370**	784,191	598,917
	55,880,736	**48,397,365**	61,841,399	56,438,298

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

	2020 Group RO	2020 Parent Company RO	2019 Group RO	2019 Parent Company RO
At the beginning of the year	**3,585,324**	**3,486,780**	2,508,212	2,409,668
Add: Charge for the year (Note 24)	**1,225,306**	**1,225,306**	1,077,335	1,077,112
Less: Written off for the year	**-**	**-**	(223)	-
	4,810,630	**4,712,086**	3,585,324	3,486,780

The Group 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 4,810,630 for Group and RO 4,712,086 for Parent Company (2019 - Group RO 3,585,324 and Parent Company RO 3,486,780) were assessed as impaired by the management, for which allowance for credit losses has been established.

The range of expected credit loss for the Group and parent company is in the range of 0.11% - 100% (2019: 0.004% - 100%).

Group	**Total RO**	**Current RO**	**More than 30 days past due RO**	**More than 90 days past due RO**	**More than 120 days past due RO**	**More than 180 days past due RO**	**More than 365 days past due RO**
2020	**56,535,699**	**48,107,720**	**2,415,557**	**170,519**	**741,526**	**1,693,310**	**3,407,067**
2019	62,671,402	54,664,947	3,616,653	367,132	487,301	50,502	3,484,867

10. Trade and other receivables (continued)

Parent

2020	**49,161,786**	**40,733,856**	**2,415,557**	**170,470**	**741,526**	**1,693,310**	**3,407,067**
2019	57,438,091	49,665,925	3,485,720	272,444	482,576	50,502	3,480,924

At the reporting date 50% of Parent Company's trade receivables are due from 9 customers (2019 - 50% from 10 customers). Trade receivables amounting to RO 48,107,720 for Group and RO 40,733,856 for Parent Company (2019 - Group RO 54,664,947 and Parent Company RO 49,665,925) which are not past due and are estimated as collectible based on historical experience. Trade receivables of 32.4% (2019 – 36%) are secured against letters of Credit, bank guarantees or other credit risk cover. The company does not hold any other collateral as security.

11. Cash and bank balances

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Cash in hand	**27,560**	**26,652**	26,355	25,706
Current accounts in Banks	**31,595,209**	**31,564,628**	14,645,062	14,478,645
Less: allowance for credit losses	**(188,914)**	**(188,914)**	-	-
	31,433,855	**31,402,366**	14,671,417	14,504,351

Cash and bank balances are denominated in Rial Omani, US Dollars, Euro and various GCC currencies and are mainly with commercial banks in Oman.

12. Share capital

The Parent Company's authorised share capital comprises 120,000,000 shares of 100 baisa each (2019 - 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 (2019 - 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:

	2020		2019	
	No of shares held	**%**	No of shares held	%
Draka Holding NV	**45,899,610**	**51.17**	45,899,610	51.17
Mustafa Mukhtar Ali Al Lawati	**11,247,040**	**12.54**	11,247,040	12.54

13. Share premium

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

14. Legal reserve

As required by Article 106 of the Commercial Companies Law of Sultanate of Oman, 10% of the net profit of the Group 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 Group.

The Group has discontinued such transfers as the reserve has reached the statutory minimum of one third of the capital.

15. 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% (2019 - 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.

16. Dividend per share

During the year, dividends of 35 baisa (2019: 45 baisa) per share totalling RO 3,139,500 (2019: RO 4,036,500) relating to the year 2019 were declared and paid.

The Board of Directors have recommended a dividend of 13 baisa (2019: 35 baisa) per share for the year 2020 amounting to RO 1,166,100 (2019: RO 3,139,500), subject to the approval of the shareholders at the forthcoming Annual General Meeting.

17. Cumulative changes in fair values

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

	2020		2019	
	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	**2,061,202**	**2,525,392**	400,042	754,097
Fair value of investments through other comprehensive income	**(510)**	**(510)**	(510)	(510)
Foreign currency translation of a subsidiary	**(79,064)**	**-**	(89,420)	-
	1,981,628	**2,524,882**	310,112	753,587

17. Cumulative changes in fair values (continued)

The Group enters into hedge forward contracts to hedge any risks arising from fluctuations in metal prices. The movement in the cash flow hedge movement is as under:

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
At 1 January	**310,112**	**753,587**	(714,826)	(902,851)
Change in fair value during the year	**2,081,675**	**2,216,952**	1,210,394	1,948,751
Related deferred tax liability	**(445,657)**	**(445,657)**	(292,313)	(292,313)
Related deferred tax asset	**35,498**	**-**	106,857	-
Change in fair value of hedge and exchange difference on foreign currency translation of subsidiary, net of tax	**1,671,516**	**1,771,295**	1,024,938	1,656,438
Change in fair value of hedge – net of tax	**1,981,628**	**2,524,882**	310,112	753,587

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.

Group
The cumulative changes in fair value relating to the unrealised gain / loss in commodity future contracts of RO 2,971,049 included in trade and other receivables (note 10) and RO 236,651 (note 20) included in trade and other payables (2019 – RO 1,046,410 included in trade and other receivables and RO 197,871 included in trade and other payables) 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.

Parent
The cumulative change in fair value relating to the unrealised gain / loss in commodity future contracts of RO 2,971,049 included in trade and other receivables (2019 – RO 1,046,410) 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 2020 profitability, as it relates to the cost of purchase in the year 2020.

18. Taxation

	2020 Group	2020 Parent Company	2019 Group	2019 Parent Company
	RO	RO	RO	RO
Statement of profit or loss				
Current year income tax charge	**905,262**	**808,341**	1,262,691	1,358,408
Prior year income tax charge	**23,613**	**23,613**	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	**(507,901)**	**(401,714)**	(270,321)	(225,537)
Income tax expense reported in the statement of profit or loss	**420,974**	**430,240**	992,370	1,132,871

Statement of financial position

	2020 Group RO	2020 Parent Company RO	2019 Group RO	2019 Parent Company RO
Current liability				
Current year	**838,456**	**808,341**	1,483,446	1,424,854
Previous year	**90,059**	**90,059**	-	-
	928,515	**898,400**	1,483,446	1,424,854

Deferred tax

Deferred taxes are calculated on all temporary differences under the liability method using a principal tax rate of 15%. The net deferred tax liability and deferred tax charge in the statement of comprehensive income are attributable to the following items;

	2020 Group RO	2020 Parent Company RO	2019 Group RO	2019 Parent Company RO
Non-current liability				
Deferred tax liability:				
At 1 January	**1,193,970**	**868,889**	1,278,841	802,113
Movement for the year	**(232,534)**	**(248,370)**	(84,871)	66,776
At 31 December	**961,436**	**620,519**	1,193,970	868,889

18. Taxation (continued)

Deferred tax (continued)

The deferred tax liability comprises the following temporary differences:

	2020		2019	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Tax effect of depreciation	**1,624,390**	**1,244,234**	1,658,952	1,324,937
Tax effect of provisions	**(1,087,818)**	**(1,052,099)**	(755,318)	(748,361)
Tax effect of IFRS 16	**(20,793)**	**(17,273)**	(1,977)	-
Tax effect of commodity hedging	**445,657**	**445,657**	292,313	292,313
	961,436	**620,519**	1,193,970	868,889

The group has the deferred tax asset on the commodity hedges of RO 35,498 (2019 RO 106,857) and movement is as below:

	2020		2019	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Non-current asset				
Deferred tax asset				
At 1 January	**106,857**	-	-	-
Movement for the year	**(71,359)**	-	106,857	-
At 31 December	**35,498**	-	106,857	-

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

	2020		2019	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Profit before income tax	**2,715,358**	**2,596,715**	8,215,793	7,561,940
Income tax as per rates mentioned below	**407,304**	**389,507**	1,232,369	1,134,291
Income exempt from tax	-	-	-	-
Tax effect of items deductible/non-deductible for tax purpose	**521,571**	**442,447**	30,322	224,117
Deferred tax	**(507,901)**	**(401,714)**	(270,321)	(225,537)
Net tax expense	**420,974**	**430,240**	992,370	1,132,871

18. Taxation (continued)

The tax authorities in Oman follow the legal entity concept. There is no concept of group taxation in Oman. For the entities registered in Oman, the applicable tax rate is 15% (2019: 15%). For the purpose of determining the taxable result for the year, the accounting profit has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. The adjustments are based on the current understanding of the existing tax laws, regulations and practices.

Parent Company

The tax rate applicable to the Parent Company is 15% (2019: 15%). For the purpose of determining the tax expense for the year ended 31 December 2020, 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 16.57% (2019: 14.98%).The difference between the applicable tax rates of 15% (2019: 15%) and the effective tax rate of 16.57% 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 2017.

Subsidiaries

Oman Aluminum Processing Industries SPC

The tax rates applicable to the company is 15% (2019:15%). For the purpose of determining the taxable result for the year, the accounting loss has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. The adjustments are based on the current understanding of the existing tax laws, regulations and practices.

The company has made a taxable profit during the year. The average effective tax rate is 0.18% (2019: nil). The Company's tax assessments have been agreed with the taxation authorities up to tax year 2017.

Associated Cables Pvt Ltd

The tax rate applicable is nil % (2019: 37.3%). Assessments with the tax department have been completed up to the year financial year 2016 - 17 (assessment year: 2017 - 18).

19. Employees end of service benefits

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

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
At 1 January	**1,374,931**	**1,258,775**	1,318,029	1,195,534
Accrued during the year (Note 27)	**133,256**	**107,585**	266,538	240,109
Employees' end of service benefits paid	**(110,337)**	**(103,990)**	(209,636)	(176,868)
At 31 December	**1,397,850**	**1,262,370**	1,374,931	1,258,775

20. Trade and other payables

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Trade payables	**13,463,144**	**8,595,925**	13,219,031	8,104,889
Amount due to related parties	**667,774**	**665,432**	1,584,008	2,822,177
Other payables	**597,874**	**399,888**	969,998	376,723
Derivatives designated, and effective as hedging instruments carried at fair value (Note 17)	**236,651**	**-**	197,871	-
Accruals	**4,382,485**	**3,461,015**	3,721,567	3,218,638
	19,347,928	**13,122,260**	19,692,475	14,522,427

21. Bank borrowings

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Short term loans	**4,621,817**	**-**	4,618,800	-
	4,621,817	**-**	4,618,800	-

During the period, the Group availed short-term loans from commercial banks for a period ranging up to 90 days (2019 – 90 days). Bank borrowings carry interest at commercial rates.

The loan of the subsidiary is secured by legal mortgage over all existing and future assets including leasehold land and building located at project site at Sohar, commercial mortgage over plant, machinery, equipment and all business assets registered with Ministry of Commerce and Industry, assignment of trade receivables and negative lien on all the assets of the Company.

22. Cost of sales

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Cost of materials consumed	**149,559,731**	**114,027,234**	179,646,931	140,871,320
Employee costs	**5,570,074**	**4,798,717**	5,164,990	4,540,275
Depreciation (Note 5(a))	**3,416,943**	**2,329,298**	3,423,875	2,288,905
Depreciation on right of use assets (Note 6)	**156,492**	**128,332**	97,909	69,299
Electricity and water	**1,527,165**	**947,940**	1,540,062	971,908
Stores, consumables, repairs and maintenance	**1,115,276**	**643,068**	1,659,835	995,919
Provision for slow moving inventories (Note 9)	**664,020**	**610,700**	210,765	-
Other direct costs	**836,934**	**565,623**	844,353	595,831
	162,846,635	**124,050,912**	192,588,720	150,333,457

23. Other income

	2020		2019	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Insurance claim	8,554	8,554	407,642	35,727
Gain on sale of property, plant and equipment	(1,558)	(1,558)	7,178	(3,822)
Miscellaneous income	313,231	288,693	222,281	185,260
	320,227	295,689	637,101	217,165

24. Administrative expenses

	2020		2019	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Employee costs	3,021,555	2,449,106	4,131,694	3,533,247
Legal and professional charges	415,532	215,823	274,421	182,003
Insurance	181,749	178,311	129,412	127,791
Repairs and maintenance	308,216	305,119	223,438	213,843
Travelling	31,818	6,129	117,755	82,759
Directors' remuneration (Note 31)	3,380	3,380	117,490	117,490
Contributions to local organization	5,000	5,000	100,000	100,000
Communication	174,671	138,651	103,646	52,113
Other sundry expenses	63,936	13,005	128,832	42,542
Printing and stationery	32,804	29,162	33,750	29,848
Vehicle running and Maintenance	6,495	6,495	12,637	12,637
Allowance for credit losses (Note 10)	1,225,306	1,225,306	1,077,335	1,077,112
Allowance for credit losses (Note 11)	188,914	188,914	-	-
	5,659,376	4,764,401	6,450,410	5,571,385

25. Selling and distribution expenses

	2020		2019	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Marketing and freight	2,675,664	1,574,828	1,978,045	1,081,510
Employee costs	964,823	816,481	974,315	825,959
Advertisement and sales promotion	90,419	25,616	109,088	70,472
Travelling	24,407	23,888	107,493	107,493
	3,755,313	2,440,813	3,168,941	2,085,434

26. Finance costs and Finance Income

a) Finance costs (net)

	2020 Group RO	2020 Parent Company RO	2019 Group RO	2019 Parent Company RO
Interest expenses	**152,133**	**-**	199,507	2,491
Bank charges	**250,214**	**231,615**	202,966	179,462
Interest on lease liabilities (Note 6)	**135,588**	**107,464**	101,941	72,922
Foreign currency translation	**257,479**	**253,183**	-	-
	795,414	**592,262**	504,414	254,875

Finance costs relate to bank borrowings and bank charges (Note 21).

The interest paid reflected in the cash flows is as below.

	2020 Group RO	2020 Parent Company RO	2019 Group RO	2019 Parent Company RO
Interest expenses	**152,133**	**-**	199,507	2,491
Bank charges	**250,214**	**231,615**	202,966	179,462
Accrual (reversal)	**-**	**-**	28,883	3,923
Interest paid	**402,347**	**231,615**	431,356	185,876

b) Finance income

	2020 Group RO	2020 Parent Company RO	2019 Group RO	2019 Parent Company RO
Foreign currency translation	**-**	**-**	154,096	128,979
Interest from bond (Note 8b)	**55,000**	**55,000**	55,000	55,000
Other finance income	**207,590**	**194,954**	132,225	114,201
	262,590	**249,954**	341,321	298,180

27. Employee costs

	2020 Group RO	2020 Parent Company RO	2019 Group RO	2019 Parent Company RO
Salaries & Other benefits	**9,087,321**	**7,663,146**	9,672,458	8,370,679
Contributions to defined retirement plan for Omani employees	**335,874**	**293,572**	332,003	288,693
Employees end of service benefits (Note 19)	**133,256**	**107,585**	266,538	240,109
	9,556,451	**8,064,303**	10,270,999	8,899,481

28. Basic and diluted 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.

	2020 Group	2020 Parent Company	2019 Group	2019 Parent Company
Net profit for the year (RO)	**2,294,384**	**2,166,475**	6,971,890	6,429,069
Weighted average number of shares outstanding during the year	**89,700,000**	**89,700,000**	89,700,000	89,700,000
Basic and diluted earnings per share (RO)	**0.026**	**0.024**	0.078	0.072

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.

29. 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.

	2020 Group	2020 Parent Company	2019 Group	2019 Parent Company
Net assets (RO)	**104,561,741**	**100,801,985**	103,735,341	100,003,715
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)	**1.166**	**1.124**	1.156	1.115

30. 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.

31. Related party transactions

The Group has entered into transactions with Shareholders, 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.

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

	2020		2019	
Group	**Sales and other income**	**Purchases and other expenses**	Sales and other income	Purchase and other expenses
	RO	**RO**	RO	RO
Affiliated companies	**13,591,695**	**2,146,905**	6,125,167	4,168,551
	13,591,695	**2,146,905**	6,125,167	4,168,551
Parent Company				
Affiliated companies	**13,591,695**	**2146,905**	6,125,167	4,168,551
Subsidiaries	**116,062**	**3,936,758**	74,406	2,951,145
	13,707,757	**6,083,663**	6,199,573	7,119,696

Compensation of key management personnel

The key management personnel compensation for the year comprises:

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Short term employment benefits	**1,124,276**	**900,057**	1,157,011	891,218
End of service benefits	**51,298**	**28,552**	50,253	33,937
Directors' remuneration	**5,385**	**5,385**	117,490	117,490
	1,180,959	**933,994**	1,324,754	1,042,645

Apart from specific bonus provisions to certain top management, the Group 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.

31. Related party transactions (continued)

Directors' remuneration

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Fabio Lgnazio Romeo	**11,268**	**11,268**	27,158	27,158
Mohamed Al Lawati	**12,300**	**12,300**	28,720	28,720
Lara Carolin Mahmoud Hansen	**13,333**	**13,333**	30,804	30,804
Naji Bin Salim Al Riyami	**-**	**-**	26,673	26,673
Manal Said Al Ghazaliya	**11,474**	**11,474**	1,526	1,526
Christian Raskin	**12,094**	**12,094**	29,762	29,762
Michele Binda	**12,507**	**12,507**	26,637	26,637
Fabrizio Rutschman	**12,919**	**12,919**	28,720	28,720
	85,895	**85,895**	200,000	200,000

Directors remuneration includes an amount of RO 82,515 (2019: RO 82,510) as three directors waived their share of directors' remuneration.

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Amounts due from related parties				
Affiliated companies	**7,159,673**	**4,694,779**	6,328,565	6,247,350
Amounts due to related parties:				
Affiliated companies	**314,816**	**314,816**	1,065,488	2,223,900
Subsidiaries	**352,958**	**350,616**	518,520	598,277
	667,774	**665,432**	1,584,008	2,822,177

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.

At the reporting date, the entire due from related parties is due from nine related parties (2019 - six related party). Amounts due from related parties were assessed as impaired by the management, for which allowance for credit losses has been established.

32. Commitments and contingent liabilities

Commitments

	2020 Group RO	2020 Parent Company RO	2019 Group RO	2019 Parent Company RO
Capital commitments	**1,142,935**	**936,906**	804,490	390,791
Letters of credit	**9,843,471**	**3,683,471**	14,748,879	8,588,879

Contingencies

	2020 Group RO	2020 Parent Company RO	2019 Group RO	2019 Parent Company RO
Letters of guarantee	**12,221,783**	**11,859,895**	12,873,812	12,462,296

As at reporting date, the Group had contingent liabilities in respect of bank and other guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise from the commitments given by the bank on behalf of the Group amounting to RO 12,221,783 (2019: RO 12,873,812).

33. 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 investments at fair value through other comprehensive income, investments at amortised cost 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 deals with banks with satisfactory credit rating and with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

33. Financial instruments and related risk management (continued)

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:

	2020		2019	
	Group	Parent Company	Group	Parent Company
	RO	RO	RO	RO
Trade receivables and due from related parties	**56,535,699**	**49,161,786**	62,671,402	57,438,091
Other receivables	**3,750,158**	**3,700,295**	1,971,130	1,888,070
Bank balances	**31,406,295**	**31,375,714**	14,645,062	14,478,645
	91,692,152	**84,237,795**	79,287,594	73,804,806

The company sells its products to large number of customers. Its five largest customers account 37.4% of outstanding accounting receivable at 31 December 2020 (2019: 39.7%)

Changes in liabilities arising from financing activities of the Group

	1 January 2020	**Cash flows**	**Changes in fair value**	**Other**	**31 December 2020**
	RO	**RO**	**RO**	**RO**	**RO**
Current lease liabilities (Note 6)	**157,250**	**(157,250)**	**-**	**261,643**	**261,643**
Short term loans	**4,618,800**	**3,017**	**-**	**-**	**4,621,817**
Non-current lease liabilities (Note 6)	**1,736,628**	**-**	**-**	**1,615,880**	**3,352,508**
Derivatives	**197,781**	**-**	**38,870**	**-**	**236,651**
	6,710,459	**(154,233)**	**38,870**	**1,877,523**	**8,472,619**

	1 January 2019	Cash flows	Changes in fair value	Other	31 December 2019
	RO	RO	RO	RO	RO
Current lease liabilities (Note 6)	289,134	(131,884)	-	-	157,250
Short term loans	4,965,210	(346,410)	-	-	4,618,800
Non-current lease liabilities (Note 6)	1,660,053	-	-	76,575	1,736,628
Derivatives	902,241	-	(704,370)	-	197,871
	7,816,638	(478,294)	(704,370)	76,575	6,710,549

33. 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, investment security at amortised cost, bank borrowings, lease liabilities and term loans). The management manages the interest rate risk by constantly monitoring the changes in interest rates and availing lower interest-bearing facilities.

The group has short term loans of RO 4,621,817 (2019 – RO 4,618,800) and for every 0.5% change in interest rate, the impact on the statement of income will be approximate to RO 23,100 (2019 – RO 20,500) 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 derivative 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. As the Omani Rial is pegged to the US Dollar and major GCC currencies, balances in these currencies 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 weaken or strengthens against the Omani Rials with all other variables held constant.

	Change in Euro rate	Effect on profit before tax
	RO	RO
2020	**+5%**	**(20,940)**
	-5%	**20,940**
2019	+5%	(41,764)
	-5%	41,764

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, Aluminium, 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.

33. Financial instruments and related risk management (continued)

Market risk (continued)

Equity price risk
The Group is exposed to price risk related to quoted investments held by the Group and traded in organized financial markets. To manage its price risk arising from investments in equity, the management continuously monitors the market and the key factors that affect 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.

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**
2020					
Trade and other payables	**11,889,035**	**210,624**	**357,169**	**-**	**12,456,828**
Amount due to related parties	**58,595**	**552,304**	**54,533**	**-**	**665,432**
Lease liabilities	**85,822**	**-**	**85821**	**2,381,821**	**2,553,464**
	12,033,452	**762,928**	**497,523**	**2,381,821**	**15,675,724**
2019					
Trade and other payables	11,334,515	44,687	321,048	-	11,700,250
Amount due to related parties	2,256,708	507,417	58,052	-	2,822,177
Lease liabilities	56,125	-	56,125	2,020,491	2,132,741
	13,647,348	552,104	435,225	2,020,491	16,655,168

Group	**Less than 3 months RO**	**3 to 6 months RO**	**6 months to 1 year RO**	**More than 1 year RO**	**Total RO**
2020					
Trade and other payables	**18,112,361**	**210,624**	**357,169**	**-**	**18,680,154**
Amount due to related parties	**58,595**	**554,646**	**54,533**	**-**	**667,774**
Lease liabilities	**108,322**	**22,500**	**130,821**	**3,352,508**	**3,614,151**
	18,279,278	**787,770**	**542,523**	**3,352,508**	**22,962,079**

33. Financial instruments and related risk management (continued)

Liquidity risk (continued)

2019					
Trade and other payables	17,355,730	397,222	355,515	-	18,108,467
Amount due to related parties	1,018,539	507,417	58,052	-	1,584,008
Lease liabilities	-	-	157,250	1,736,628	1,893,878
	18,374,269	904,639	570,817	1,736,628	21,586,353

34. Fair values of financial instruments

Fair values

Financial instruments comprise financial assets, financial liabilities and derivatives. Financial assets consist of bank balances, receivables and investments at fair value through other comprehensive income. Financial liabilities consist of term loans and trade and other payables. Derivatives relates to forward currency and commodity hedging contracts.

The fair values of financial instruments are not materially different from their carrying values as of the reporting date.

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 investments at fair value thorough other comprehensive income as described in note 7 and are under level 3 fair value measurement category.

34. Fair values of financial instruments (continued)

Fair value (continued)

Fair value hierarchy (continued)

Assets measured at fair value

2020	**Total RO**	**Level 1 RO**	**Level 2 RO**	**Level 3 RO**
Parent Company				
Fair value through other comprehensive income (Note 8A)	254,524		254,524	
Commodity forward contract (Note 10)	2,971,049		2,971,049	
Group				
Fair value through other comprehensive income (Note 8A)	254,524		254,524	
Commodity forward contract (net) (Note 10 & 20)	2,734,398		2,734,398	
2019				
Parent Company				
Fair value through other comprehensive income (Note 8A)	168,909	-	168,909	-
Commodity forward contract (Note 20)	1,046,410	-	1,046,410	-
Group				
Fair value through other comprehensive income (Note 8A)	168,909	-	168,909	-
Commodity forward contract (net) (Note 17)	848,539	-	848,539	-

During the reporting years ended 31 December 2020 and 31 December 2019, 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.

35. 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.

The capital structure of the Group comprises of the share capital, legal and other reserves and retained earnings. There has been no change in the Group's objectives, policies or process during the year ended 31 December 2020 and 31 December 2019.

36. Impact of Covid-19 Outbreak

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity and the Company's business in various significant ways.

The key impact of COVID-19 on the Company is the reduction in sales contributing to revenues for the year for the Group of RO 175.370 million and Parent of RO 134.048 Million, down by 16.5% & 19% for the Group and Parent respectively compared to prior year.

Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the Company may experience comparatively lower results than historical trend.

The implications of COVID-19 are ongoing and the ultimate outcome of this event is unknown and therefore the full impact on the Company for events and circumstances that arose after the reporting date cannot be reasonably quantified at the authorisation date of this financial statements. The effect of COVID-19 on the Company, when known, will be incorporated into the determination of the Company's estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities.