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 33rd 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. Laura Figini
4. Mrs. Manal Said Al Ghazali
5. Mr. Christian Raskin
6. Mr. Yasser Al Rashdi
7. Mr. Fabrizio Rutschmann

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

Operational Review

The recovery on business environment continues to be visible in 2021 in comparison with 2020 with the support of increasing oil prices. The Company continues to work on cost reduction plans and will take the necessary measures to improve the result facing difficult times because of the cost increase and availability of raw materials.

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 of the Parent Company for 2021 are RO 169,520,043 as compared to RO 134,048,301 in 2020. The sales of the Group were RO 227,419,221 compared to RO 175,370,245 in 2020.

Profitability

The Net Profit of the Parent Company for the year 2021 was RO 4,749,493 as compared to RO 2,166,475 in 2020. The increase in profitability is mainly due to cost control plans, product development and differentiation efforts.

The Net Profit of the Group in 2021 was RO 5,973,028 compared to RO 2,294,384 in 2020.

Subsidiary: Oman Aluminum Processing Industries LLC, Oman

The Company management continued cost reduction actions during 2021 and managed to eliminate transportation constraints by creating business flows in new markets.

OAPIL was able to improve the sales mix with more value-added products which has helped improving the profitability. OAPIL continues to focus on the overhead cost reduction. Therefore, the results for 2021 are better compared to the same period in 2020.

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 additional capacity. During First Half of 2021, pandemic continued to limit business environment in India and ACPL due to production losses during lockdowns.

In the Second Half of 2021, ACPL was severely impacted from flood in Chiplun and lost capacity during the recovery period. The increase in the prices of raw material affects ACPL profitability. ACPL, supported by a Task Force established by the Parent Company, is applying cost reduction plans and projects to be more competitive in the cable market.

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.

HR related programs:
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 has completed the Covid 19 vaccination program for all employees and has extended the program to the families of the employees.
The Group is continuously focusing and executing various plans aimed at protecting the health and safety of the employees by engaging into extensive testing and sanitization programs under medical support during the current circumstances of Covid19.

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:

- Two doses of vaccination to all employees
- Ongoing facilitating booster vaccine doses to all employees
- 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 with a negative PCR
- 50% reduction in canteen and use of disposable items only.
- Facilitated working from home in 2021 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 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 MSX 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.

Future Outlook

The Gulf region is gradually recovering mainly due to increasing 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 equal to 27 baiza per share amounting to RO 2,421,900 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 200,000 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 four non-independent board members, being Prysmian employees, have waived their portion of remuneration for 2021, 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.

Mr. Fabio Romeo
Chairman
Oman Cables Industry (SAOG)

Date: 26 January 2022

REPORT OF FACTUAL FINDINGS TO THE SHAREHOLDERS OF OMAN CABLES INDUSTRY SAOG

1. We have performed the procedures agreed with you pursuant to the Capital Market Authority (CMA) circular no. E/4/2015, dated 22 July 2015, with respect to the Board of Directors' corporate governance report of Oman Cables Industry SAOG (the Company) as at and for the year ended 31 December 2021 and 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').

2. Our engagement was undertaken in accordance with the International Standard on Related Services 4400 applicable to agreed-upon procedures engagements. The procedures were performed solely to assist the Board of Directors of the Company in complying with the requirement of the Code issued by the CMA.

3. We have performed the following procedures:

a) We have checked that the corporate governance report issued by the Board of Directors includes as a minimum, all items suggested by 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 the Annexure 3; and

b) We have obtained the details of the Company's compliance with the Code, including any non-compliances, identified by the Company's Board of Directors, included in the report together with the reasons for such non-compliance and agreed these to the discussions in the Board minutes or/and a checklist prepared by the Board of Directors to identify any non-compliance.

4. As a result of performing the above procedures, we have no exceptions to report.

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

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

7. Our report is solely for the purpose set forth in paragraph 2 above and for your information and is not to be used for any other purpose. This report relates only to the Board of Directors' corporate governance report included in its annual report for the year ended 31 December 2021 and does not extend to any financial statements of Oman Cables Industry SAOG taken as a whole.

PricewaterhouseCoopers

Muscat, Sultanate of Oman
26 January 2022

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Corporate Governance Report for 2021

Company's philosophy on Code of Corporate Governance
Oman Cables Industry SAOG (OCI) (The Company) 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 Committee Charter, Nomination and Remuneration 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 on 24 March 2021 and is constituted from seven (7) Directors, having four (4) non-independent Directors and three (3) Independent Directors.
The Board of Directors in its first meeting on 24 March 2021 after the election, has elected Mr. Fabio Romeo as the Chairman of the Board of Directors and Mr. Mohamed Al Lawati as the Vice Chairman of the board of Directors, and appointed Mr. Jad Atallah as the Company Secretary.
The Board of Directors also constituted and appointed the members of the Committees, Audit Committee, Nomination and Remuneration Committee and the Strategy Committee.

The Board held thirteen meetings during the year; following are the relevant details of the Directors and meetings attendance during the year 2021.

Name	Designation	Category	No. of Board Meeting Attended	AGM Attended
Mr. Fabio Romeo	Chairman	Non-executive Non-independent	13	Yes
Mr. Mohamed Al Lawati	Vice Chairman	Non-Executive Non-Independent	13	Yes
Mrs. Manal Al Ghazali	Director	Non-Executive Independent	13	Yes
Mrs. Lara Hansen *	Director	Non-Executive Independent	7	Yes
Mr. Christian Raskin	Director	Non-Executive Independent	13	Yes
Mr. Fabrizio Rutschmann	Director	Non-Executive Non-Independent	13	Yes
Mr. Michele Binda *	Director	Non-Executive Non-Independent	7	Yes
Mrs. Laura Figini **	Director	Non-Executive Non-Independent	6	N/A
Mr. Yasser Al Rashdi **	Director	Non-Executive Independent	6	N/A

*Director till the date of the AGM 24 March 2021
**elected as new Director in the AGM held on 24 March 2021

The Board of Directors, through the Chairman and the Company Secretary has completed on 20 April 20221 an induction and strategy program to the new Board of Directors with the support of an external party. The induction program covered several topics of interest, regulatory and legal requirements, finance, strategy, operations, commercial and a tour to the factory and Advanced Testing Laboratory.

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.

The changes took place in the Board of directors during 2021 as the following:

Name	Position
Mrs. Lara Hansen	Director till the date of the AGM held on 24 March 2021
Mr. Michele Binda	Director till the date of the AGM held on 24 March 2021
Mrs. Laura Figini	Director elected by AGM held on 24 March 2021
Mr. Yasser Al Rashdi	Director elected by AGM held on 24 March 2021

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

Name of Director	Designation in other Companies	Name of Company
Mr. Fabio Romeo Chairman	Advisor 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.
Mr. Mohamed Al Lawati Vice Chairman	Asst. to Chairman Director Director	Al-Saleh Group Al-Saleh Mauritius ASE India Private Limited
Mrs. Manal Al Ghazali Director	Director of Internal Audit Department	Public Authority of Social Insurance (PASI)
Mrs. Lara Hansen* Director	General Manager	Feed & Agricultural Suppliers Services Co. LLC
Mr. Christian Raskin Director	-	-
Mr. Fabrizio Rutschmann Director	Chief Human Resource Officer	Prysmian Group
Mr. Michele Binda * Director	Group Legal Affairs VP - Prysmian S.p.A	Prysmian S.p.A
Mrs. Laura Figini** Director	Planning and Reporting Director	Prysmian Group
Mr. Yasser AL Rashdi ** Director	Senior Manager	Oman Investment Authority

*Director till the date of the AGM 24 March 2021
**Elected as new Director in the AGM held on 24 March 2021

Profile of the Board of Directors and Executive Management

Mr. Fabio Romeo, Chairman, non-Independent

Advisor at Prysmian 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. In 2014 he's been named Chief Strategy Officer position he held until the current assignment.

Mr. Mohamed Al Lawati, Vice Chairman, non-Independent Director
Holds a bachelor's degree in mechanical engineering from University of Manchester, UK. He has 5 years engineering experience in Petroleum Development Oman (PDO). He has also held various positions in Oman Cables Industry SAOG for 5 years, latest as General Manager – Sales & Marketing and General Manager - Corporate Projects. Currently he is the Chief Executive Officer at Al-Saleh Group.

Mrs. Manal Al Ghazali, Independent Director
Holds a BA in Finance from Sultan Qaboos University and has extensive knowledge and experience in accounting, finance, investment management, information systems and auditing for a period of more than 17 years. She holds professional qualification like ACCA, CFE, CISA.
She is currently the head of the Internal Audit Operations Department at Public Authority for Social Security. She also held many administrative and specialized positions in prestigious institutions, including Bank Muscat and OQ.
Previously she held the position of Vice Chairman of the Omani Association of Internal Auditors (IAA) and currently is a Board Member and Chairwomen of the Audit Committee at Oman Cables Industry SAOG.

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.
*Director till the date of the AGM 24 March 2021

Mr. Christian Raskin, Independent Director
Holds a master's 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.
*Director till the date of the AGM 24 March 2021

Mrs. Laura Figini, non-Independent Director**

Graduate in Business Administration from Bocconi University of Milano, with educational experiences at Ivey Business School in Ontario Canada and Harvard Online Business School, Laura Figini began her career at Pirelli Cables and Systems Group where she has led various Finance and Controlling positions as plant, business unit and Corporate controller. She has continued her career in the Prysmian Group as Chief Accountant of holding financial companies; since 2011 she has been the Planning and Reporting Director of Prysmian Group. She has been working on several processes of acquisitions, first with Pirelli Group (Siemens, BICC, Nokia) then with Prysmian acquisition of Draka and General Cables Group, with a leading role in the financial integration process. Ms. Figini has over 25 years of professional experience in the Finance and Administration management. In 2021 she took a new step up in the Prysmian Group as she joined the Human Resources function becoming HR Business Partner and Planning Director.

**Elected as new Director in the AGM held on 24 March 2021

Mr. Yasser Al Rashdi, Independent Director*

Currently he is a Senior Manager of Investment Transactional Support at Oman Investment Authority and has a membership in the Board of Directors of Oman Growth Fund. He has experience of more than 20 years in the field of Accounts, Finance and Investment at Oman Investment Authority. On the Academic aspect, he obtained a Bachelor's degree in Accounting from Sultan Qaboos University and MBA from the Franklin University (United States of America). He also joined Executive Programs provided by major educational institutions such as: HEC Paris University and PWC Academy in leadership, financial, and management fields.

**Elected as new Director in the AGM held on 24 March 2021

Company Management

On the 4th of March 2021, Mr. Ali Habaj, the Chief Executive Officer has resigned from the Company and the Board of Directors has accepted his resignation and appointed Mr. Ramon Pallares as Acting Chief Executive Officer. On 25 May 2021, the Board of Directors has appointed Ms. Cinzia Farisè as the Chief Executive Officer who resumed its role in August 2021.

Below is a brief profile of the management personnel of the Company:

- **Ms. Cinzia Farisè, the Chief Executive Officer**, Cinzia graduated in Economics and developed her career as a Sales & Marketing Director both in the services and industrial products sector. She joined Prysmian in 2005, holding a number of positions including E&I BU Vice President and CEO of Prysmian India. Later she gained invaluable 4 year experience as CEO at the Italian Rail Company Trenord, re-joining Prysmian Group in 2019 as Turkey CEO. She was recently appointed Board Member of CIIM EurAsiaMed, The Confederation of Italian Entrepreneurs Worldwide, based in Istanbul. Cinzia is Co-founder of the Italian Angels for Women Association - the first group of female business angels in Italy, for the development of female start-ups, promoted by AXA and Impact Hub Milan. Ms. Farisè also has an extended role being the Regional CEO of MEAT region (Middle East, Africa and Turkey).
- **Mr. Ercan Gokdag, Chief Financial Officer (CFO)**, has experience of 18 years, of which 14 years in cable industry with Prysmian Group. Earlier, he worked as CFO of Prysmian Denmark and CFO of Prysmian Turkey. Mr. Gokdag also has an extended role being the CFO of MEAT region (Middle East, Africa and Turkey).
- **Mr. Muhannad Abdulamir Said Al Lawati, Chief Operating Officer**, graduated in Mechanical and Manufacturing Engineering from Cardiff University, UK. Having 14 years of experience in cables industry in production and operations. He completed the National CEO Program in 2018 that was administrated by "IMD, Switzerland" and he is a board member in the Oman Manufacturers Association.

- **Mr. Antonio Chiantore, Chief Commercial Officer** with 31 years' experience in cable industry, covering international positions of Business, Sales and Marketing Director, General Manager, Operation Director, Logistic Director.
- **Mr. Jad Atallah, Chief - Legal & Governance, Company Secretary**. Holds a PhD degree in law and has over of 16 years of experience covering legal and dispute management, litigation, corporate governance and corporate affairs.
- **Mr. Dario Rugge, Chief Strategy Officer**, an executive with 10+ years of experience worldwide (United Kingdom, Kazakhstan, Kingdom of Saudi Arabia, United Arab Emirates, Romania and Sultanate of Oman) in the field of strategic guidance and support for organizational planning and development, business unit restructures, workforce planning, Hierarchical Input Process Output model HIPO identification/development and succession plan, with the aim to drive an effective client-service team that instills company-wide trust and value for the Strategic function.

Board Meetings held during the year

During the year 2021, the company held thirteen Board Meetings on the following dates:
26-Jan-2021, 25-Feb-2021, 28-Feb-2021, 1-Mar-2021, 2-Mar-2021, 3-Mar-2021, 22-Mar-2021, 24-Mar-2021, 22-Apr-2021, 24-May-2021, 15-Jul-2021, 21-Oct-2021 and 15-Dec-2021

The meetings were conducted in-person or via 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 Board of Directors has constituted the Committees in its meeting held on 24 March 2021 after the election of the new Board of Directors in the AGM held on the same day 24 March 2021.

The three committees and their main responsibilities are as follows:

Audit Committee

In line with the regulations issued by the Capital Market Authority, 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 is comprised of four members including three Independent Directors constituting the majority of the Committee.

Name	Designation	No. of meetings attended
Mrs. Manal Al Ghazali**	Chairperson - independent	6
Mrs. Lara Hansen*	Member - independent	2
Mr. Christian Raskin**	Member - independent	6
Mr. Mohamed Al Lawati***	Member – non-independent	2
Mr. Yasser Al Rashdi**	Member - independent	4
Mrs. Laura Figini**	Member – non-independent	4

* Director till the date of the AGM 24 March 2021

**Appointed by the Board of Directors as an audit committee member on 24 March 2021

***Member of the Committee till 24 March 2021

During the year 2021, Audit Committee met and conducted six meetings on the following dates, 25/1/2021, 18/3/2021, 21/4/2021, 14/7/2021, 20/10/2021 and 13/12/2021

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, 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, its charter, the rules and regulations issued by CMA in this regard.
Mrs. Rania Al Mazrouai, Head of Internal Audit and Compliance appointed as the Secretary of the Audit Committee.

Strategic Committee
The Board has constituted "Strategic 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 Committee comprised of four members from the Board of Directors. The following are the members of the Strategic Committee:

Name	Designation	No. of meetings attended
Mr. Fabrizio Rutschmann*	Chairperson	4
Mr. Fabio Romeo*	Member	4
Mr. Mohamed Al Lawati*	Member	4
Mr. Yasser Al Rashdi*	Member	3
Mr. Christian Raskin**	Member	1

*Appointed by the Board of Directors as a strategy committee member on 24 March 2021
**Member of the Committee till 24 March 2021

During the year 2021, Strategic Committee conducted four meetings on the following dates, 25 Jan 2021, 20 Apr 2021, 14 Jul 2021 and 19 Oct 2021

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.
Mr. Jad Atallah, Company Secretary appointed as the Secretary of the Committee.

Nomination and Remuneration Committee
The Board constituted "Nomination and Remuneration Committee" (Remco) to assist and advise the Board on matters relating to the remuneration of the Board, and the performance and remuneration of Executive management and Chief Executive Officer along with assisting on nomination of Directors and senior executive management.

The Nomination and Remuneration Committee comprised of four board members. The following Directors are the members of the Nomination and Remuneration Committee:

Name	Designation	No. of meetings attended
Mr. Christian Raskin**	Chairperson	7
Mr. Mohamed Al Lawati**	Member	7
Mr. Fabrizio Rutschmann**	Member	10
Mrs. Laura Figini**	Member	7
Mr. Michele Binda*	Member	3
Mrs. Lara Hansen*	Member	3

*Director till the date of the AGM 24 March 2021

**Appointed by the Board of Directors as a Remco member on 24 March 2021

During the year 2021, the Nomination and Remuneration Committee conducted ten meetings on the following dates, 21 Jan 2021, 3 Mar 2021, 15 Mar 2021, 20 Apr 2021, 4 May 2021, 11 May 2021, 18 May 2021, 22 Jun 2021, 13 Jul 2021 and 18 Oct 2021

Mr. Dario Rugge, chief Strategy Officer appointed as the Secretary of the Committee

Process of nomination of the Directors

The Company follows the Commercial Companies Law, Code of Corporate Governance and the guidelines issued by CMA in this regard, reflected in its Articles of Association. The Company has a succession planning guideline to support the Nomination and Remuneration Committee and the Board of Directors to have a nomination process based on diversity and inclusion, appropriate skills and experiences.

Remuneration matters

Director's remuneration

The remuneration of Board of Directors is approved by the shareholders in the annual general meeting. The company's annual general assembly held on 24 March 2021 approved the proposal of the Board of Directors to pay an amount of (85,895) Omani Rials as remunerations for the financial year ended on 31/12/2020. Three directors (Mr. Fabio Romeo, Mr. Fabrizio Rutschmann and Mr. Michele Binda) forego their share of the year 2020 remuneration payable to them amounting to RO 36,694

The Board proposes to the shareholders in the Annual Ordinary General Meeting scheduled to be held on March 24, 2022 to approve the disbursement of an amount of RO 200,000 (2020: RO 85,895) as a remuneration to the Company's Board of Directors for the financial year ended on 31 December 2021.

The Directors have no other pecuniary relationship or transaction with the company. The total remuneration paid/accrued to the Board of Directors in 2021, is as per the limit prescribed by the Regulation for Public Joint Stock Companies issued by Capital Market Authority on 25 February 2021, and in line with Code of Corporate Governance issued by Capital Market Authority.

Proposed Board of Directors Remuneration for financial year ended on 31 December 2021

Board of Directors	RO
Mr. Fabio Romeo	26,571
Mr. Mohmad Al Lawati	29,143
Mrs. Lara Caroline	8,528
Mrs. Manal Al Ghazalia	27,143
Mr. Cristian Raskin	29,428
Mr. Michele Binda	7,957
Mr. Fabrizio Rutschmann	29,429
Mrs. Laura Figini	21,472
Mr. Yasser Al Rashdi	20,329
	200,000

Operating Management Remuneration

Salary and perquisites of the five top senior officers paid / accrued during the year 2021 is RO 956,438, which includes RO 860,769 as fixed component and RO 95,669 linked to the performance in 2020. The severance notice period of all senior employees ranges from one to three months, with end of service benefits payable as per Omani Labor Law.

Measuring Board- sub Committees Performance Evaluation

In accordance with the Third Principle of the Cod of Corporate Governance of Public Shareholding Companies issued by the Capital Market Authority, the Board of Directors in 2021 has appointed an independent evaluator "Protiviti Co" to measure the performance of the Board sub committees (Audit, Nomination and Remuneration and Strategic Committees). The primary objective of the engagement is to evaluate the Committees performance to ensure the effectiveness and efficiency of the members of the committees with the Code and suggest improvements opportunities to enhance the effectiveness and efficiency of the Committees. Protiviti has completed the exercise and presented the evaluation report to the Board of Directors.

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 Shareholders 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.

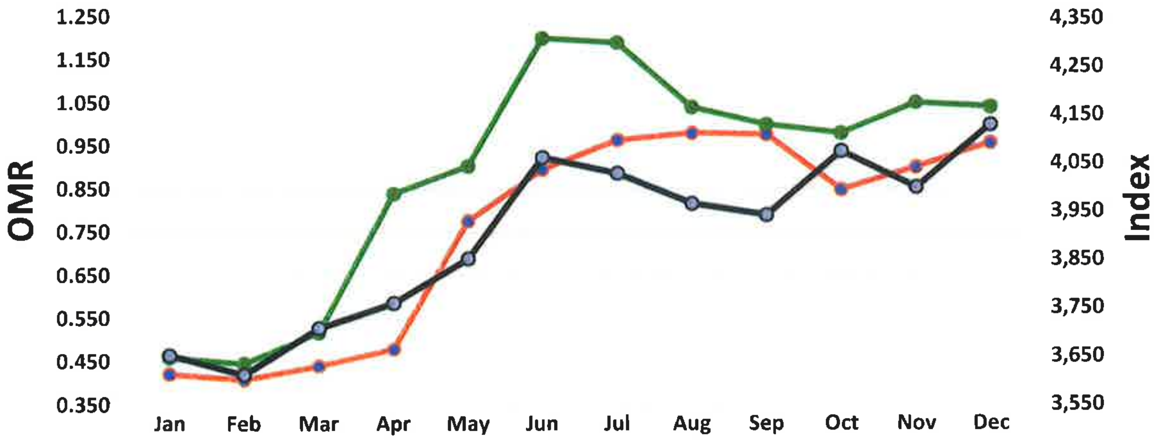
Regarding the Annual audited accounts, after the Annual General Meeting's approval, such financial statements are published in two local newspapers and submitted to Capital Market Authorities. This information is also posted on the Company's website.

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 2021 the share price of RO 0.100 face value moved in the range of high of RO 1.200 to a low of RO 0.424. The share price closed as on 31 December 2021 at RO 1.035.

OCI Share Price v/s MSM 30 Index - 2021



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Low	0.422	0.408	0.440	0.480	0.776	0.896	0.964	0.980	0.976	0.848	0.900	0.956
High	0.460	0.446	0.518	0.840	0.904	1.200	1.190	1.040	1.000	0.980	1.050	1.040
Index	3,653	3,612	3,709	3,761	3,853	4,063	4,030	3,967	3,943	4,075	4,000	4,130

The distribution of Major Shareholding as on 31 December 2021 is as follows:

Shareholder	% of Shares held of total
Draka Holding BV	51.17%
Mustafa Mukhtar Ali Al Lawati	13.37%

The Company does not have any ADR/GDR/Warrants or any other Convertible Instruments, as on 31 December 2021 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 – 2021

PricewaterhouseCoopers PWC

With offices in 156 countries and more than 295,000 people, PwC is among the leading professional services networks globally. PwC's vision is to be the most trusted and relevant professional services business in the world – one that attracts the best talent and combines the most innovative technologies, to help organisations build trust and deliver sustained outcomes. This refreshed global strategy is termed as The New Equation, and it speaks to the two most fundamental needs clients and organisations are grappling with today.

Established in the Middle East for over 40 years, PwC Middle East has firms in Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, the Palestinian territories, Qatar, Saudi Arabia and the United Arab Emirates, with around 7,000 people. (www.pwc.com/me).

PwC is strongly committed to Oman where it is recognised as one of the leading providers of quality business advisory services. We have had a local practice in Oman since 1971 and now have 9 partners, 1 of whom is Omani and 6 directors, 1 of whom is Omani and approximately 134 other members of staff operating from our office in the Sultanate.

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.

The audit fees for 2021 amounted to RO 21,500 for the Company and RO 7,500 for its subsidiary Oman Aluminum Processing Industries SPC

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, reviewed and approved as per regulatory requirements and complied with.

The company has internal control system, efficient and adequate, reviewed by the Board of Directors.

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 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.

Fabio Romeo
Chairman

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MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

Industry Structure and Development

The electric power sector, although not an end-use sector, is perhaps the most important for pass-through energy within modern economies. And we expect it to become increasingly important, in part because wind, solar, geothermal, and hydropower sources are primarily being tapped in modern times to produce electricity.
We are in the middle of energy transition, a pathway toward transformation of the global energy sector from fossil-based to zero-carbon by the second half of this century.
Mediterranean and Gulf economies, still largely dependent on oil exports, are faced with a diversification challenge – embraced through national plans - that can no longer be postponed.

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 many other segments, from oil and gas to railways, from marine to renewables. These projects tend to be capital intensive and thus are dependent on long term strategy, growth of economy and available financial resources. Governments are starting to align their decisions with their climate ambitions.

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 progressive ongoing trend towards using aluminum in some markets. OCI is capable of processing both materials and adopting all necessary steps to accompany the transition.

The Cable Industry is 'densely populated' with a large presence of cables 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 revenues. These markets 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. During 2020, with the impact of pandemic, oil prices has drop again dramatically. GCC economies were impacted heavily both due to lockdowns and oil prices. With the vaccination, Covid 19 influence on business environment has weakened. Consequently, oil prices started to increase during 2021, which helped GCC economies to recover.

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.

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.

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 during 2021. In the moment where local market was struggling, export channel has helped to stabilize.

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. In 2021, 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, Oman Aluminum Processing Industries SPC (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. Finally, in 2021 OAPIL has reached its best performance in the last 5 years as a result of cost reduction actions and product development activities.

Outlook

The oil prices, copper price and the geo-political situation effects the overall economic situation in the markets where OCI operates. This situation is closely monitored by the Company.

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 and transportation constraints, but OAPIL has a strong and flexible team to overcome these obstacles.

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Risk and Concerns

OCI main markets were heavily influenced by oil prices as it impacts capital spend on major projects 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.

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:

	2017	2018	2019	2020	2021
Sales (RO' 000)	242,258	247,011	210,079	175,370	227,419
Profit after Tax (RO' 000)	6,851	9,214	6,972	2,294	5,973
Equity (RO' 000)	99,978	102,723	103,735	104,562	108,956
Dividend (%)	45%	45%	35%	13%	*27%

*recommended by the Board of Directors

Conclusion

During 2021, the Company and Group has increased turnover and profit due the strong commitment of its team towards customer relationship management, innovation, product development, cost reduction and financial discipline.
All this with the strong support of Prysmian Group, all main stakeholders and excellent relationships with its prestigious Customer base.

The Company is strongly committed to confirm the feasibility of the ongoing 2020-2022 Three-Year Plan through:

- a solid Growth Project, fostering a Growth mindset at all levels, integrating product portfolios and sales team whithin the Region, developing a value proposition centered on sustainability and innovation
- a dedicated investment plan for the 3 Group entities into 7 dimensions: people empowerment, marketing and communication, digitization, health and safety, competitiveness, innovation and sustainability
- the ambition to shape the sustainable leaders of the future.

The Executive Management, with the guidance of the Board of Directors, is confident to improve its market position and increase stakeholder's value.

Cinzia Farisè
Chief Executive Officer
Oman Cables Industry (SAOG)
Date: 26 January 2022

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

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements of Oman Cables Industry SAOG (the "Parent Company") and the consolidated financial statements of the Parent Company and its subsidiaries (together, the "Group") present fairly, in all material respects, the respective financial positions of the Parent Company and the Group as at 31 December 2021, and their respective financial performance and their respective cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The financial statements of the Parent Company and the consolidated financial statements of the Group (together "these financial statements") comprise their respective:

- statement of financial position as at 31 December 2021;
- statement of income for the year then ended;
- statement of comprehensive income for the year then ended;
- statement of changes in equity for the year then ended;
- statement of cash flows for the year then ended; and
- notes to these financial statements, which include significant accounting policies and other explanatory information.

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 these financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of these financial statements in the Sultanate of Oman. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Our audit approach

Overview

Key Audit Matter	• Derivative financial instruments and Hedge accounting (Parent Company and the Group)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in these financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on these financial statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls, and the industry in which the Group and the Parent Company operate.

Key audit matters

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

Key audit matter	How our audit addressed the Key audit matter
Derivative financial instruments and Hedge accounting (Parent Company and the Group) The Parent Company and the Group enter into derivative financial instrument contracts to manage their exposure to the fluctuations in the underlying commodity prices. These derivative financial instruments contracts have been designated and accounted for as effective cash flow hedges.	Our procedures in relation to the valuation of the derivative financial instruments, classification of these instruments as effective hedges and the related disclosures in these financial statements included: • Understanding and evaluating the overall process related to the valuation of derivative financial instruments and their classification as effective cash flow hedges; • Evaluating the appropriateness of the Parent Company's and the Group's hedge documentation;

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

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
As at 31 December 2021, the Parent Company and the Group had derivative financial instruments with carrying amounts of RO 2,829,673 within their current assets. Further, the Group had derivative financial instruments with a carrying amount of RO 571,607 within its current liabilities. The total changes in fair value of the derivative financial instruments for the year ended 31 December 2021 was a loss of RO 119,576 at the Parent Company level and a loss of RO 404,293 at the Group level. These have been accounted as other comprehensive income and recorded within a separate component of equity (hedging reserve within 'Other reserves'). The closing balance of the hedging reserve as at 31 December 2021 was RO 2,405,816 and RO 1,919,951 in the Parent Company and the Group respectively. We focused on this area because of the number of contracts, their measurement and the complexity related to hedge accounting. Further, the consideration of hedge effectiveness involves a significant degree of judgement. The accounting policy and the judgement involved in relation to the derivative financial instruments and hedge accounting are disclosed in Notes 3 and 4 respectively. The year end derivative financial instrument balances are included within notes 17 and 33, and the closing hedging reserve balance is included within note 17 to the financial statements.	• Obtaining confirmations from the counterparties (brokers) for all open derivative financial instruments which denote their fair values and the unrealised gain/loss on all open contracts at the balance sheet date; • Performing test of controls over the hedge accounting process; • Involving our internal valuation experts to test the fair valuation of the derivative financial instruments at the year end and the appropriateness of their designation as effective cash flow hedges, on a sample basis; • Testing the disclosures in these financial statements with respect to the derivative financial instruments and hedge accounting in accordance with IFRS.

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

Other information

The directors are responsible for the other information. The other information comprises the Report of the Board of Directors, Management Discussions and Analysis Report and Corporate Governance Report for 2021 (but does not include these financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report and the Group's Annual Report, which is expected to be made available to us after that date.

Our opinion on these 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 these financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with these 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 that we obtained prior to the date of this 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.

When we read the Group's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors.

Responsibilities of the directors for these financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the relevant requirements of the Capital Market Authority of the Sultanate of Oman and the applicable provisions of the Commercial Companies Law of 2019, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, the directors are responsible for assessing the Parent Company's and 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 they either intend to liquidate the Parent Company and the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of these financial statements

Our objectives are to obtain reasonable assurance about whether these 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.

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

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

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

- Identify and assess the risks of material misstatement of these financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's and/or the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Parent Company's and/or 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 these 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 Parent Company and/or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of these financial statements, including the disclosures, and whether these 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 consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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 the directors 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 the directors, we determine those matters that were of most significance in the audit of these 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.

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

Report on other legal and regulatory requirements

Further, as required by the relevant requirements of the Capital Market Authority of the Sultanate of Oman and the applicable provisions of the Commercial Companies Law of 2019, we report that these financial statements have been prepared and comply, in all material respects, with those requirements and provisions.

PricewaterhouseCoopers

M. Lalwani

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C.R. No 1230865
PricewaterhouseCoopers LLC

Mahesh Lalwani
Partner
26 January 2022

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Statement of financial position at 31 December 2021

	Notes	Group 2021 RO	Parent Company 2021 RO	Group 2020 RO	Parent Company 2020 RO
ASSETS					
Non-current assets					
Property, plant and equipment	5(a)	25,398,821	16,428,362	27,012,843	17,278,118
Right-of-use assets	6	3,473,450	2,493,850	3,475,535	2,438,311
Intangible asset	5(b)	435,758	435,758	490,227	490,227
Investment in subsidiaries	7	-	6,387,547	-	6,387,547
Financial assets at amortized cost	8(a)	1,010,294	1,000,000	1,015,162	1,000,000
Financial assets at fair value through other comprehensive income	8(b)	243,771	243,771	254,524	254,524
Deferred tax assets	18	85,741	-	35,498	-
Total non-current assets		30,647,835	26,989,288	32,283,789	27,848,727
Current assets					
Inventories	9	26,925,144	22,214,302	15,835,058	11,610,540
Derivative financial instruments	17	2,829,673	2,829,673	2,971,049	2,971,049
Trade and other receivables	10	63,263,604	47,810,418	52,909,687	45,426,316
Cash and cash equivalents	11a	18,409,495	18,330,514	31,433,855	31,402,366
Short term deposits	11b	8,850,200	8,850,200	-	-
Total current assets		120,278,116	100,035,107	103,149,649	91,410,271
Total assets		150,925,951	127,024,395	135,433,438	119,258,998
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	15,221,546	14,068,607	14,746,597	13,593,658
Retained earnings		77,772,662	74,854,389	73,440,683	71,745,945
Other reserves	17	1,569,036	2,405,306	1,981,628	2,524,882
Total equity		108,956,077	104,265,802	104,561,741	100,801,985
Non-current liabilities					
Deferred tax liability	18	896,672	581,999	961,436	620,519
Leases liability	6	3,464,572	2,529,525	3,352,508	2,381,821
Employees' end of service benefits	19	1,421,657	1,258,760	1,397,850	1,262,370
Total non-current liabilities		5,782,901	4,370,284	5,711,794	4,264,710
Current liabilities					
Trade and other payables	20	28,894,421	17,299,415	19,111,277	13,122,260
Bank borrowings	21	5,196,942	-	4,621,817	-
Leases liability	6	261,643	171,643	261,643	171,643
Derivative financial instruments	17	571,607	-	236,651	-
Taxation	18	1,262,360	917,251	928,515	898,400
Total current liabilities		36,186,973	18,388,309	25,159,903	14,192,303
Total liabilities		41,969,874	22,758,593	30,871,697	18,457,013
Total equity and liabilities		150,925,951	127,024,395	135,433,438	119,258,998
Net assets per share		1.215	1.162	1.166	1.124

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 26 January 2022.

Vice Chairman **Chief Executive Officer**

The accompanying notes 1 to 35 form an integral part of these financial statements.

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Statement of income for the year ended 31 December 2021

	Notes	Group 2021 RO	Parent company 2021 RO	Group 2020 RO	Parent Company 2020 RO
Sales		**227,419,221**	**169,520,043**	175,370,245	134,048,301
Cost of sales	**22**	**(210,569,231)**	**(157,695,238)**	(162,846,635)	(124,050,912)
Gross profit		**16,849,990**	**11,824,805**	12,523,610	9,997,389
Other income	**23**	**582,346**	**510,892**	490,431	465,893
Administrative expenses	**24**	**(5,528,200)**	**(4,506,747)**	(4,657,737)	(3,730,637)
Selling and distribution expenses	**25**	**(5,021,751)**	**(2,827,300)**	(3,755,313)	(2,440,813)
Net allowances for credit loss (Note 10&11)	**5(a)**	**567,673**	**567,673**	(1,414,220)	(1,414,220)
Operating profit		**7,450,058**	**5,569,323**	3,186,771	2,877,612
Finance costs	**26**	**(467,387)**	**(145,550)**	(526,413)	(335,897)
Finance income	**26**	**73,704**	**103,206**	55,000	55,000
Profit before income tax		**7,056,375**	**5,526,979**	2,715,358	2,596,715
Income tax expense	**18**	**(1,083,347)**	**(777,486)**	(420,974)	(430,240)
Profit for the year		**5,973,028**	**4,749,493**	2,294,384	2,166,475
Basic and diluted earnings per share attributable to ordinary equity holders of the parent company	**28**	**0.067**	**0.053**	0.026	0.024

The accompanying notes 1 to 35 form an integral part of these financial statements.

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Statement of comprehensive income for the year ended 31 December 2021

	Group 2021 RO	Parent Company 2021 RO	Group 2020 RO	Parent Company 2020 RO
Profit for the year	**5,973,028**	**4,749,493**	2,294,384	2,166,475
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss, net of tax:				
Net movement in hedging reserve, net of tax (Note 17)	**(404,293)**	**(119,576)**	1,661,156	1,771,295
Net movement in foreign currency translation reserve, net of tax (Note 17)	**(8,299)**	**-**	10,360	-
Other comprehensive income (loss) for the year	**(412,592)**	**(119,576)**	1,671,516	1,771,295
Total comprehensive income for the year	**5,560,436**	**4,629,917**	3,965,900	3,937,770

The accompanying notes 1 to 35 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 2021

Group	Share capital	Share premium	Legal reserve	General reserve	Retained earnings	Other Reserves	Equity attributable to equity holders of the parent
	Attributable to the equity holders of the Parent Company						
	RO	RO	RO	RO	RO	RO	RO
Balance at 1 January 2020	8,970,000	977,500	4,445,333	14,529,949	74,502,447	310,112	103,735,341
Profit for the year	-	-	-	-	2,294,384	-	2,294,384
Other comprehensive Income	-	-	-	-	-	1,671,516	1,671,516
Total comprehensive income	-	-	-	-	2,294,384	1,671,516	3,965,900
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	4,445,333	14,746,597	73,440,683	1,981,628	104,561,741
Balance at 1 January 2021	8,970,000	977,500	4,445,333	14,746,597	73,440,683	1,981,628	104,561,741
Profit for the year	-	-	-	-	5,973,028	-	5,973,028
Other comprehensive Income	-	-	-	-	-	(412,592)	(412,592)
Total comprehensive income	-	-	-	-	5,973,028	(412,592)	5,560,436
Dividend for the year 2020 (Note 16)	-	-	-	-	(1,166,100)	-	(1,166,100)
Transfer to general reserve	-	-	-	474,949	(474,949)	-	-
Balance at 31 December 2021	**8,970,000**	**977,500**	**4,445,333**	**15,221,546**	**77,772,662**	**1,569,036**	**108,956,077**

The accompanying notes 1 to 35 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 2021 (continued)

Parent Company	Share capital RO	Share premium RO	Legal reserve RO	General reserve RO	Retained earnings RO	Other Reserves RO	Total RO
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 loss	-	-	-	-	-	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
Balance at 1 January 2021	8,970,000	977,500	2,990,000	13,593,658	71,745,945	2,524,882	100,801,985
Profit for the year	-	-	-	-	4,749,493	-	4,749,493
Other comprehensive income	-	-	-	-	-	(119,576)	(119,576)
Total comprehensive income	-	-	-	-	4,749,493	(119,576)	4,629,917
Dividend for the year 2020 (Note 16)	-	-	-	-	(1,166,100)	-	(1,166,100)
Transfer to general reserve	-	-	-	474,949	(474,949)	-	-
Balance at 31 December 2021	**8,970,000**	**977,500**	**2,990,000**	**14,068,607**	**74,854,389**	**2,405,306**	**104,265,802**

The accompanying notes 1 to 35 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 2021

	Group 2021 RO	**Parent Company 2021 RO**	Group 2020 RO	Parent Company 2020 RO
Operating activities				
Cash receipts from customers	**231,657,765**	**172,296,807**	184,932,894	140,932,009
Cash paid to suppliers and employees	**(232,304,759)**	**(173,101,598)**	(161,686,805)	(118,148,025)
Cash generated from operations	**(646,994)**	**(804,791)**	23,246,089	22,783,984
Income tax paid	**(804,164)**	**(775,356)**	(1,358,408)	(1,358,408)
Net cash (outflows)/inflows from operating activities	**(1,451,158)**	**(1,580,147)**	21,887,681	21,425,576
Investing activities				
Purchase of property, plant and equipment	**(1,753,264)**	**(1,523,918)**	(829,396)	(431,793)
Purchase of intangible asset	**-**	**-**	(544,697)	(544,697)
(Contribution) / Distribution of investment securities	**10,754**	**10,754**	(85,615)	(85,615)
Proceeds from disposal of property, plant and equipment	**19,885**	**8,339**	562	562
Net movement in short term deposits	**(8,850,200)**	**(8,850,200)**	-	-
Interest received	**377,010**	**376,700**	257,261	244,625
Net cash used in investing activities	**(10,195,815)**	**(9,978,325)**	(1,201,885)	(816,918)
Financing activities				
Dividends paid to equity holders of the parent	**(1,166,100)**	**(1,166,100)**	(3,139,500)	(3,139,500)
Payment of lease obligation	**(261,143)**	**(171,143)**	(195,614)	(150,614)
Short term loans received	**529,763**	**-**	464,897	-
Short term loans repaid	**-**	**-**	(461,880)	-
Interest paid	**(479,907)**	**(176,137)**	(402,347)	(231,615)
Net cash used in financing activities	**(1,377,387)**	**(1,513,380)**	(3,734,444)	(3,521,729)
Net change in cash and cash equivalents during the year	**(13,024,360)**	**(13,071,852)**	16,951,352	17,086,929
Cash and cash equivalents at 1 January	**31,622,769**	**31,591,280**	14,671,417	14,504,351
Cash and cash equivalents at 31 December	**18,598,409**	**18,519,428**	31,622,769	31,591,280
Cash and cash equivalents at the end of the year comprise:				
Current accounts	**18,580,767**	**18,502,319**	31,595,209	31,564,628
Cash in hand	**17,642**	**17,109**	27,560	26,652
	18,598,409	**18,519,428**	31,622,769	31,591,280
Less: Allowances for Credit Losses	**(188,914)**	**(188,914)**	(188,914)	(188,914)
	18,409,495	**18,330,514**	31,433,855	31,402,366

The accompanying notes 1 to 35 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% (2020: 100%) shareholding in Oman Aluminium Processing Industries SPC which was incorporated in the Sultanate of Oman in the year 2008 and commenced its operations from July 2010.

The Company holds 100% (2020: 100%) shareholding in Associated Cables Private Limited, India which was registered in India in July 1973.

These consolidated financial statements comprise the Parent Company and its subsidiaries (together referred to as "the Group"), the details of which are set out above. The separate financial statements represent the financial statements of the Parent Company on a standalone basis. The consolidated and separate financial statements are collectively referred as "the financial statements".

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

2.1 New and amended standards and interpretations

The Parent Company and the Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2021:

- Covid-19-Related Rent Concessions – amendments to IFRS 16, and
- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The Parent Company and the Group also elected to adopt the following amendments early:

- Annual Improvements to IFRS Standards 2018–2020, and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12.

The amendments listed above did not have any impact on the amounts recognised in current and prior periods. The Parent Company and the Group is currently assessing the impact on the future periods.

2.2 New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Parent Company and the Group. The Group is currently assessing the impact of these standards, amendments or interpretations on the future periods.

3. Summary of significant accounting policies

Statement of compliance

These 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.

Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. The accounting policies stated below apply to the Parent Company and the Group unless otherwise mentioned in the accounting policies. The accounting policies have been applied consistently applied to both the years presented in these financial statements. These financial statements have been prepared on a going concern basis.

3. Summary of significant accounting policies (continued)

Basis of preparation (continued)

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 presentation currency of the Group, and functional currency of the Parent Company.

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 intercompany 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.

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.

3. Summary of significant accounting policies (continued)

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. The Group's intangible assets comprises computer software which is amortized over an estimated useful life of ten years.

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates its derivatives as hedges of a particular risk associated with the cash flows of recognised assets (cash flow hedges).

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions. The fair values of derivative financial instruments designated in hedge relationships and movements in the hedging reserve in shareholders' equity are disclosed in note 33 and note 17 respectively. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

The group uses forward contracts for its exposure to volatility in the underlying commodity prices. The group designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item is recognised within OCI in the costs of hedging reserve within equity.

3. Summary of significant accounting policies (continued)

Derivative financial instruments and hedge accounting (continued)

Cash flow hedges that qualify for hedge accounting (continued)

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or Loss. Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (e.g. through cost of sales). When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

If certain derivative instruments do not qualify for hedge accounting, changes in the fair value of such derivative instruments are recognised immediately in profit or loss and are included in other gains/(losses).

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 (CCF), 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.

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); and
- 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)

Financial assets at amortised cost:

(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 Group 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)

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash at hand, bank balances and short-term deposits with an original maturity of three months or less, from the date of placement, net of bank overdraft. Bank borrowings that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Impairment of financial assets

The Group 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 FV. 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.

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.

Inventories

Inventories are measured at the lower of cost and net realizable value.
Cost shall comprise all costs of purchase (including taxes, transport, and handling) net of trade discounts received, costs of conversion (including fixed and variable manufacturing overheads) and other costs incurred in bringing the inventories to their present location and condition.

Cost is determined using the first-in-first-out (FIFO) method, except for metals held in inventories, which are valued based on weighted average cost method.

3. Summary of significant accounting policies (continued)

Inventories (continued)

Costs of raw material
Raw material cost mainly includes direct material costs, such as:
- purchase price, net of trade discounts, rebates and other similar items,
- directly attributable import duties and other direct taxes,
- other costs directly attributable to the acquisition of finished goods, materials and services, including handling and transport costs; and
- Deferred gains/losses from hedging instruments.

Costs of work in progress and finished goods
Cost of work in progress and finished goods comprises the following elements:
- raw material and other direct material costs.
- direct labour, including employees' benefits (for example, pension costs) and indirect labour;
- normal amounts of wasted materials.
- variable production overheads, including, among others, indirect materials and energy costs; and
- fixed production overheads, including depreciation and maintenance of factory buildings, machineries and equipment, cost of factory management and administration.

Fixed production overheads are allocated to the cost of inventories on the basis of normal capacity of the plant.

Goods in transit are recorded when significant risks and rewards of ownership of the goods are transferred to the Group.

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.

3. Summary of significant accounting policies (continued)

Employee benefits

Payment is made to the Omani Government Social Security scheme for Omani employees. The Group provides end of service benefits to its expatriate employees in accordance with the Oman labour law. 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 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.

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

Sale of electrical cables, rods and conductors
The Parent Company and the Group's principal activity is manufacturing and selling electrical cables, conductors and aluminum rods.

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 Parent Company and the Group consider 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 Parent Company and the Group consider the effects of variable consideration.

The Parent Company and the Group do not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Therefore, the Parent Company and the Group do not adjust any of the transaction prices for the time value of the money.

Trade receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. These are ordinarily due for settlement within one year and therefore are classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Parent Company and the Group hold the trade receivables with the objective to collect the contractual cashflows and therefore measures them subsequently at amortized costs using the effective interest method.

3. Summary of significant accounting policies (continued)

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.

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)

Finance costs and income

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. Interest expense on borrowings is calculated using the effective interest rate method. Financing costs are recognised as an expense in the statement of comprehensive income in the period in which they are incurred. All other borrowing costs are recognised as an expense in the year in which they are incurred.

Interest income is recognised in the statement of comprehensive income as it accrues, taking into account the effective yield on the asset.

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. All resulting exchange differences are recognized as a separate component of equity.

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 these financial statements requires the Directors 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 Parent Company and the Group's accounting policies, the Directors have made various judgements. Those which the Directors have assessed to have the most significant effect on the amounts recognised in the 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 Parent Company and the Group based its assumptions and estimates on parameters available when these 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. Significant accounting judgements, estimates and assumptions (continued)

4.1 Significant judgements

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

Effectiveness of Hedge relationship

At the inception of the hedge, the Group documents the hedging strategy and performs hedge effectiveness testing to ascertain whether the hedge is effective. This exercise is performed at each reporting date to assess whether the hedge will remain effective throughout the term of the hedging instrument. Refer to note 17 for the cumulative changes in fair values of the Group’s and the Parent Company’s hedging instrument (commodity forward contracts).

Classification of financial assets
The Parent Company and the Group determine 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.

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

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 – Parent Company and the Group as lessee
The Parent Company and the Group determine 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 Parent Company and the Group have the option, under some of its leases to lease the assets for additional terms. The Parent Company and the Group apply judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, they consider all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Parent Company and the Group reassess 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 Significant 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 Parent Company and the Group based its assumptions and estimates on parameters available when these financial statements were prepared.

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

4.2 Estimates and assumptions (continued)

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 Parent Company and the Group use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Parent Company's and 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 62,594,341(2020: RO 56,535,699), and the allowance for expected credit losses was RO 4,242,957 (2020: RO 4,810,630). Similarly, at the reporting date, the Parent Company's trade receivables were RO 48,940,629 (2020: RO 49,161,786), and the allowance for expected credit losses was RO 4,144,413 (2020: RO 4,712,086). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the statement of comprehensive income.

At the reporting date, the Parent Company's and the Group's investment at fair value through other comprehensive income were RO 243,771 (2020: RO 254,524), and the allowance for expected credit losses was not material.

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, the Group's gross inventories were RO 29,634,897 (2020: RO 18,262,134) and the provisions for slow moving and obsolete inventories of RO 2,709,753 (2020: RO 2,427,076) respectively. Similarly, the Parent Company's gross inventories were RO 24,515,854 (2020: RO 13,723,531) and the provisions for slow moving and obsolete inventories of RO 2,301,552 (2020: RO 2,112,991) respectively. Any difference between the amounts 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 and the Parent Company 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. The Directors review the residual value and useful lives annually and future depreciation charge would be adjusted where they believe the useful lives differ from previous estimates.

5(a). Property, plant and equipment

Group 31 December 2021	Buildings	Plant and machinery	Electrical equipment & installations	Motor vehicles	Furniture, fixtures & fittings	Office equipment	Material handling Equipment	Loose tools	Laboratory equipment	Work in progress	Total
	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO
Cost											
At 1 January 2021	**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**
Additions	**86,438**	**572,682**	**27,157**	**15,350**	**39,598**	**89,343**	**31,538**	**16,522**	**117,812**	**756,826**	**1,753,266**
Disposals	**(581)**	**(18,479)**	**-**	**(43,394)**	**(737)**	**(3,911)**	**(26,753)**	**-**	**(33,464)**	**-**	**(127,319)**
At 31 December 2021	**17,534,139**	**44,418,251**	**2,541,902**	**150,240**	**647,951**	**1,554,661**	**3,232,671**	**560,679**	**2,960,913**	**756,826**	**74,358,233**
Depreciation											
At 1 January 2021	**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**
Charge for the year	**833,587**	**2,001,746**	**41,583**	**14,373**	**23,347**	**90,856**	**141,516**	**33,753**	**180,190**	**-**	**3,360,951**
Disposals	**(477)**	**(15,291)**	**-**	**(43,391)**	**(733)**	**(3,657)**	**(26,750)**	**-**	**(30,683)**	**-**	**(120,982)**
At 31 December 2021	**10,660,539**	**28,120,799**	**2,450,142**	**126,173**	**590,996**	**1,337,529**	**2,821,880**	**474,703**	**2,376,651**	**-**	**48,959,412**
Carrying amount											
At 31 December 2021	**6,873,600**	**16,297,452**	**91,760**	**24,067**	**56,955**	**217,132**	**410,791**	**85,976**	**584,262**	**756,826**	**25,398,821**
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

Depreciation charge of has been allocated in the income statement as below:

	2021	2020
Cost of Sales	3,232,375	3,416,943
Administrative Expenses	128,576	126,496
Total	**3,360,951**	**3,543,439**

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Notes to the financial statements at 31 December 2021

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

Group 31 December 2020	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 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)

Parent Company 31 December 2021	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	Work in progress RO	Total RO
Cost											
At 1 January 2021	**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**
Additions	**78,575**	**365,385**	**27,157**	**15,350**	**31,649**	**83,106**	**31,538**	**16,522**	**117,812**	**756,826**	**1,523,920**
Disposals	**-**	**(18,479)**	**-**	**(43,394)**	**(737)**	**(3,911)**	**(26,753)**	**-**	**(33,464)**	**-**	**(126,738)**
At 31 December 2021	**12,365,103**	**30,412,612**	**1,598,368**	**113,354**	**457,823**	**990,606**	**2,811,187**	**277,577**	**2,812,412**	**756,826**	**52,595,868**
Depreciation											
At 1 January 2021	**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**
Charge for the year	**581,862**	**1,359,676**	**29,858**	**14,373**	**21,065**	**64,135**	**109,377**	**6,860**	**180,190**	**-**	**2,367,396**
Disposals	**-**	**(15,244)**	**-**	**(43,391)**	**(733)**	**(3,657)**	**(26,750)**	**-**	**(30,683)**	**-**	**(120,458)**
At 31 December 2021	**7,933,055**	**20,373,309**	**1,517,946**	**89,287**	**414,467**	**852,828**	**2,537,037**	**221,427**	**2,228,150**	**-**	**36,167,506**
Carrying amount											
At 31 December 2021	**4,432,048**	**10,039,303**	**80,422**	**24,067**	**43,356**	**137,778**	**274,150**	**56,150**	**584,262**	**756,826**	**16,428,362**
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

<u>Depreciation charge of has been allocated in the income statement as below</u>:

	2021	2020
Cost of Sales	2,267,823	2,329,298
Administrative Expenses	99,573	94,371
Total	**2,367,396**	**2,423,669**

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Notes to the financial statements at 31 December 2021

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

Parent Company 31 December 2020	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 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(b). Intangible asset

	2021 Group RO	2021 Parent RO	2020 Parent RO	2020 Parent RO
Applied software	**544,697**	**544,697**	544,697	544,697
Accumulated amortization	**(108,939)**	**(108,939)**	(54,470)	(54,470)
At 31 December	**435,758**	**435,758**	490,227	490,227

6. Leases

	2021 Group Land right-of-use	2021 Parent Land right-of-use	2020 Group Land right-of-use	2020 Parent Land right-of-use
At 1 January	**3,475,535**	**2,438,311**	1,851,728	1,316,688
Modification	**173,295**	**173,295**	1,780,299	1,249,955
Depreciation (Note 22)	**(175,380)**	**(117,756)**	(156,492)	(128,332)
At 31 December	**3,473,450**	**2,493,850**	3,475,535	2,438,311

	2021 Group RO Lease liability	2021 Parent RO Lease liability	2020 Group RO Lease liability	2020 Parent RO Lease liability
At 1 January	**3,614,151**	**2,553,464**	1,893,878	1,346,659
Modification	**173,797**	**173,797**	1,780,299	1,249,955
Finance cost (Note 26)	**199,910**	**145,550**	135,588	107,464
Payments	**(261,643)**	**(171,643)**	(195,614)	(150,614)
Others	**-**	**-**	-	-
At 31 December	**3,726,215**	**2,701,168**	3,614,151	2,553,464
Current portion	**261,643**	**171,643**	261,643	171,643
Non-current portion	**3,464,572**	**2,529,525**	3,352,508	2,381,821
	3,726,215	**2,701,168**	3,614,151	2,553,464

The Group has leased land for factory premises. Leases of lands generally have lease term between 20 to 25 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 by 30 September 2042. The Oman subsidiary has entered into a lease agreement on 6 January 2009 in respect of the land used for factory premises, which is valid until 28 January 2033.

The Parent Company has received 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 the statement of income:

	2021	2021	2020	2020
	Group	Parent	Group	Parent
	RO	RO	RO	RO
Depreciation expense of rights-of-use assets (Note 22)	175,380	117,756	156,492	128,332
Interest expense on lease liabilities (Note 26)	199,910	145,550	135,588	107,464
Total amount recognized in statement of income	375,290	263,306	292,080	235,796

The incremental borrowing rate used by the Parent Company and the subsidiary is 5.6% (2020: 5.6%).

7. Investment in subsidiaries

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

	2021		2020	
	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 Subsidiary was incorporated in Oman in 2008 and commenced commercial operations from July 2010. This subsidiary manufactures aluminum rods and overhead conductors.

7. Investment in subsidiaries (continued)

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

	2021		2020	
	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.

8. Other financial assets

Disclosed in the statement of financial position as follows:

	2021		2020	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Financial assets at amortised costs (note a)	**1,010,294**	**1,000,000**	1,015,162	1,000,000
Investments at fair value through other comprehensive income (note b)	**243,771**	**243,771**	254,524	254,524
	1,254,065	**1,243,771**	1,269,686	1,254,524

(a) Financial assets at amortised Cost

Investments at amortised costs comprise Development Bonds Issue No. 51 issued by the Central Bank of Oman for the Government of the 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. The Directors believe that the expected ECL is immaterial at the financial statements as a whole as there is no history of defaults and the issuer has a strong capacity to meet the contractual cashflow obligations in the near term.

(b) Financial assets at fair value through other comprehensive income (Debt instruments)

	2021		2020	
	Group and Parent Company		Group and Parent Company	
	Market value RO	**Cost RO**	Market value RO	Cost RO
Unquoted investments (refer note below)	**243,771**	**243,771**	254,524	254,524
	243,771	**243,771**	254,524	254,524

During the year, the balance has decreased on account of Capital distribution (net) RO 10,753 (2020: net investment of RO 85,615) in units of Oman Fixed Income Fund.

9. Inventories

	2021 Group RO	2021 Parent Company RO	2020 Group RO	2020 Parent Company RO
Raw materials	**8,364,454**	**7,542,275**	4,532,165	4,068,665
Spares, consumables and scrap	**3,292,873**	**1,821,473**	3,251,193	1,826,791
Finished goods	**14,400,109**	**12,610,312**	7,846,993	6,594,345
	26,057,436	**21,974,060**	15,630,351	12,489,801
Work-in-progress	**2,776,983**	**2,541,794**	1,771,891	1,233,730
Goods in transit	**800,478**	**-**	859,892	-
	29,634,897	**24,515,854**	18,262,134	13,723,531
Less: provision for slow moving and obsolete items	**(2,709,753)**	**(2,301,552)**	(2,427,076)	(2,112,991)
	26,925,144	**22,214,302**	15,835,058	11,610,540

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

	2021 Group RO	2021 Parent Company RO	2020 Group RO	2020 Parent Company RO
At the beginning of the year	**2,427,076**	**2,112,991**	1,763,056	1,502,291
Provision for the year	**282,677**	**188,561**	664,020	610,700
	2,709,753	**2,301,552**	2,427,076	2,112,991

10. Trade and other receivables

	2021 Group RO	2021 Parent Company RO	2020 Group RO	2020 Parent Company RO
Trade receivables	**53,286,788**	**43,243,336**	49,376,026	44,467,007
Amount due from related parties (Note 30)	**9,307,553**	**5,697,293**	7,159,673	4,694,779
Less: allowance for credit losses	**(4,242,957)**	**(4,144,413)**	(4,810,630)	(4,712,086)
	58,351,384	**44,796,216**	51,725,069	44,449,700
Advances	**490,973**	**368,053**	779,109	729,246
Other receivables	**3,831,428**	**2,217,157**	-	-
Prepayments	**589,819**	**428,992**	405,509	247,370
	63,263,604	**47,810,418**	52,909,687	45,426,316

10. Trade and other receivables (continued)

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

	2021		2020	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
At the beginning of the year	**4,810,630**	**4,712,086**	3,585,324	3,486,780
Add: (Reversal)/Charge for the year (Note 24)	**(567,673)**	**(567,673)**	1,225,306	1,225,306
	4,242,957	**4,144,413**	4,810,630	4,712,086

As represented in the table below, out of the total Group's and the Parent Company's trade receivable balances, RO 50,686,288 and RO 40,236,053 are not due respectively (2020 – RO 48,107,720 and RO 40,733,856 for the Group and the Parent Company were not due). Trade receivables of RO 11,908,053 and RO 8,704,576 of the Group and the Parent Company are past due (2020 – 8,427,979 and RO 8,427,930 for the Group and the Parent Company were past due).
A total expected credit loss provision of RO 4,242,957 and RO 4,144,413 (2020 – RO 4,810,630 and RO 4,712,086 respectively) has been made against the gross trade receivable balances of the Group and the Parent Company respectively. The Directors have assessed the amounts due from related parties and not noted any impaired balances.

The Expected loss rate ('ÉLR') for the trade receivables based on their age profile is provided below.

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**
ÉLR		**0.1%**	**4.2%**	**9.9%**	**27.1%**	**81%**
2021	**62,594,341**	**50,686,288**	**4,110,300**	**2,885,900**	**463,860**	**4,447,993**
ELR		0.3%	6%	13.7%	38.3%	82.5%
2020	56,535,699	48,107,720	2,415,557	170,519	741,526	5,100,377
Parent						
ELR		**0.1%**	**4.3%**	**14.3%**	**30.1%**	**82%**
2021	**48,940,629**	**40,236,053**	**1,961,745**	**2,044,743**	**251,907**	**4,446,181**
ELR		0.3%	6%	13.7%	38.3%	81%
2020	49,161,786	40,733,856	2,415,557	170,470	741,526	5,100,377

At the reporting date 50% of the Parent Company's trade receivables are due from 9 customers (2020 - 50% from 9 customers). At the reporting date, 39% of the Group's trade receivables are due from 9 customers (2020 - 43% from 9 customers).

Due to the short term nature of the receivables, their carrying values approximate their fair values.

11. Cash and bank balances

(a) Cash and cash equivalents

	2021		2020	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Cash in hand	**17,642**	**17,109**	27,560	26,652
Current accounts in Banks	**18,580,767**	**18,502,319**	31,595,209	31,564,628
Less: allowance for credit losses	**(188,914)**	**(188,914)**	(188,914)	(188,914)
	18,409,495	**18,330,514**	31,433,855	31,402,366

(b) Short term deposits

	2021		2020	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Short term deposits	**8,850,200**	**8,850,200**	-	-
	8,850,200	**8,850,200**	-	-

Short term deposits are placed with commercial banks in Oman with maturity period ranging from six months to one year and Interest rate ranging from 2% to 4%. The expected credit loss on these balances is immaterial.

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 (2020 - 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 (2020 - 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:

	2021		2020	
	No of shares held	**%**	No of shares held	%
Draka Holding BV	**45,899,610**	**51.17**	45,899,610	51.17
Mustafa Mukhtar Ali Al Lawati	**11,995,361**	**13.37**	11,247,040	12.54

Draka Holding BV is the immediate parent and Prysmian S.p.A is the ultimate controlling party of Oman Cables Industry SAOG.

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 per the Commercial Companies Law of the Sultanate of Oman, 10% of the net profit of the respective companies have 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 respective companies.

The Parent Company and OAPIL have 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% (2020 - 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 13 baisa (2020: 35 baisa) per share totalling RO 1,166,100 (2020: RO 3,139,500) relating to the year 2020 were declared and paid.

The Board of Directors have recommended a dividend of 27 baisa (2020: 13 baisa) per share for the year 2020 amounting to RO 2,421,900 (2020: RO 1,166,100), subject to the approval of the shareholders at the forthcoming Annual General Meeting.

17. Other reserves

The following denotes the breakup of Other reserves at reporting dates:

	2021		2020	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Hedging reserve (Net) (a)	**1,920,027**	**2,405,816**	2,324,243	2,525,392
Foreign currency translation reserve (b)	**(350,481)**	**-**	(342,105)	-
Financial assets at FVOCI reserve (c)	**(510)**	**(510)**	(510)	(510)
	1,569,036	**2,405,306**	1,981,628	2,524,882

17. Other reserves (continued)

a) Hedging reserve - The Parent Company and the Group enter into derivative (forward) contracts to hedge any risks arising from fluctuations in metal prices. The movement in the hedging reserve (cash flow) is as under:

	2021		**2020**	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
At 1 January	**2,324,244**	**2,525,392**	663,088	754,097
Fair value adjustments during the year	**11,554,100**	**8,801,796**	6,186,975	5,052,849
Realized gain on settled contracts transferred to inventories	**(11,619,578)**	**(8,496,816)**	(4,115,660)	(2,835,897)
Related deferred tax liability	**(424,556)**	**(424,556)**	(445,657)	(445,657)
Related deferred tax asset	**85,741**	**-**	35,498	-
At 31 December	**1,919,951**	**2,405,816**	2,324,244	2,525,392
Change in fair value through OCI – net of tax	**(404,293)**	**(119,576)**	1,661,156	1,771,295

Any positive or negative fair value adjustments of commodity forward 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 Group has cashflow derivatives in the nature of commodity forward contracts included in its current assets of RO 2,829,673 (2020 – RO 2,971,049). The Group also has cashflow derivatives in the nature of commodity forward contracts included in its current liabilities of RO 571,607 (2020 – RO 236,651).

The cumulative changes in fair value relating to the unrealised gain / loss in commodity forward contracts of RO 2,829,673 included in current assets (note 10) and RO 571,607 (note 20) included in current liabilities (2020 – RO 2,971,049 included in current assets and RO 236,651 included in current liabilities) is mainly on account of differences between the original values of the forward 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 Company

The Parent Company has cashflow derivatives in the nature of commodity forward contracts included in its current assets of RO 2,829,673 (2020 – RO 2,971,049).

The cumulative change in fair value relating to the unrealised gain / loss in commodity forward contracts of RO 2,829,673 included in current assets (2020 – RO 2,971,049) 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.

Derivatives are only used for economic hedging purposes and not as speculative investments.

17. Other reserves (continued)

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item (inventory) and hedging instrument (commodity forward contracts).

For hedges, the Parent Company and the Group endeavours to enter into hedge relationships where the critical terms of the hedging instrument are matched with the hedged item. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances effect the terms of the hedged item such that the critical terms no longer match with the critical terms of the hedging instrument, the Parent Company and the Group use the hypothetical derivative method to assess effectiveness. In hedges, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated. There was no hedge ineffectiveness in relation to the commodity forward contracts for 2021 and 2020.

Instruments used by the Parent Company and the Group

The Parent Company and the Group are exposed to cashflow risk arising from fluctuations in the prices of its primary raw materials namely copper, aluminium and lead. The risk is hedged with the objective of minimizing the volatility of committed inventory purchases and sales.

Effects of hedge accounting on the financial position and performance

	2021		2020	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Carrying amount (current asset)	**2,829,673**	**2,829,673**	2,971,049	2,971,049
Carrying amount (current liability)	**571,607**	**-**	236,651	-
Maturity Date	**January 2022 to April 2022**	**January 2022 to April 2022**	January 2021 to April 2021	January 2021 to April 2021
Hedge ratio	**1:1**	**1:1**	1:1	1:1

Sensitivity

The Group and the Parent Company are exposed to changes in the market rate of the underlying commodities that form part of the raw materials. The sensitivity of equity reserve to changes in the underlying commodity market prices (since the derivative has been designated as an effective hedge) is as follows:

	2021		2020	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Increase in the market price of commodities by 5% - gain/(loss)	**29,000**	**665,000**	25,000	598,000
Decrease in the market price of commodities by 5% - gain/(loss)	**(309,000)**	**(647,000)**	(278,000)	(582,000)

17. Other reserves (continued)

b) Foreign currency translation reserve

	2021		2020	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
At 1 January	**342,106**	**-**	352,466	-
Translation loss/(gain) during the year	**8,299**	**-**	(10,360)	-
At 31 December	**350,405**	**-**	342,106	-

c) Financial assets at FVOCI reserve

	2021		2020	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
At 1 January and 31 December	**(510)**	**(510)**	(510)	(510)

18. Taxation

	2021		2020	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Statement of profit or loss				
Current year income tax charge	**1,262,360**	**883,473**	905,262	808,341
Prior year income tax charge	**(113,376)**	**(83,633)**	23,613	23,613
Deferred tax:				
Temporary differences	**(65,637)**	**(22,354)**	(507,901)	(401,714)
Income tax expense reported in the statement of profit or loss	**1,083,347**	**777,486**	420,974	430,240

18. Taxation (continued)

Statement of financial position

	2021		2020	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Current liability				
Opening Balance	**928,515**	**898,400**	1,483,446	1,424,854
Charge for the year	**1,138,009**	**794,207**	803,477	831,954
Payments	**(804,164)**	**(775,356)**	(1,358,408)	(1,358,408)
Closing Balance	**1,262,360**	**917,251**	928,515	898,400

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;

	2021		2020	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Non-current liability				
Deferred tax liability:				
At 1 January	**961,436**	**620,519**	1,193,970	868,889
Movement for the year	**(64,764)**	**(38,520)**	(232,534)	(248,370)
At 31 December	**896,672**	**581,999**	961,436	620,519

The deferred tax liability comprises the following temporary differences:

	2021		2020	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Tax effect of depreciation	**1,491,808**	**1,147,740**	1,624,390	1,244,234
Tax effect of provisions	**(1,002,645)**	**(976,548)**	(1,087,818)	(1,052,099)
Tax effect of IFRS 16	**(17,047)**	**(13,749)**	(20,793)	(17,273)
Tax effect of commodity hedging	**424,556**	**424,556**	445,657	445,657
	896,672	**581,999**	961,436	620,519

18. Taxation (continued)

The group has the deferred tax asset on the commodity hedges of RO 85,741 (2020 RO 35,498) and movement is as below:

	2021		2020	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Non-current asset				
Deferred tax asset				
At 1 January	**35,498**	**-**	**106,857**	**-**
Movement for the year	**50,243**	**-**	**(71,359)**	**-**
At 31 December	**85,741**	**-**	**35,498**	**-**

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

	2021		2020	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Profit before income tax	**7,056,373**	**5,526,979**	2,715,358	2,596,715
Income tax as per rates mentioned below	**1,058,456**	**829,047**	407,304	389,507
Others	**24,891**	**(51,561)**	13,670	40,733
Net tax expense	**1,083,347**	**777,486**	420,974	430,240

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% (2020: 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% (2020: 15%). For the purpose of determining the tax expense for the year ended 31 December 2021, 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 14.07% (2020: 16.57%).The difference between the applicable tax rates of 15% (2020: 15%) and the effective tax rate of 14.07% 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.

18. Taxation (continued)

Subsidiaries

Oman Aluminum Processing Industries SPC

The tax rates applicable to the company is 15% (2020:15%). 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 18% (2020: 18%). 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 % (2020: Nil). Assessments with the tax department have been completed up to the 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:

	2021		2020	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
At 1 January	**1,397,850**	**1,262,370**	1,374,931	1,258,775
Accrued during the year (Note 27)	**158,644**	**120,921**	133,256	107,585
Employees' end of service benefits paid	**(134,837)**	**(124,531)**	(110,337)	(103,990)
At 31 December	**1,421,657**	**1,258,760**	1,397,850	1,262,370

In accordance with the provisions of IAS 19, the management has carried out an exercise to assess the present value of its obligations as at 31 December 2021 and 2020, using the projected unit credit method, in respect of employees' end of service benefits payable under the Oman Labour Law. Under this method an assessment has been made of an employee's expected service life with the Group and the expected basic salary at the date of leaving the service. Management has assumed average increment / promotion costs in line with the operating performance of the Group and expected future outlook. The expected liability at the date of leaving the service has been discounted to net present value using a discount rate of 5.6% (2020 – 5.6%).

20. Trade and other payables

	2021		2020	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Trade payables	**21,184,531**	**12,138,832**	13,463,144	8,595,925
Amount due to related parties(Note30)	**1,203,504**	**407,510**	667,774	665,432
Other payables	**1,178,922**	**829,873**	597,874	399,888
Accruals	**5,327,464**	**3,923,200**	4,382,485	3,461,015
	28,894,421	**17,299,415**	19,111,277	13,122,260

21. Bank borrowings

	2021		2020	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Short term loans	**5,196,942**	**-**	4,621,817	-
	5,196,942	**-**	4,621,817	-

During the period, the Group availed short-term loans from commercial banks for a period ranging up to 90 days (2020 – 90 days). Bank borrowings carry interest at commercial rates.
The loan of the subsidiary OAPIL 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 OAPIL. The Bank facility contains certain covenants pertaining to, amongst other things the maintenance of, minimum current ratio of 1 and debt to equity ratio not exceeding 1.75. OAPIL is in compliance with these financial covenants at the reporting date.

22. Cost of sales

	2021		2020	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Cost of materials consumed	**197,549,949**	**148,201,592**	149,559,731	114,027,234
Employee costs (Note 27)	**5,638,188**	**4,895,069**	5,570,074	4,798,717
Depreciation (Note 5(a))	**3,232,375**	**2,267,823**	3,416,943	2,329,298
Depreciation on right of use assets (Note 6)	**175,380**	**117,756**	156,492	128,332
Electricity and water	**1,906,690**	**1,126,867**	1,527,165	947,940
Stores, consumables, repairs and maintenance	**1,094,340**	**418,053**	1,115,276	643,068
Provision for slow moving inventories (Note 9)	**282,677**	**188,561**	664,020	610,700
Other direct costs	**689,632**	**479,517**	836,934	565,623
	210,569,231	**157,695,238**	162,846,635	124,050,912

23. Other income

	2021		2020	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Insurance claim	**4,700**	**4,700**	8,554	8,554
Gain on sale of property, plant and equipment	**2,059**	**2,059**	(1,558)	(1,558)
Management fee from related parties	**266,696**	**266,696**	162,135	162,135
Other operating income	**308,891**	**237,437**	321,300	296,762
	582,346	**510,892**	490,431	465,893

24. Administrative expenses

	2021		2020	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Employee costs (Note 27)	**3,531,013**	**2,923,292**	3,021,555	2,449,106
Legal and professional charges	**314,565**	**139,760**	415,532	215,823
Insurance	**388,941**	**316,339**	181,749	178,311
Repairs and maintenance	**329,712**	**324,567**	308,216	305,119
Travelling	**80,821**	**36,423**	31,818	6,129
Directors' remuneration (Note 30)	**163,306**	**163,306**	3,380	3,380
Contributions to local organization	**100,000**	**100,000**	5,000	5,000
Communication	**194,383**	**141,986**	174,671	138,651
Printing and stationery	**12,608**	**8,916**	32,804	29,162
Vehicle running and maintenance	**6,456**	**6,379**	6,495	6,495
Amortization on intangible asset	**54,470**	**54,470**	54,470	54,470
Deprecation	**128,576**	**99,573**	126,496	94,371
Other sundry expenses	**223,349**	**191,736**	295,551	244,620
	5,528,200	**4,506,747**	4,657,737	3,730,637

25. Selling and distribution expenses

	2021		2020	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Marketing and freight	**3,971,972**	**1,940,049**	2,675,664	1,574,828
Employee costs (Note 27)	**986,417**	**841,229**	964,823	816,481
Advertisement and sales promotion	**49,396**	**32,056**	90,419	25,616
Travelling	**13,966**	**13,966**	24,407	23,888
	5,021,751	**2,827,300**	3,755,313	2,440,813

26. Finance costs (Net)

	2021		2020	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Interest expenses	**267,477**	**-**	152,133	-
Interest on lease liabilities (Note 6)	**199,910**	**145,550**	135,588	107,464
Interest from bond (Note 8b)	**(55,000)**	**(55,000)**	(55,000)	(55,000)
Other finance (income)/costs	**(18,704)**	**(48,206)**	238,692	228,433
Finance costs (Net)	**393,683**	**42,344**	471,413	280,897

27. Employee costs

	2021		2020	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Salaries and Other benefits	**9,634,301**	**8,223,951**	9,087,321	7,663,146
Contributions to defined retirement plan for Omani employees	**362,673**	**314,718**	335,874	293,572
Employees end of service benefits (Note 19)	**158,644**	**120,921**	133,256	107,585
	10,155,618	**8,659,590**	9,556,451	8,064,303

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.

	2021		2020	
	Group	**Parent Company**	Group	Parent Company
Net profit for the year (RO)	**5,973,028**	**4,749,493**	2,294,384	2,166,475
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)	**0.067**	**0.053**	0.026	0.024

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

29. Segmental reporting

The Board of Directors have 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 operates in one reportable 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.

30. Related party transactions and balances

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.

	2021		2020	
Group	**Sales and other income**	**Purchases and other expenses**	Sales and other income	Purchase and other expenses
	RO	**RO**	RO	RO
Fellow subsidiaries of the ultimate Parent	**11,265,162**	**1,782,203**	13,591,695	2,146,905
	11,265,162	**1,782,203**	13,591,695	2,146,905
Parent Company				
Fellow subsidiaries of the ultimate Parent	**11,265,162**	**1,782,203**	13,591,695	2146,905
Subsidiaries	**174,955**	**6,581,617**	116,062	3,936,758
	11,440,117	**8,363,820**	13,707,757	6,083,663

The sales and other income in the Parent Company and the Group includes management fee from fellow subsidiaries of RO 266,696 (2020 – RO 162,135).

Compensation of key management personnel
The key management personnel compensation for the year comprises:

	2021		2020	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Short term employment benefits	**1,132,533**	**1,028,096**	1,124,276	900,057
End of service benefits	**16,189**	**12,724**	51,298	28,552
Directors' remuneration	**163,306**	**163,306**	3,380	3,380
	1,312,028	**1,204,126**	1,178,954	931,989

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.

30. Related party transactions and balances (continued)

Directors' remuneration

	2021		2020	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Fabio Lgnazio Romeo	**26,571**	**26,571**	11,268	11,268
Mohamed Al Lawati	**29,143**	**29,143**	12,300	12,300
Lara Carolin Mahmoud Hansen	**8,528**	**8,528**	13,333	13,333
Manal Said Al Ghazaliya	**27,143**	**27,143**	11,474	11,474
Christian Raskin	**29,428**	**29,428**	12,094	12,094
Michele Binda	**7,957**	**7,957**	12,507	12,507
Fabrizio Rutschman	**29,429**	**29,429**	12,919	12,919
Laura Figini	**21,472**	**21,472**	-	-
Yasser Al Rashdi	**20,329**	**20,329**	-	-
	200,000	**200,000**	85,895	85,895

The Parent Company and the Group have made a provision for directors' remuneration of RO 200,000 at 31 December 2021 (2020 - RO 85,895).

	2021		2020	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Amounts due from related parties				
Fellow subsidiaries of the ultimate Parent	**9,307,553**	**5,697,293**	7,159,673	4,694,779
Amounts due to related parties:				
Fellow subsidiaries of the ultimate Parent	**454,039**	**454,038**	314,816	314,816
Subsidiaries	**749,465**	**(46,528)**	352,958	350,616
	1,203,504	**407,510**	667,774	665,432

The amounts due from and due to related parties are as per the contractual terms agreed between the Parent Company/ Group with the related parties. 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 (2020 - six related parties). Amounts due from related parties were assessed as impaired by the management, for which no allowance for credit losses has been established.

31. Commitments and contingent liabilities

Commitments

	2021		2020	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Capital commitments	**870,135**	**608,603**	1,142,935	936,906
Letters of credit	**25,284,140**	**17,594,140**	9,843,471	3,683,471

Contingencies

	2021		2020	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Letters of guarantee	**15,183,201**	**14,540,448**	12,221,783	11,859,895

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.

32. Financial instruments and related risk management

The Group's principal financial liabilities other than derivatives, comprise loans and borrowings, lease liabilities and 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 bank 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 commodity & equity 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.

32. 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:

	2021		2020	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Trade receivables and due from related parties	**62,594,341**	**48,940,629**	56,535,699	49,161,786
Derivative financial instruments	**2,829,673**	**2,829,673**	2,971,049	2,971,049
Bank balances	**27,242,053**	**27,163,605**	31,406,295	31,375,714
	92,666,067	**78,933,907**	90,913,043	83,508,549

The Group sells its products to large number of customers. Its five largest customers account for 35.3% of outstanding accounting receivable at 31 December 2021 (2020: 37.4%).

The Parent Company has receivables from the derivative financial instruments from two international broker counterparties which have a rating of Aa3 and Ba3 as per the credit ratings as published by Moody's investor's service at the reporting date.

The table below shows the balances with banks categorised by short term credit ratings as published by Moody's investor's service at the reporting date:

		2021		2020	
	Moody's ratings	**Group RO**	**Parent Company RO**	Group RO	Parent Company RO
Ahli Bank	Not rated	**4,035,311**	**4,035,311**	1,950,650	1,950,650
Bank Dhofar	NP	**6,812,166**	**6,812,166**	14,458,301	14,458,301
Bank Muscat	NP	**11,894,277**	**11,822,215**	3,445,614	3,430,683
Bank Sohar	NP	**8,217**	**8,217**	534	534
First Abu Dhabi	P1	**18,749**	**18,749**	24,802	24,802
HSBC Bank	NP	**3,833,407**	**3,833,407**	11,126,129	11,126,129
NBO	NP	**459,710**	**455,833**	514,815	510,938
OAB	NP	**366,621**	**366,621**	62,591	62,591
HDFC	P3	**2,509**	**-**	11,773	-
		27,430,967	**27,352,519**	31,595,209	31,564,628

32. Financial instruments and related risk management (continued)

Changes in liabilities arising from financing activities of the Group

	1 January 2020 RO	Cash flows RO	Changes in fair value RO	Other RO	31 December 2020 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 2021 RO	**Cash flows RO**	**Changes in fair value RO**	**Other RO**	**31 December 2021 RO**
Current lease liabilities (Note 6)	**261,643**	**(261,643)**	**-**	**261,643**	**261,643**
Short term loans	**4,621,817**	**575,125**	**-**	**-**	**5,196,942**
Non-current lease liabilities (Note 6)	**3,352,508**	**-**	**-**	**112,064**	**3,464,572**
Derivatives	**236,651**	**-**	**334,956**	**-**	**571,607**
	8,472,619	**313,482**	**334,956**	**373,707**	**9,494,764**

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 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 5,196,942 (2020 – RO 4,621,817) and for every 0.5% change in interest rate, the impact on the statement of income will be approximate to RO 26,000 (2020 – RO 23,100) based on the level of borrowing at the reporting date.

32.Financial instruments and related risk management (continued)

Market risk (continued)

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

The majority of the Group's financial assets and financial liabilities are either denominated in local currency viz. Rial Omani or currencies pegged with Rial Omani. 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.

Foreign currency risk (continued)

	Change in Euro rate	Effect on profit before tax
	RO	**RO**
2021	**+5%**	**(10,500)**
	-5%	**10,500**
2020	+5%	(20,940)
	-5%	20,940

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 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 forward contracts to hedge any significant risks arising from fluctuations in metal prices. Forward contracts have maturities of less than one year after the reporting date.

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 Directors continuously monitor the market and the key factors that affect stock market movements. The Directors believe 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.

32. Financial instruments and related risk management (continued)

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**
2021					
Trade and other payables	**15,878,844**	**725,873**	**287,188**	**-**	**16,891,905**
Amount due to related parties	**354,479**	**28,889**	**24,142**	**-**	**407,510**
Lease liabilities	**85,822**	**-**	**85,822**	**4,330,660**	**4,502,304**
	16,319,145	**754,762**	**397,152**	**4,330,660**	**21,801,719**
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	4,416,482	4,588,125
	12,033,452	762,928	497,523	4,416,482	17,710,385

Group	**Less than 3 months RO**	**3 to 6 months RO**	**6 months to 1 year RO**	**More than 1 year RO**	**Total RO**
2021					
Trade and other payables	**26,677,856**	**725,873**	**287,188**	**-**	**27,690,917**
Amount due to related parties	**1,148,131**	**31,231**	**24,142**	**-**	**1,203,504**
Derivative financial instruments	**571,607**	**-**	**-**	**-**	**571,607**
Lease liabilities	**108,322**	**22,500**	**130,822**	**5,770,660**	**6,032,304**
	28,505,916	**779,604**	**442,152**	**5,770,660**	**35,498,332**

	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	17,875,710	210,624	357,169	-	18,443,503
Amount due to related parties	58,595	554,646	54,533	-	667,774
Derivative financial instruments	236,651	-	-	-	236,651
Lease liabilities	108,322	22,500	130,821	5,946,482	6,208,125
	18,279,278	787,770	542,523	5,946,482	25,556,053

33. Fair values of financial instruments

Fair values

Financial instruments comprise financial assets, financial liabilities and derivatives. Financial assets comprises bank balances, short term deposits, trade receivables (including due from related parties), investments at amortised cost and investments at fair value through other comprehensive income. Financial liabilities comprises trade and other payables (including due to related parties), bank borrowings and lease liabilities. Derivative financial instruments relate to forward commodity contracts.

The Group and the Parent Company's financial assets and liabilities are summarised as below:

	2021		2020	
Financial assets	**Group RO**	**Parent Company RO**	Group RO	Parent Company RO
At amortised cost				
Trade receivables and due from related parties	**62,594,341**	**48,940,629**	56,535,699	49,161,786
Investments at amortised cost	**1,010,294**	**1,000,000**	1,015,162	1,000,000
Short term deposits	**8,850,200**	**8,850,200**	-	-
Bank balances	**18,580,767**	**18,502,319**	31,595,209	31,564,628
At fair value				
Investments at fair value through OCI	**243,771**	**243,771**	254,524	254,524
Derivative financial instruments	**2,829,673**	**2,829,673**	2,971,049	2,971,049
	94,109,046	**80,366,592**	92,371,643	84,951,987

	2021		2020	
Financial liabilities	**Group RO**	**Parent Company RO**	Group RO	Parent Company RO
At amortised cost				
Trade payables and due to related parties	**22,388,035**	**12,546,342**	14,130,918	9,261,357
Bank borrowings	**5,196,942**	**-**	4,621,817	-
Lease liabilities	**3,726,215**	**2,701,168**	3,614,151	2,553,464
Derivative financial instruments	**571,607**	**-**	236,651	-
	31,882,799	**15,247,510**	22,603,537	11,814,821

Due to the short term nature of the financial assets and financial liabilities, their fair values re not materially different from their carrying values at the reporting date. In case of financial liabilities which are non-current, their rate of discounting approximates the current market rate of interest and hence their fair values also approximate their carrying values at the reporting date.

33. Fair values of financial instruments (continued)

Fair value hierarchy

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

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

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

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

As at 31 December, the Group had investments at fair value thorough other comprehensive income as described in note 8 and are under level 3 fair value measurement category.

Assets measured at fair value

2021	**Total RO**	**Level 1 RO**	**Level 2 RO**	**Level 3 RO**
Parent Company				
Fair value through other comprehensive income (Note 8A)	243,771	-	243,771	-
Commodity forward contract (Note 10)	2,829,673	-	2,829,673	-
Group				
Fair value through other comprehensive income (Note 8A)	243,771	-	243,771	-
Commodity forward contract (net) (Note 10 & 20)	2,829,673	-	2,829,673	-

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	-

During the reporting years ended 31 December 2021 and 31 December 2020, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

34. 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 2021 and 31 December 2020.

35. 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.

In the second year, with the help of vaccinations COVID-19 outbreak had less impact on daily life, but supply chain issues reached its peak with longer lead time in terms of raw materials availability and prices.

The key impact of COVID-19 on the Parent Company was the reduction in sales during 2020, where turnover went down by 16.5% & 19% for the Group and Parent respectively compared to prior year. In 2021, the Company made a positive recovery with 29.7% & 26.5% growth on sales in the Group and the Parent Company and registered sales of RO 227 million and RO 169 million respectively thereby exceeding the pre-COVID-19 period turnover.

Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the Parent Company and the Group may experience comparatively lower results/growth 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 Group and the Parent 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 Group and the Parent Company, when known, will be incorporated into the determination of the Group's and the Parent Company's estimates and assumptions that affect the reported amounts of its revenues, expenses, assets and liabilities.