Oman Cables Industry SAOG

ANNUAL REPORT

2023

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1. Board of Directors

Board of Directors

Mr. Fabio Romeo, Chairman

Advisor at Prysmian Group, he graduated in Electronic Engineering from Milan's Polytechnic University in 1979, then obtained a Master of Science. and a PhD in Electrical Engineering and Computer Sciences at the University of California in Berkeley. He began his career at Tema (ENI Group) as a 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 was appointed Utility Director, Sales and Marketing Director. In 2014 he was named Chief Strategy Officer, a position he held until his current assignment.

Mr. Mohamed Al Lawati, Vice Chairman

With a Bachelor's Degree in Mechanical Engineering from the University of Manchester, UK, he has five years of engineering experience in Petroleum Development Oman (PDO). He has also held various positions in Oman Cables Industry SAOG for five years, General Manager – Sales and Marketing and General Manager - Corporate Projects. Currently, he is the Chief Executive Officer at Al-Saleh Group.

Mrs. Manal Al Ghazali, Member of the Board of Directors

Appointed as Head of Planning and Human Capital Development in January 2023, prior to this, she was Head of Operational Audit at the Internal Audit Department of Public Authority of Social Insurance, Sultanate of Oman. With almost 21 years of rich experience in the Internal Audit profession, she has served reputed multinational organizations namely Bank Muscat and Orpic in Senior Positions.
Manal graduated from the Sultan Qaboos University and possesses in-depth knowledge in Accounting, Finance, Investment Management, and Information Systems. Mrs. Ghazali, is also a qualified member of the Association of Chartered Certified Accountants, a Certified Fraud Examiner, and a Certified Information System Auditor. Mrs. Ghazali is also the Vice President of the Institute of Internal Auditors in 2018, the only professional association for internal auditors in Oman, that represents the profession of internal auditing and delivers services to internal auditors. One of their major objectives is to promote and support of the internal audit profession at large and in Oman.
Mrs. Ghazali had effectively aligned the Internal Audit function to meet the requirements of the IIA standards at Bank Muscat, Orpic and PASI adopting state-of-the-art audit management systems. She has been instrumental in effectively implementing the Three Lines of Defense Internal Control framework, adopting the COSO framework at Orpic and PASI. Mrs. Ghazali acts as an independent member in the Information Systems Committee at PASI and provides consulting services for implementing IT governance or continuous process improvement, adopting the COBIT 5 framework. In addition, she provides consulting advice to the Internal Control Committee on fraud prevention and continuously enhances the effectiveness of Internal Control at the Public Authority of Social Insurance. Mrs. Ghazali contributes to society through her participation in various public forums that empower women economically and support their participation in sustainable development. She has participated in Oman Vision 2040 as a member of the Governance team.

Mr. Christian Raskin, Member of the Board of Directors

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 nine 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, Member of the Board of Directors

A 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 at 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 more than 32 years of professional experience in the leadership of human capital and change management.

Mrs. Laura Figini, Member of the Board of Directors

A graduate in Business Administration from the Bocconi University of Milano, with educational experiences at Ivey Business School in Ontario Canada and Harvard Online Business School, Mrs. 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 continued her career in the Prysmian Group as Chief Accountant of holding financial companies. Since 2011, she has served as the Planning and Reporting Director of Prysmian Group. She has worked on several acquisition processes, initially with Pirelli Group (Siemens, BICC, Nokia) and later with Prysmian's acquisition of Draka and General Cables Group, playing a leading role in the financial integration process. With over 25 years of professional experience in Finance and Administration management, in 2021, she took a new step up in the Prysmian Group, joining the Human Resources function as an HR Business Partner and Planning Director.

Mr. Yasser Al Rashdi, Member of the Board of Directors

Currently, he serves as the Group Finance Director of ITHCA Group, following his role as Senior Manager of Investment Transactional Support at Oman Investment Authority and has a membership in the Board of Directors of Oman Growth Fund. With over 22 years of experience in the fields of Accounts, Finance and Investment at Oman Investment Authority, he has established a strong professional background. On the academic front, he obtained a Bachelor's Degree in Accounting from Sultan Qaboos University, and an MBA from the Franklin University in the United States. He also joined in executive programs provided by major educational institutions such as HEC Paris University and PWC Academy, focusing on leadership, financial, and management.

2. Management Team

Management Team

Ms. Cinzia Farisè, Chief Executive Officer

A graduate in Economics, Ms. Farisè is a manager with 30 years of experience in national and multinational companies, spanning both public and private sectors, and involving listed and non-listed entities. She has developed her career as a Sales and Marketing Director, Business Unit Director and Chief Executive Officer, working in both service and industrial production companies.

Ms. Farisè has successfully launched and managed start-ups from greenfield, overseen business development and downsizing projects, and has extensive experience in crisis management.

From 2014 to 2018 she served as the CEO of Trenord, the Italian railway company owned by Trenitalia and Ferrovie Nord. During this time, she also held the position of President of TILO, a Swiss company owned by the Swiss Federal Railways and Trenord, managing cross-border rail connections.

Ms. Farisè has served as a Board Member at various organizations including Italgas, CAL Concessioni Autostradali Lombarde, TREVI Finanziaria Industriale. Since 2020, she has been a Board Member of IN.BRE and the Vice President of CIIM EurAsiaMed, The Confederation of Italian Entrepreneurs Worldwide, based in Istanbul. She is also the Co-founder of the Italian Angels for Women Association. Currently, Ms. Farisè holds the position of Regional Chief Executive Officer of MEART – Middle East, Africa, Russia, Turkey and India of Prysmian Group.

In recognition of her achievements, Ms. Farisè was also appointed as a Member of the Advisory Board of Sultan Qaboos University of Oman, College of Engineering. In 2018, she was awarded the ‘Merit and Talent’ Award at Palazzo Marino in Milan, dedicated to women changing businesses. More recently, she was recognized by the Turkish Ekonomist as one of ‘The 50 most powerful women CEOs of Turkey’.

Mr. Rinke Kieboom, Chief Financial Officer (CFO)

A graduate of Business Economics, he started his career as plant controller in the industrial products sector. His journey with NKF, later acquired by Prysmian Group, began in 1990, initially as a BU Controller. His first international experience involved a three-year assignment in Indonesia.

Following the acquisition of NKF by Prysmian (Pirelli at the time) he became Country CFO of the Netherlands. Following the Prysmian acquisition of Draka, he continued as the Country CFO, overseeing the significantly expanded Prysmian presence in the Netherlands.

In 2014, he re-activated his international career with Prysmian, spending four years in the USA for the integrated BU Surf and Elevator. Subsequently, he served as CFO in China for three years. Since 2022, he has been actively involved in Oman for OCI, also taking on the extended role of MEART region CFO.

Mr. Muhannad Abdulamir Said Al Lawati, Chief Operating Officer

Graduated in Mechanical and Manufacturing Engineering from Cardiff University, UK. With 16 years of experience in the cables industry in production and operations, he completed the National CEO Program in 2018 with “IMD, Switzerland” and he is a board member in the Oman Manufacturers Association.

Mr. Antonio Chiantore, Chief Commercial Officer

With 33 years' experience in the 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 and Investor Relations

As Chief Legal and Governance, Mr. Atallah has two decades of experience and serves as the principal legal counsel to the Company, its subsidiaries, senior management and the Board of Directors on a wide array of legal and regulatory matters. Mr. Atallah develops and executes advocacy plans to support business growth. He oversees corporate affairs in the capacity of Company Secretary, managing the legal department, which spans various functions, including corporate governance, commercial law, employment law, capital market law, securities law, litigation and investigations.

He also handles the role of Investor Relations, acting as a liaison between the Company and the investors, monitoring the business climate and analyzing market trends. Currently, he holds an extended legal affairs role in the MEART region – Middle East, Africa, India, Russia and Turkey. Mr. Atallah holds a PhD in Law from the Lebanese University Faculty of Law, Political, Administrative and Economics, with a focus on international environmental laws. He also. holds a Master's Degree in Public Law and a Bachelor of Law. He's also a certified arbitrator, compliance and corporate governance practitioner.

Mr. Giancarlo Esposito, Chief Strategy Officer

With 26 years of experience across three continents, Mr. Esposito has covered human resources and organizational roles in multiple companies, including Stellantis Group, Whirlpool Corp, Vodafone NV and Prysmian Group. Mr. Esposito is an economist by trade holding a Bachelor's Degree in Economics at the University of Cassino, a Bachelor's Degree in Political Sciences from the Federico II University, PhD in Mathematics at the University of Cassino, a Post Graduated Master's in Business and Administration from the SDOA (Italy) and an Advanced Leadership Master from Bocconi University.

3. Report

3.1 Board of Directors Report

Operational Review

The energy transition is taking place and the tension in the Middle East is rising in comparison with 2022. The Company in 2023 continued delivering value and better profitability, while the slight decrease in revenues was due to the trend in copper and aluminum prices. The increased profitability is principally attributed to the constant focus of the Company and the adoption of effective dynamic pricing, agile design-to-cost, a solid fixed-cost management, while leveraging on a wider product portfolio - including high value-added products and services - and a wider geographical export reach.
In addition to the increased profitability, the Company maintains and renews its commitment to an impactful approach to sustainability. The three primary drivers of its strategy and vision are climate, social impact and innovation, integral parts of the corporate culture and its business across all levels.

More than a cable producer, the Company capitalizes on its leading position as a technological enabler of the energy transition, aiming to anticipate the needs of its customers, by strengthening its engagement with suppliers and focusing on continuous innovation, leveraging on technological and industrial leadership to amplify the positive impact that it can generate for the community.

Sales

Sales revenues of the Parent Company for 2023 are RO 183,646,689 as compared to RO 186,412,130 in 2022. The sales of the Group were RO 248,164,991 compared to RO 258,598,075 in 2022.

Profitability

The Net Profit of the Parent Company for the year 2023 was RO 13,461,087 as compared to RO 8,596,789 in 2022. The increase in profitability is mainly due to cost control plans, product development, differentiation efforts and a strongly improved financial income / costs result.
The Net Profit of the Group in 2023 was RO 18,929,058 compared to RO 11,173,165 in 2022.

Subsidiary: Oman Aluminum Processing Industries SPC, Oman "OAPIL" (fully owned subsidiary)

During 2023, OAPIL performed extraordinarily well, both in terms of volume and profitability, leveraging on high yielding product mix and diversified market presence and favorable market conditions, continuous focus on fixed costs, improved purchasing efficiencies, strict financial discipline and working capital management.

Subsidiary: Associated Cables Private Limited, India "ACPL" (100% subsidiary)

During 2023, the company adopted several measures to drive ACPL towards "growth on the way to profitability." With an effective commercial strategy focusing on diversification and penetration into new market segments, along with a continuous focus on enhanced efficiencies and design-to-cost activities supporting better competitiveness, the results improved compared to the previous year.

Our People

We are a “People company,” and our people are the main assets of the Group, playing a fundamental role in its continuous sustainable development. Our success is founded on the continuous development of skills and knowledge of our employees. We invest in extensive people development, training and talent-building programs, while promoting diversity, inclusion, equity and respect for human rights.

Safety and Well-being of our People

Our Group will continue to maintain occupational health and safety as an absolute priority. Oman Cables is continuously focusing and executing various projects such as “Zero and Beyond” (towards eliminating all accidents, defects and waste from our processes) and “6S” (a system that aims to promote and sustain a high level of productivity and safety through the workspace, while adhering to the principles of sort, set in order, shine, standardize, sustain and safety). These plans are based on everyday prevention, aiming at protecting the health and safety of the people and striving to improve safety awareness, as essential prerequisites for the continuity and success of our sustainable business. The Lost Time Injury Frequency rate (LTI) continues to be actively monitored for the benefit of the employees and the Company.

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 on media, on the MSX website and on the Company’s website.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is our Company's commitment towards our community and its environment, as part of our social ambition driven by sustainability.
Social responsibility means giving back to our Community, to our Stakeholders and to the Planet. It is an intrinsic part of our commitment to enact a positive change for a better world.

In 2023, the Company planned - and operated through an internal CSR committee - a structured CSR plan in line with the vision of the Company towards building Sustainable Growth. Many initiatives were implemented, covering four chapters: Our People, Our Community, Our Innovation and the Ecosystem.

Outlook

At a global scale, and while experiencing the geoeconomic fragmentation in 2023, the Gulf region is poised to effectively navigate through a decelerating global economy with an expectation of growth in the GCC region, moving along with some possible risks in terms of disrupting trade flows that can amount to raw material inflation.
The region has the opportunity to accelerate investments in greener sources of energy, leading to potential renewable energy generation capacity growth in various projects, onshore wind, solar and green hydrogen projects leading the energy transition and decarbonization goals.
The Group is maintaining a major focus on penetrating the 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. The strong focus on sustainability is a priority, to continue to link the Sultanate of Oman and the region to a sustainable future, by enabling the transition to green energy.

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 distributing dividends equal to 85 baiza per share amounting to RO 7,624,500 of the face value of RO 0.100, to the shareholders registered as on the date of the 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 the non-independent board members, who are Prysmian employees, have waived their portion of remuneration for 2023 and kept the money for the Company to use.

Fabio Romeo
Chairman

Date: 25.01.2024

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 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 in good health and longevity.

3.2 Corporate Governance Report

Company's philosophy on Code of Corporate Governance

Oman Cables Industry SAOG (OCI) (The Company) is committed to adhering 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 and community interests ahead of personal Interests

The Company has applied the above principles through a combination of measures including:

- 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 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 Directors, four non-independent Directors and three Independent Directors.
The Board of Directors in its first meeting on 24 March 2021 after the election, 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. Election of a new Board of Directors will be held in the AGM in March 2024 for a tenure of three years.
The Board held seven meetings during the year; following are the relevant details of the Directors and meetings attendance during 2023.

Name	Designation	Category	No. of Board Meeting Attended	AGM Attended
Mr. Fabio Romeo	Chairman	Non-Executive Non-Independent	7	yes
Mr. Mohamed Al Lawati	Vice Chairman	Non-Executive Non-Independent	7	yes
Mrs. Manal Al Ghazali	Director	Non-Executive Independent	7	yes
Mr. Christian Raskin	Director	Non-Executive Independent	7	yes
Mr. Fabrizio Rutschmann	Director	Non-Executive Non-Independent	7	yes
Mrs. Laura Figini	Director	Non-Executive Non-Independent	7	yes
Mr. Yasser Al Rashdi	Director	Non-Executive Independent	7	yes

The Board of Directors received a program during the year that focused on the perspectives of the Omani economy, including a visit to Sultan Qaboos University, as part of the ongoing cooperation between both parties.
During the last year, the Board of Directors underwent a performance evaluation by an independent third party appointed by the AGM of shareholders held on March 30, 2023, in accordance with the criteria that were approved by the shareholders.

The Company is applying the definition of independent directors as per the Code of Corporate Governance for Publicly Listed Companies announced by the Capital Market Authority. In 2023, there was no change to the Board of Directors..

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 Vice Chairman Industrial Advisor Chairman	- Prysmian Group - Centro Elettrotecnico Sperimentale Italiano Giacinto Motta S.p.A. - Director EPTA Refrigeration. S.p.A. - Director Ver Energy, S.A. - Elkat Ltd. - Nextalia SGR, - Corporate Hangar S.r.l
Mr. Mohamed Al Lawati Vice Chairman	Chief Executive Officer Director Director	- Al-Saleh Group - Al-Saleh Mauritius - ASE India Private Limited
Mrs. Manal Al Ghazali Director	Head of Planning and Human Capital Development	- Social Protection Fund
Mr. Christian Raskin Director	---	---
Mr. Fabrizio Rutschmann Director	Chief Human Resources Officer	Prysmian Group
Mrs. Laura Figini Director	Group Labour Cost Planning and Reporting Director	Prysmian Group
Mr. Yasser Al Rashdi **Director**	- Deputy Chairman - Group Finance Director	- Jazeera Steal Products SAOG - ITHCA Group

Board Meetings held during the year

During 2023, the company held seven Board Meetings on the following dates:
25-Jan-2023, 27-Feb-2023, 18-Apr-2023, 23-May-2023, 26-Jul-2023, 25-Oct-2023 and 18-Dec-2023.

The Board made a series of resolutions related to the company's business. The meetings were conducted either in-person or via video conference. The Company Secretary, appointed in accordance with the relevant rules and regulations, coordinated the meetings. Each session followed an agenda and minutes were recorded. Management reports were reviewed during the meeting and all related issues were regarding the operations of the company were discussed.

Committees of the Board of Directors

During the year, there were three committees of the Board which provided support to the Board for carrying out its responsibilities. The Board of Directors 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.

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 the operating management is adhering to company policies.

The Audit Committee comprises four members, including three Independent Directors constituting the majority of the Committee.

Name	Designation	No. of meetings attended
Mrs. Manal Al Ghazali	Chairperson - independent	7
Mr. Christian Raskin	Member - independent	7
Mr. Yasser Al Rashdi	Member - independent	7
Mrs. Laura Figini	Member – non-independent	7

During 2023, the Audit Committee conducted seven meetings on the following dates:
24-Jan-2023, 27-Feb-2023, 17-Apr-2023, 23-May-2023, 25-Jul-2023, 24-Oct-2023, and 15-Nov-2023.

The Committee carries out its functions in accordance with the policy approved by the Board, in line with the resolutions issued by the Capital Market Authority. During the period, the Committee reviewed the internal audit reports, risk management report and the new ERP system. The Committee issued necessary guidance to the executive management. The Audit Committee reviewed the quarterly accounts before presenting them 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.

Rania Al Mazrouai,Head of Internal Audit and Compliance, has been appointed as the Secretary of the Audit Committee.

Strategic Committee

The Board constituted a ”Strategic Committee” to develop and oversee the company’s strategic plan, maintaing a cooperative and interactive strategic planning process with management. This includes the identification and setting of strategic goals and expectations.

The Strategic Committee comprises 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	5
Mr. Fabio Romeo	Member	5
Mr. Mohamed Al Lawati	Member	5
Mr. Yasser Al Rashdi	Member	5

During the year 2023, Strategic Committee conducted five meetings on the following dates:
23-Jan-2023, 22-Feb-2023, 16-Apr-2023, 25-Jul-2023 and 24-Oct- 2023

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, was 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, aswell as the performance and remuneration of executive management and the Chief Executive Officer. The committee also provides assistance in the nomination process for Directors and senior executive management.

The Nomination and Remuneration Committee comprises 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	7
Mrs. Laura Figini	Member	7

During 2023, the Nomination and Remuneration Committee conducted seven meetings on the following dates: =24-Jan-2023, 22-Feb-2023, 17-Apr-2023, 23-May-2023, 24-Jul-2023 and 23-Oct-2023.

Mr. Giancarlo Esposito, Chief Strategy Officer, is the Secretary of the Committee.

Evaluating the performance of the Board of Directors

In accordance with the Code of Corporate Governance for Public Joint Stock Companies issued by the Capital Market Authority, during 2023 the Board of Directors underwent performance evaluation by an independent third party. This was appointed by the AGM of shareholders on March 30, 2023, in accordance with the criteria approved by the shareholders.

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. The Company has succession planning guidelines 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 the Board of Directors is approved by the shareholders in the annual general meeting. The company's annual general assembly held on 30 March 2023 approved the proposal of the Board of Directors to pay RO 200,000 as remunerations for the financial year ended on 31/12/2022.
The directors who are employees of Prysmian Group, are foregoing their share of the 2022 remuneration, which amounts to RO 59,057.

The Board proposes to the shareholders at the Annual Ordinary General Meeting, scheduled for 21 March 2024, to approve the disbursement of RO 200,000 (2022: RO 200,000) as a remuneration for the Company's Board of Directors for the financial year ending 31 December 2023.

The Directors have no other pecuniary relationship or transaction with the company. The total remuneration paid/accrued to the Board of Directors in 2022, adheres to the limits set by the Regulation for Public Joint Stock Companies, issued by Capital Market Authority on 25 February 2021, and aligns with the Code of Corporate Governance, issued by Capital Market Authority.

Sitting fees and proposed Board of Directors Remuneration for financial year ended on 31 December 2023

Director	Sitting fees	Remuneration	Total
Mr. Fabio Romeo	8,100	18,973	27,073
Mr. Mohmad Al Lawati	10,000	18,971	28,971
Mrs. Manal Al Ghazali	9,100	18,972	28,072
Mr. Cristian Raskin	10,000	18,971	28,971
Mr. Fabrizio Rutschmann	10,000	18,971	28,971
Mrs. Laura Figini	10,000	18,971	28,971
Mr. Yasser Al Rashdi	10,000	18,971	28,971
	67,200	**132,800**	**200,000**

Operating Management Remuneration

Salary and perquisites of the five top senior officers paid / accrued during 2023 is RO 1,078,201. This includes RO 994,322 as a fixed component and RO 83,879, which is linked to the performance and part of a long-term shares incentive program based on three year targets. The severance notice period of all senior employees ranges from one to three months, with the end of service benefits payable as per Omani Labor Law.

Employment Contract

The Company enters into a formal contract of employment with each employee and such contracts are in line with the regulation of Ministry of Manpower and Omani Labor Law.

Details of non-compliance by the Company

No fines were imposed by the Capital Market Authority (CMA) or Muscat Stock Exchange (MSX) 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 Stock Exchange and on the company's website www.omancables.com.

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

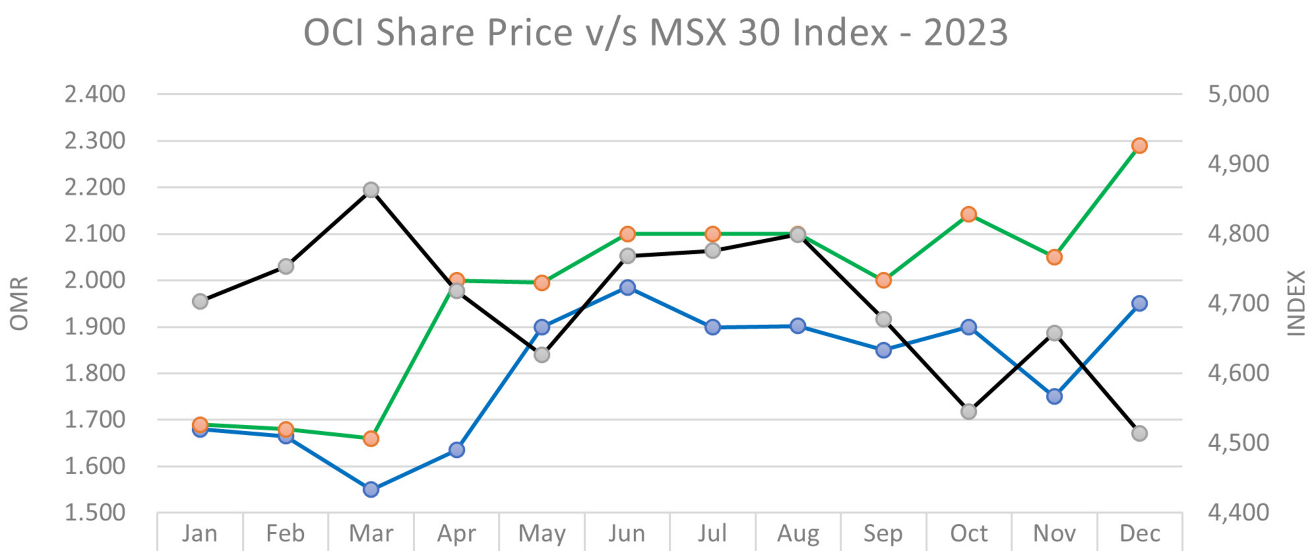
Regarding the Annual audited accounts, after the Annual General Meeting's approval, such financial statements are published in two local newspapers and submitted to the Capital Market Authority and Muscat Stock Exchange. This information is also posted on the Company's website.

All relevant major events impacting the company are conveyed to Muscat Stock Exchange. The Annual Report contains a separate Management Discussion and Analysis report.

Meeting held with the Investors and Analysts

During 2023, the Company held two interactive and direct meetings with investors and analysts. A public invitation was sent via Muscat Stock Exchange, inviting investors and media to attend and participate in the meeting. The first meeting was held on 13 February 2023. During the meeting, the audited financial statements for the year which ended on 31 December 2022 were discussed.

The second meeting was also held with a group of investors and analysts from inside and outside the Sultanate of Oman. The meeting was held on 27 July 2023, during which the Company's management discussed the unaudited semi-annual financial statements ending on 30 June 2023 and responded to the participants' questions and inquiries. At the end of the two meetings, the Company sent the recorded files to the Muscat Stock Exchange for publication on its website. It also published the recorded files on the Company's website.



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Low	1.680	1.665	1.550	1.635	1.900	1.985	1.899	1.902	1.850	1.900	1.750	1.950
High	1.690	1.680	1.660	2.000	1.995	2.100	2.100	2.100	2.000	2.142	2.050	2.290
Index	4,703	4,753	4,863	4,718	4,626	4,768	4,776	4,799	4,678	4,545	4,658	4,514

Market price data

During the period 2023 the share price of RO 0.100 face value ranged from a high of RO 2.290 to a low of RO 1.550. The share price closed on 31 December 2023 at RO 2.250

The distribution of Major Shareholding as on 31 December 2023 is as follows (5% or more):

	2023		2022	
	No of shares held	%	**No of shares held**	%
Draka Holding BV	45,899,610	51.17	45,899,610	51.17
Muhamad Mustafa Mukhtar Al Lawati	15,419,951	17.19	7,821,905	8.72
Public Authority for Social Insurance	5,394,117	6.01	5,394,117	6.01

The Company does not have any ADR/GDR/Warrants or any other Convertible Instruments, as on 31 December 2023 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 – 2023

PricewaterhouseCoopers PWC

PwC is a network of firms with more than 364,232 people operating from 151 countries in 688 cities across the globe, making us the largest professional services provider in the world. We are committed to delivering quality services in Assurance, Tax and Advisory (which includes our Consulting, Deals and Strategy and Practices). In doing so we help to build trust in society, enable our clients to make the most of opportunities and solve important business problems.

PwC has operated in the Middle East region for more than 40 years. Collectively, our Middle East network employs in the region of almost 10,800 people including over 450 partners and 630 directors working from 30 offices (in 22 locations) across 12 countries: Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, the Palestinian territories, Qatar, Saudi Arabia and the United Arab Emirates, 41% of our Middle East workforce is female. We are one of the fastest-growing PwC member firms worldwide and the largest professional services firm in the Middle East. (www.pwc.com/me).

PwC is strongly committed to Oman where it is recognized as one of the leading providers of quality business advisory services. We have had a local practice in Oman since 1971 and now have eight partners, one of whom is Omani and seven directors, two of whom are Omani and approximately 139 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 2023 amounted to RO 24,550 for the Company and RO 7,850 for its subsidiary Oman Aluminum Processing Industries SPC.

Internal Auditor

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.

Quality Assurance on Audit Department

The Internal Audit Department ("IAD") was externally assessed during the year by Insight for Financial, Business and Information Technology Consulting and Services LLC (Protiviti). The principal objectives of the quality assurance were to assess IAD activity's conformance to The IIA's mandatory guidance of the International Professional Practices Framework("IPPF"), evaluate the IAD activity's effectiveness in carrying out its mission and compliance with the CMA regulations. The overall opinion of the assessor was General Conformance on a scale of "generally conforms," "partially conforms," and "does not conform". The external assessors' rating of "Generally Conforms" is the top rating and means that an internal audit activity has a charter, policies, and processes that are judged to be in conformance with the Standards in all material aspects. The review report was presented to AC and the Board of Directors.

Board of Directors Acknowledge:

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 an internal control system, efficient and adequate, reviewed by the Board of Directors. The Board of Directors introduced and complies with the Guidelines on Information Security Policy issued by Capital Market Authority.

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

Date: 25.01.2024

3.3 Management Discussion and Analysis Report

Introduction

Oman Cables Industry (SAOG), a public joint stock company listed on Muscat Stock Exchange (MSX), is a leading cable manufacturer based in the Sultanate of Oman that develops, manufactures, and markets a wide range of electrical products, which include medium voltage power cables, low voltage power and control cables, instrumentation cables, pilot cables, overhead power transmission line conductors and building wires.

In addition, Oman Cables Industry provides cables with unique specifications – for various applications and environmental conditions, or as per customer requirements. Part of the Prysmian Group - a truly global worldwide group leader in the cable industry - Oman Cables Industry ranks within the Top Global Wire and Cable Producers.

Originally established in 1984, Oman Cables Industry has offices located in Oman, UAE, Qatar, Bahrain and KSA. The company also enjoys an extensive network of distributors and agents throughout the Middle East, Africa, Turkey, Russia and India (MEART) region.

Accelerating the energy transition

As we experience the acceleration in the energy transition, towards the transformation of the global energy sector from fossil-based to zero-carbon by the second half of this century, a new energy economy is emerging, helping to address today's and tomorrow's notable challenges.

In our region, we witness the Gulf economies emerging as a key player in the global energy transition. Sound sustainability visions and plans towards decarbonization are in place, with opportunities to accelerate investments in green sources of energy, and still a notable journey ahead when looking at the proportion of renewables within the total energy generation capacity.

On this pathway of energy transition, the electric sector plays a fundamental role, and this role is expected to become increasingly important, directly connected to many wind, solar, geothermal, and hydropower projects.

The Cable Industry is 'densely populated' with a large presence of cable manufacturers in the GCC region, nevertheless Oman Cables is keeping its leading position and strengthening its competitiveness thanks to the newly established Renewable Excellence Centre capable of designing and tailor-making the most innovative and sustainable products and services supporting the energy transition.

In line with the energy transition, there is a progressive ongoing trend towards aluminum conductors in some of the markets we operate, while copper remains the main material used in the production of electrical cables. The Company has the right positioning with all the capabilities to accompany the energy transition and to further service the new opportunities in effecting the transition.

OPPORTUNITIES AND THREATS

In the GCC markets where OCI operates, cables supply is mainly driven by large projects which in turn are linked to oil prices and Government revenues. These markets, with their favorable demography and growing population, present a long-term opportunity for the cable Industry, together with the ongoing energy transition.

With the oil prices are at the current level, the GCC region is poised to effectively navigate through GDP growth. Also, the non-oil sector is expected to remain a key driver of this economy in the region, together with the numerous projects in the construction sector. Considering the evolution of the geopolitical tension in the region, a key point of attention for the next few months will be on possible disruption in the entire supply chain, with an effect on trade flows, availability, transit time and cost of commodities.

SEGMENTATION AND DIFFERENTIATION

The cable market stands as a very competitive environment in front of which the Company is pursuing a concrete strategy in terms of segmentation and differentiation. Oman Cables and its strategic partner Prysmian Group are poised to build on mutually beneficial synergies, and benefit from each other's strengths to continue a successful commercial strategy, regionally and globally.

The approach of Oman Cables caters to diverse markets. Its varied product range serves a wide spectrum of customers and segments, which continues to serve the company well.

Oman Cables has performed well across all geographical segments and product categories during 2023, with the biggest outperformer being the Trade and Installers sector.

The key focus for 2023 was on profitability which was successful, with an increased contribution margin, growing from 11% in 2022 to 14% in 2023. Design-to-cost and transferring unavoidable cost increases to the market remained the main goal towards profitability.

OUTLOOK

The ongoing geopolitical situation and the recently emerged Red Sea disruption pose global risk to supply chains and trade flows. This is impactings the availability and transit time of containers, leading to a surge in commodity and goods prices. Although Oman and the GCC have not been heavily impacted by this crisis yet, the further developments in the situation and the impact on the global economy remains uncertain.

On the other side, the domestic market is expected to remain stable, as per the economic outlook. Oman Cables will remain vigilant, will continue to manage its risks through a well-established function dedicated to Enterprise Risk Management (ERM) and will ensure that supplying superior, innovative and green and innovative products with competitive pricing is the priority.

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 five years is below:

	2019	2020	2021	2022	2023
Sales (RO' 000)	210,079	175,370	227,419	258,598	**248,165**
Profit after Tax (RO' 000)	6,972	2,294	5,973	11,173	**18,929**
Equity (RO' 000)	103,735	104,562	108,956	116,970	**131,072**
Dividend (%)	35%	13%	27%	56%	***85%**

recommended by the Board of Directors

SUSTAINABILITY

The Company has planned strategies to help accelerate the Sultanate's transition towards sustainable and green energy. Embedded at the core of Oman Cables, sustainability forms an integral part of business across the entire organization. OCI ensures the sustainability of production processes through efficient and effective energy management, maximizing renewable energy resource utilization, relying on recycled raw materials and low-carbon products, managing waste in an effective manner and boosting circularity.

The company's innovative and sustainable products support the energy transition. The transition towards renewable energy is connected to the capability and ability to transmit and dispatch the energy from one place to another from where it is produced to where it is consumed. Developing reliable and capable grid infrastructure for power transmission and distribution is key for the integration of renewables. With its production, OCI is among the enablers of this transition, towards a decarbonized future energy system.

Oman Cables continues to expand on the legacy of the Prysmian Group and implement the environmental pillars of its regional ESG plan, as the manufacturer's Regional Sustainability Steering Committee ensures that commitment to the Challenge remains at the core of all operations. OCI is doing its part, as is the case with all entities involved, in investing in short, medium, and long-term initiatives and investments to ensure compliance and to be consistent on the journey to achieving science-based targets, in line with the Sultanate's carbon neutrality vision and 2050 net-zero carbon plan.

OCI has sought to produce long-term value with plans including a Sustainability Academy based in Muscat that was inaugurated in January 2023. This is providing education on sustainable development to the 29,000 employees of the Prysmian Group, with scope to raise awareness, prepare and empower the sustainability leaders of tomorrow.

CONCLUSION

During 2023, the Company and the Group has consistently increased its profitability and net results due to the strong commitment of its team towards customer relationship management, innovation, product development, cost control and strict financial discipline.

This is in addition to the strong support of all its main stakeholders and excellent relationships with its prestigious customer base.

The Company is strongly committed to continuing itsgrowth with a solid focus on sustainable growth.

This is driven by agrowth mindset at all levels, integrating product portfolios and sales teams within the region, developing a value proposition centered on sustainability and innovation, and implementing a clear investment plan for the three group entities.

In addition, there are several growth projects and a firm ESG (Environmental, Social and Governance) plan in place.

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

Cinzia Farisè
Chief Executive Officer
Oman Cables Industry (SAOG)

Date: 25.01.2024

4. Financial Statements

4.1 Statements

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Statement of financial position at 31 December 2023

	Notes	Group 2023 RO	Parent Company 2023 RO	Group 2022 RO	Parent Company 2022 RO
ASSETS					
Non-current assets					
Property, plant and equipment	5(a)	**21,353,407**	**13,786,799**	23,218,435	14,909,386
Intangible asset	5(b)	**341,281**	**341,281**	381,288	381,288
Right-of-use assets	6	**3,476,099**	**1,804,999**	3,297,071	2,375,095
Investment in subsidiaries	7	**-**	**7,789,908**	-	7,789,908
Financial assets at amortized cost	8(a)	**1,114,912**	**1,000,000**	1,001,275	1,000,000
Financial assets at fair value through other comprehensive income	8(b)	**151,142**	**151,142**	235,388	235,388
Deferred tax assets	18	**104,779**	**96,870**	13,995	-
Total non-current assets		**26,541,620**	**24,970,999**	28,147,452	26,691,065
Current assets					
Inventories	9	**24,500,131**	**22,355,019**	22,723,655	20,292,629
Derivative financial instruments	17	**600,615**	**600,615**	1,487,050	1,487,050
Trade and other receivables	10	**59,441,903**	**45,679,359**	62,709,417	48,358,937
Short term deposits		**32,904,482**	**27,928,290**	11,932,055	11,932,055
Cash and cash equivalents	11a	**24,947,365**	**22,207,221**	32,106, 932	31,048,193
Total current assets		**142,394,496**	**118,770,504**	130,959,109	113,118,864
Total assets		**168,936,116**	**143,741,503**	159,106,561	139,809,929
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	**17,427,334**	**16,274,395**	16,081,225	14,928,286
Retained earnings		**98,223,997**	**87,261,377**	85,664,248	80,169,599
Other reserves	17	**1,027,675**	**1,334,299**	831,584	1,263,794
Total equity		**131,071,839**	**117,807,571**	116,969,890	109,299,179
Non-current liabilities					
Deferred tax liability	18	**146,249**	**-**	281,142	104,617
Leases liability	6	**3,600,172**	**1,892,065**	3,404,751	2,457,081
Employees' end of service benefits	19	**1,810,383**	**1,564,198**	1,481,240	1,294,158
Total non-current liabilities		**5,556,804**	**3,456,263**	5,167,133	3,855,856
Current liabilities					
Trade and other payables	20	**28,261,640**	**19,655,679**	32,561,670	24,514,774
Bank borrowings	21	**-**	**-**	1,500,000	-
Leases liability	6	**275,498**	**179,509**	256,278	216,533
Derivative financial instruments	17	**52,729**	**-**	93,302	-
Taxation	18	**3,717,606**	**2,642,481**	2,558,288	1,923,587
Total current liabilities		**32,307,473**	**22,477,669**	36,969,538	26,654,894
Total liabilities		**37,864,277**	**25,933,932**	42,136,671	30,510,750
Total equity and liabilities		**168,936,116**	**143,741,503**	159,106,561	139,809,929
Net assets per share		**1.461**	**1.313**	1.304	1.218

The financial statements were authorised to issue in accordance with a resolution of the Board of Directors on 25 January 2024.

Chairman **Chief Executive Officer**

The accompanying notes 1 to 34 form an integral part of these financial statements.

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Statement of income for the year ended 31 December 2023

	Notes	Group 2023 RO	Parent Company 2023 RO	Group 2022 RO	Parent Company 2022 RO
Revenue	22	**248,164,991**	**183,646,689**	258,598,075	186,412,130
Cost of sales	23	**(215,812,053)**	**(160,733,042)**	(233,306,973)	(167,666,737)
Gross profit		**32,352,938**	**22,913,647**	25,291,102	18,745,393
Other income	24	**883,388**	**768,923**	740,017	666,534
Administrative expenses	25	**(6,449,869)**	**(5,374,767)**	(5,286,269)	(4,398,705)
Selling and distribution expenses	26	**(5,700,498)**	**(3,785,811)**	(6,328,836)	(4,001,732)
Net allowances for credit loss (Note 10&11)		**70,647**	**70,647**	(488,371)	(484,523)
Operating profit		**21,156,606**	**14,592,639**	13,927,643	10,526,967
Finance costs	27	**(262,457)**	**(112,268)**	(980,180)	(636,583)
Finance income	27	**1,565,211**	**1,455,728**	321,819	305,476
Profit before income tax		**22,459,360**	**15,936,099**	13,269,282	10,195,860
Income tax expense	18	**(3,530,302)**	**(2,475,012)**	(2,096,117)	(1,599,071)
Profit for the year		**18,929,058**	**13,461,087**	11,173,165	8,596,789
Basic and diluted earnings per share attributable to ordinary equity holders of the parent company	28	**0.211**	**0.150**	0.125	0.096

	Group 2023 RO	Parent Company 2023 RO	Group 2022 RO	Parent Company 2022 RO
Profit for the year	**18,929,058**	**13,461,087**	11,173,165	8,596,789
Other comprehensive income Items that may be reclassified subsequently to statement of income or loss, net of tax:				
Net movement in hedging reserve, net of tax [Note 17(a)]	**(719,168)**	**(753,655)**	(734,953)	(1,141,512)
Net movement in foreign currency translation reserve, net of tax [Note 17 (c)]	**(11,649)**	**-**	(2,498)	-
Other comprehensive (loss) for the year	**(730,817)**	**(753,655)**	(737,452)	(1,141,512)
Total comprehensive income for the year	**18,198,241**	**12,707,432**	10,435,713	7,455,277

The accompanying notes 1 to 34 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 2023

Group	Share capital RO	Share premium RO	Legal reserve RO	General reserve RO	Retained earnings RO	Other Reserves RO	Equity attributable to equity holders of the parent RO
	Attributable to the equity holders of the Parent Company						
Balance at 1 January 2022	8,970,000	977,500	4,445,333	15,221,546	77,772,662	1,569,036	108,956,077
Profit for the year	-	-	-	-	11,173,165	-	11,173,165
Other comprehensive (loss) / income	-	-	-	-	-	(737,452)	(737,452)
Total comprehensive income	-	-	-	-	11,173,165	(737,452)	10,435,713
Dividend for the year 2021 (Note 16)	-	-	-	-	(2,421,900)	-	(2,421,900)
Transfer to general reserve (Note 15)	-	-	-	859,679	(859,679)	-	-
Balance at 31 December 2022	8,970,000	977,500	4,445,333	16,081,225	85,664,248	831,584	116,969,890
Balance at 1 January 2023	**8,970,000**	**977,500**	**4,445,333**	**16,081,225**	**85,664,248**	**831,584**	**116,969,890**
Profit for the year	**-**	**-**	**-**	**-**	**18,929,058**		**18,929,058**
Other comprehensive (loss) / income	**-**	**-**	**-**	**-**	**-**	**(730,817)**	**(730,817)**
Total comprehensive income	**-**	**-**	**-**	**-**	**18,929,058**	**(730,817)**	**18,198,241**
Dividend for the year 2022 (Note 16)	**-**	**-**	**-**	**-**	**(5,023,200)**	**-**	**(5,023,200)**
Share based compensation reserve (Note 17 (b))	**-**	**-**	**-**	**-**	**-**	**926,908**	**926,908**
Transfer to general reserve (Note 15)	**-**	**-**	**-**	**1,346,109**	**(1,346,109)**	**-**	**-**
Balance at 31 December 2023	**8,970,000**	**977,500**	**4,445,333**	**17,427,334**	**98,223,997**	**1,027,675**	**131,071,839**

The accompanying notes 1 to 34 form an integral part of these financial statements.

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 2022	**8,970,000**	**977,500**	**2,990,000**	**14,068,607**	**74,854,389**	**2,405,306**	**104,265,802**
Profit for the year	-	-	-	-	8,596,789	-	8,596,789
Other comprehensive loss	-	-	-	-	-	(1,141,512)	(1,141,512)
Total comprehensive income	-	-	-	-	8,596,789	(1,141,512)	7,455,277
Dividend for the year 2021 (Note 16)	-	-	-	-	(2,421,900)	-	(2,421,900)
Transfer to general reserve (Note 15)	-	-	-	859,679	(859,679)	-	-
Balance at 31 December 2022	8,970,000	977,500	2,990,000	14,928,286	80,169,599	1,263,794	109,299,179
Balance at 1 January 2023	**8,970,000**	**977,500**	**2,990,000**	**14,928,286**	**80,169,599**	**1,263,794**	**109,299,179**
Profit for the year	**-**	**-**	**-**	**-**	**13,461,087**		**13,461,087**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**(753,655)**	**(753,655)**
Total comprehensive income	**-**	**-**	**-**	**-**	**13,461,087**	**(753,655)**	**12,707,432**
Dividend for the year 2022 (Note 16)	**-**	**-**	**-**	**-**	**(5,023,200)**	**-**	**(5,023,200)**
Share based compensation reserve (Note 17 (b))	**-**	**-**	**-**	**-**	**-**	**824,160**	**824,160**
Transfer to general reserve (Note 15)	**-**	**-**	**-**	**1,346,109**	**(1,346,109)**	**-**	**-**
Balance at 31 December 2023	**8,970,000**	**977,500**	**2,990,000**	**16,274,395**	**87,261,377**	**1,334,299**	**117,807,571**

The accompanying notes 1 to 34 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 2023

	Group 2023 RO	**Parent Company 2023 RO**	Group 2022 RO	Parent Company 2022 RO
Operating activities				
Cash receipts from customers	**270,452,981**	**198,899,892**	257,129,363	179,122,909
Cash paid to suppliers and employees	**(247,378,623)**	**(184,941,230)**	(231,885,412)	(158,022,419)
Cash generated from operations	**23,074,358**	**13,958,662**	25,243,951	21,100,490
Income tax paid	**(2,452,292)**	**(1,824,606)**	(1,217,608)	(868,673)
Net cash inflows from operating activities	**20,622,066**	**12,134,056**	24,026,343	20,231,817
Investing activities				
Purchase of property, plant and equipment	**(1,413,376)**	**(1,145,836)**	(1,093,619)	(756,650)
Distribution of capital from investment securities	**84,246**	**84,246**	8,383	8,383
Proceeds from disposal of property, plant and equipment	**3,630**	**1,141**	4,407	4,407
Net movement in short term deposits	**(20,972,427)**	**(15,996,235)**	(3,076,792)	(3,081,855)
Interest received	**1,705,622**	**1,611,161**	538,092	536,355
Additional investment in a subsidiary	**-**	**-**	-	(1,402,361)
Net cash used in investing activities	**(20,592,305)**	**(15,445,523)**	(3,619,529)	(4,691,721)
Financing activities				
Dividends paid to equity holders of the parent	**(5,023,200)**	**(5,023,200)**	(2,421,900)	(2,421,900)
Payment of lease obligation	**(269,509)**	**(179,509)**	(261,642)	(171,642)
Short term loans repaid	**(1,500,000)**	**-**	(3,592,748)	-
Interest paid	**(396,619)**	**(326,796)**	(433,087)	(228,875)
Net cash used in financing activities	**(7,189,328)**	**(5,529,505)**	(6,709,377)	(2,822,417)
Net change in cash and cash equivalents during the year	**(7,159,567)**	**(8,840,972)**	13,697,437	12,717,679
Cash and cash equivalents at 1 January	**32,295,846**	**31,237,107**	18,598,409	18,519,428
Cash and cash equivalents at 31 December	**25,136,279**	**22,396,135**	32,295,846	31,237,107
Cash and cash equivalents at the end of the year comprise:				
Current accounts	**25,130,742**	**22,391,021**	32,278,139	31,221,315
Cash in hand	**5,537**	**5,114**	17,707	15,792
	25,136,279	**22,396,135**	32,295,846	31,237,107
Less: Allowances for Credit Losses	**(188,914)**	**(188,914)**	(188,914)	(188,914)
	24,947,365	**22,207,221**	32,106,932	31,048,193

Non-cash transactions:

i) Share based compensation at the Group and Parent Company level of RO 926,908 and RO 824,160 respectively (2022: Nil). Refer note: 25 (b) for details.

ii) Lease modification at the Group level of RO 811,017 (2022: Nil) and lease cancellation at the Parent Company level of RO -534,800 (2022: Nil). Refer note:6 for details.

The accompanying notes 1 to 34 form an integral part of these financial statements.

4.2 Notes

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

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% (2022:100%) 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% (2022:100%) shareholding in Associated Cables Private Limited, India which was registered in India in July 1973.

Draka Holding BV is the immediate parent and Prysmian S.p.A is the ultimate controlling party of Oman Cables Industry SAOG. Refer note 12 for other shareholders details.

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 to as "the financial statements".

2. Adoption of new and revised IFRS Accounting Standards

2.1 New and amended standards and interpretations

The Parent Company and the Group have applied the following amendments for the first time for their annual reporting period commencing 1 January 2023:

- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates – amendments to IAS 8
- International Tax Reform – Pillar Two Model Rules – amendments to IAS 12
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12, and
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

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

2.2 New standards and interpretations not yet adopted

Certain amendments to accounting standards have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Parent Company and the Group. The Group and Parent Company is currently assessing the impact of these standards, amendments or interpretations on the current and future reporting period and on foreseeable future transactions.

3. Summary of Material Accounting Policies

Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards and the requirements of the Commercial Companies Law 2019 of the Sultanate of Oman and the Capital Market Authority.

Basis of preparation

The material 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 consistently applied to both the years presented in these financial statements. These financial statements have been prepared on a going concern basis.

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

3. Summary of Material Accounting Policies (continued)

Basis of preparation (continued)

The financial statements are prepared under the historical cost convention except for Derivative 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 the 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.

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

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

3. Summary of Material Accounting Policies (continued)

Investment in subsidiaries

Investments in subsidiaries is stated at cost less any impairment in the Parent Company's financial statements. The financial statements of the subsidiaries are incorporated into the consolidated financial statements of the Parent Company.

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

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

3. Summary of Material 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.

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.

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

3. Summary of Material Accounting Policies (continued)

Derivative financial instruments and hedge accounting (continued)

Cash flow hedges that qualify for hedge accounting (continued)

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.

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.

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

3. Summary of Material 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.

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

3. Summary of Material 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 measures its 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.

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

3. Summary of Material 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 measures its 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.

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

3. Summary of Material 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. Deposits which have a maturity beyond three months from the date of placement are classified as term deposits on the balance sheet.

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. Provision is made where necessary for obsolete, slow moving and defective items, based on Group management's assessment.

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.

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

3. Summary of Material 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.

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

3. Summary of Material 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 new Oman labour law issued on 25th July 2023. The entitlement to these benefits is based upon the employees' final salary and length of service. The expected costs of these benefits are accrued over the period of employment.

With respect to its national employees, the Group makes contributions to the Oman Government Social Security Scheme for its Omani employees calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Share-based payments

Prysmian S.p.A ("the ultimate controlling party") granted equity shares to the employees of Oman Cables Industry SAOG and its subsidiary Oman Aluminium Processing Industries SPC.

The fair value of the shares granted to employees under the share-based payments plan is recognised as an expense over the relevant service period. The fair value is measured at the grant date of the shares and is recognised in equity under "other reserve". The number of shares expected to vest is estimated based on certain vesting conditions. The estimates are revised at the end of each reporting period, and adjustments are recognised in statement of income and the other reserve. Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective from the date of the forfeiture. Refer note:25(b) for details.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

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.

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

3. Summary of Material Accounting Policies (continued)

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. The Parent Company and the Group have concluded that they are the principal in all their revenue arrangements because they typically control the goods before transferring them to the customers.

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.

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.

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

3. Summary of Material Accounting Policies (continued)

Leases (continued)

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.

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 and the Group's presentation currency.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the statement of income 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 statement of income 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.

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

3. Summary of Material Accounting Policies (continued)

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 income or loss.

Directors' remuneration

The Parent Company follows the Commercial Companies Law 2019 of Sultanate of Oman 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 income or loss in the year to which it relates.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors ('Board') that makes strategic decisions.

Earnings and net assets per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding at reporting date.

Net assets per share is calculated by dividing the net assets attributable to ordinary shareholders of the Group by the number of ordinary shares outstanding at reporting date. Net assets for the purpose are defined as total equity.

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

4. Material 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 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 their 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.

4.1 Material 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).

Fair values

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

Parent Company and the Group as lessee determining the lease term of contracts with renewal and termination options –

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).

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

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

4.2 Material 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.

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.

Share-based payments

Estimating the fair value of shares under the equity settled share-based payment plan requires determination of the appropriate valuation model, which depends on the terms and conditions associated with the share-based payments plan. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected vesting period of the shares granted and the assumptions related to the market and non-market conditions present under the share-based payments plan. Refer to note 25 (b) for details.

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 60,211,452 (2022: RO 64,513,229), and the allowance for expected credit losses was RO 4,284,016 (2022: RO 4,731,328). Similarly, at the reporting date, the Parent Company's trade receivables were RO 48,163,967 (2022: RO 51,318,214), and the allowance for expected credit losses was RO 4,185,472 (2022: RO 4,628,936). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the statement of comprehensive income.

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 29,175,517 (2022: RO 26,964,389) and the provisions for slow moving and obsolete inventories of RO 4,675,386 (2022: RO 4,240,734) respectively. Similarly, the Parent Company's gross inventories were RO 25,661,368 (2022: RO 23,319,845) and the provisions for slow moving and obsolete inventories of RO 3,306,349 (2022: RO 3,027,216) 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 determine the estimated useful lives of their 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.

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Notes to the financial statements at 31 December 2023

5(a). Property, plant and equipment

Group 31 December 2023	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 2023	18,016,798	45,378,469	2,541,902	150,240	652,224	1,644,336	3,299,084	573,493	3,063,684	-	75,320,230
Additions	271,954	338,884	46,620	10,259	20,689	174,131	152,642	61,144	65,225	254,030	1,395,578
Disposals	-	(5,122)	(13,850)	(5,450)	(1,005)	(14,490)	(52,840)	-	-	-	(92,757)
At 31 December 2023	18,288,752	45,712,231	2,574,672	155,049	671,908	1,803,977	3,398,886	634,637	3,128,909	254,030	76,623,051
Depreciation											
At 1 January 2023	11,472,234	30,099,867	2,486,706	139,677	604,461	1,394,224	2,887,863	498,575	2,518,188	-	52,101,795
Charge for the year	840,199	1,976,949	22,333	4,874	18,487	108,350	113,474	24,563	148,066	-	3,257,295
Disposals	-	(4,311)	(13,850)	(5,449)	(1,000)	(14,464)	(50,372)	-	-	-	(89,446)
At 31 December 2023	12,312,433	32,072,505	2,495,189	139,102	621,948	1,488,110	2,950,965	523,138	2,666,254	-	55,269,644
Carrying amount											
At 31 December 2023	5,976,319	13,639,726	79,483	15,947	49,960	315,867	447,921	111,499	462,655	254,030	21,353,407
At 31 December 2022	6,544,564	15,278,602	55,196	10,563	47,763	250,112	411,221	74,918	545,496	-	23,218,435

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

	2023	2022
Cost of sales	3,125,584	3,141,886
Administrative expenses	131,711	128,080
Total	3,257,295	3,269,966

Group 31 December 2022	Buildings	Plant and machinery	Electrical equipment & installations	Motor vehicles	Furniture, fixtures & fittings	Office equipment	Material handling Equipment	oose tools	Laboratory equipment	Work in progress	Total
	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO
Cost											
At 1 January 2022	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
Additions	172,265	628,836	-	-	11,369	116,948	72,455	12,814	78,932	-	1,093,619
Transfer from capital work-in-progress	310,394	362,079	-	-	-	10,551	49,963	-	23,839	(756,826)	-
Disposals	-	(30,697)	-	-	(7,096)	(37,824)	(56,005)	-	-	-	(131,622)
At 31 December 2022	18,016,798	45,378,469	2,541,902	150,240	652,224	1,644,336	3,299,084	573,493	3,063,684	-	75,320,230
Depreciation											
At 1 January 2022	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
Charge for the year	811,695	2,006,987	36,564	13,504	20,535	94,041	121,231	23,872	141,537	-	3,269,966
Disposals	-	(27,919)	-	-	(7,070)	(37,346)	(55,248)	-	-	-	(127,583)
At 31 December 2022	11,472,234	30,099,867	2,486,706	139,677	604,461	1,394,224	2,887,863	498,575	2,518,188	-	52,101,795
Carrying amount											
At 31 December 2022	6,544,564	15,278,602	55,196	10,563	47,763	250,112	411,221	74,918	545,496	-	23,218,435

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Notes to the financial statements at 31 December 2023

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

Parent Company **31 December 2023**	**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 2023	**12,842,112**	**31,146,096**	**1,598,368**	**113,354**	**462,191**	**1,036,997**	**2,853,530**	**288,866**	**2,915,183**	**-**	**53,256,697**
Additions	**268,204**	**243,011**	**14,179**	**9,890**	**6,000**	**144,431**	**85,402**	**60,649**	**42,243**	**254,030**	**1,128,039**
Disposals	**-**	**-**	**(13,850)**	**(5,450)**	**-**	**(6,894)**	**(6,355)**	**-**	**-**	**-**	**(32,549)**
At 31 December 2023	**13,110,316**	**31,389,107**	**1,598,697**	**117,794**	**468,191**	**1,174,534**	**2,932,577**	**349,515**	**2,957,426**	**254,030**	**54,352,187**
Depreciation											
At 1 January 2023	**8,492,260**	**21,726,016**	**1,545,947**	**102,791**	**425,567**	**885,686**	**2,571,061**	**228,296**	**2,369,687**	**-**	**38,347,311**
Charge for the year	**587,533**	**1,315,913**	**19,657**	**4,868**	**15,736**	**71,830**	**79,889**	**10,691**	**144,506**	**-**	**2,250,623**
Disposals	**-**	**-**	**(13,850)**	**(5,449)**	**-**	**(6,893)**	**(6,354)**	**-**	**-**	**-**	**(32,546)**
At 31 December 2023	**9,079,793**	**23,041,929**	**1,551,754**	**102,210**	**441,303**	**950,623**	**2,644,596**	**238,987**	**2,514,193**	**-**	**40,565,388**
Carrying amount **At 31 December 2023**	**4,030,523**	**8,347,178**	**46,943**	**15,584**	**26,888**	**223,911**	**287,981**	**110,528**	**443,233**	**254,030**	**13,786,799**
At 31 December 2022	4,349,852	9,420,080	52,421	10,563	36,624	151,311	282,469	60,570	545,496	-	14,909,386

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

	2023	2022
Cost of sales	**2,158,189**	2,177,591
Administrative expenses	**92,434**	96,800
Total	**2,250,623**	2,274,391

Parent Company 31 December 2022	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 2022	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
Additions	166,615	371,405	-	-	11,257	68,767	48,385	11,289	78,932	-	756,650
Transfer from capital work-in-progress	310,394	362,079	-	-	-	10,551	49,963	-	23,839	(756,826)	-
Disposals	-	-	-	-	(6,889)	(32,927)	(56,005)	-	-	-	(95,821)
At 31 December 2022	12,842,112	31,146,096	1,598,368	113,354	462,191	1,036,997	2,853,530	288,866	2,915,183	-	53,256,697
Depreciation											
At 1 January 2022	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
Charge for the year	559,205	1,352,707	28,001	13,504	17,963	65,333	89,272	6,869	141,537	-	2,274,391
Disposals	-	-	-	-	(6,863)	(32,475)	(55,248)	-	-	-	(94,586)
At 31 December 2022	8,492,260	21,726,016	1,545,947	102,791	425,567	885,686	2,571,061	228,296	2,369,687	-	38,347,311
Carrying amount At 31 December 2022	4,349,852	9,420,080	52,421	10,563	36,624	151,311	282,469	60,570	545,496	-	14,909,386

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Notes to the financial statements for the year ended 31 December 2023

5(b). Intangible asset

	2023	**2023**	2022	2022
	Group	**Parent**	Parent	Parent
	RO	**RO**	RO	RO
Cost				
At 1 January	**544,697**	**544,697**	544,697	544,697
Additions	**17,800**	**17,800**	-	-
At 31 December	**562,497**	**562,497**	544,697	544,697
Accumulated amortization				
At 1 January	**163,409**	**163,409**	108,939	108,939
Charge for the year	**57,807**	**57,807**	54,470	54,470
At 31 December	**(221,216)**	**(221,216)**	(163,409)	(163,409)
Carrying amount				
At 31 December	**341,281**	**341,281**	381,288	381,288

6. Right of use assets

	2023 Group Land right-of-use	**2023 Parent Land right-of-use**	2022 Group Land right-of-use	2022 Parent Land right-of-use
At 1 January	**3,297,071**	**2,375,095**	3,473,450	2,493,850
Modification	**335,921**	**(475,096)**	-	-
Depreciation (Note 22)	**(156,893)**	**(95,000)**	(176,379)	(118,755)
At 31 December	**3,476,099**	**1,804,999**	3,297,071	2,375,095

	2023 Group	**2023 Parent**	2022 Group	2022 Parent
	RO Lease liability	**RO Lease liability**	RO Lease liability	RO Lease liability
At 1 January	**3,661,029**	**2,673,614**	3,726,215	2,701,168
Modification	**276,217**	**(534,800)**	-	-
Finance cost (Note 26)	**207,932**	**112,268**	196,457	144,089
Payments	**(269,508)**	**(179,508)**	(261,643)	(171,643)
At 31 December	**3,875,670**	**2,071,574**	3,661,029	2,673,614
Current portion	**275,498**	**179,509**	256,278	216,533
Non-current portion	**3,600,172**	**1,892,065**	3,404,751	2,457,081
	3,875,670	**2,071,574**	3,661,029	2,673,614

The Group has leased land for factory premises. Leases of lands generally have lease term between 20 to 30 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

Notes to the financial statements for the year ended 31 December 2023

6. Right of use assets (continued)

The Parent Company has leased land for factory premises, at Rusayl Industrial Area, from Rusayl Industrial City (RIC), under agreements that expire by 30 September 2042. During the year, the Parent Company has cancelled one of its lease agreements which resulted in decrease in right of use asset and lease liability and a modification gain of RO 59,704 has been recognized in the statement of income.

OAPIL (Oman Aluminium Processing Industries SPC) had entered into a lease agreement on 6 January 2009 in respect of its factory premises. On 15th June 2023, the unified lease contract was revised extending its expiry to 31st December 2050 (originally 2038). This has been considered as a lease modification with the revised extension till 2050. The incremental borrowing rate used by the Parent Company and the subsidiary is 5.6% (2022: 5.6%).

The following are the amounts recognised in the statement of income:

	2023 Group RO	**2023 Parent RO**	2022 Group RO	2022 Parent RO
Depreciation expense of rights-of-use assets (Note 23)	**156,893**	**95,000**	176,379	118,755
Interest expense on lease liabilities (Note 27)	**207,932**	**112,268**	196,457	144,089
Total amount recognized in statement of income	**364,825**	**207,268**	372,836	262,844

7. Investment in subsidiaries

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

	2023		2022	
	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. The subsidiary manufactures aluminum rods and overhead conductors.

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

	2023		2022	
	Parent Company		Parent Company	
Name of the subsidiary	**% Holding**	**Carrying value RO**	% Holding	Carrying value RO
Associated Cables Private Limited, India	**100%**	**2,363,248**	100%	960,887
Additional investment made during the year		-		1,402,361
At 31 December		**2,363,248**		2,363,248
Total (a) + (b)		**7,789,908**		**7,789,908**

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Notes to the financial statements for the year ended 31 December 2023

7. Investment in subsidiaries (continued)

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

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

(i) At reporting date, management of the Parent Company performed an analysis of internal and external indicators of impairment for both subsidiaries and have not noted any impairment indicators.

(ii) Investments in subsidiaries have been eliminated against the share capital and reserves of the subsidiaries in the consolidated financial statements.

8. Other financial assets

(a) Financial assets at amortised cost

Financial assets at amortised costs comprise investment in 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.

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

	2023 Group and Parent Company		2022 Group and Parent Company	
	Market value RO	**Cost RO**	Market value RO	Cost RO
Unquoted investments (refer note below)	**151,142**	**151,142**	235,388	235,388
At 31 December	**151,142**	**151,142**	235,388	235,388

During the year, the balance has decreased on account of capital distribution (net) of RO 84,246 (2022: net investment of RO 8,383) in units of Oman Fixed Income Fund.

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Notes to the financial statements for the year ended 31 December 2023

9. Inventories

	2023		2022	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Raw materials	**6,973,059**	**6,538,903**	7,029,705	6,361,965
Spares, consumables and scrap	**3,541,902**	**1,821,473**	3,446,833	1,821,473
Finished goods	**15,664,393**	**14,664,213**	14,278,550	13,578,998
	26,179,354	**23,024,589**	24,755,088	21,762,436
Work-in-progress	**2,976,104**	**2,636,779**	1,757,645	1,340,294
Goods in transit	**20,059**	**-**	451,656	217,115
	29,175,517	**25,661,368**	26,964,389	23,319,845
Less: provision for slow moving and obsolete items	**(4,675,386)**	**(3,306,349)**	(4,240,734)	(3,027,216)
At 31 December	**24,500,131**	**22,355,019**	22,723,655	20,292,629

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

	2023		2022	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
At 1 January	**4,240,734**	**3,027,216**	2,709,753	2,301,552
Provision for the year	**434,652**	**279,133**	1,530,981	725,664
At 31 December	**4,675,386**	**3,306,349**	4,240,734	3,027,216

10. Trade and other receivables

	2023		2022	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Trade receivables	**53,353,358**	**45,957,247**	57,779,420	46,606,739
Amount due from related parties (Note 30)	**6,858,094**	**2,206,720**	6,733,809	4,711,475
Less: allowance for credit losses	**(4,284,016)**	**(4,185,472)**	(4,731,328)	(4,628,936)
	55,927,436	**43,978,495**	59,781,901	46,689,278
Advances	**1,520,986**	**878,022**	396,684	343,538
Other receivables	**1,277,048**	**106,409**	2,034,745	830,034
Prepayments	**716,433**	**716,433**	496,087	496,087
	59,441,903	**45,679,359**	62,709,417	48,358,937

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Notes to the financial statements for the year ended 31 December 2023

10. Trade and other receivables (continued)

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

	2023		2022	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
At 1 January	**4,731,328**	**4,628,936**	4,242,957	4,144,413
Add: (Reversal) / charge for the year (Note 24)	**(70,647)**	**(70,647)**	488,371	484,523
Less: Written off during the year	**(376,665)**	**(372,817)**	-	-
At 31 December	**4,284,016**	**4,185,472**	4,731,328	4,628,936

As per the credit policy of the Group, customers are extended a credit period of up to four months in the normal course of business.

A total expected credit loss provision of RO 4,284,016 and RO 4,185,472 (2022 – RO 4,731,328 and RO 4,628,936 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 credit loss rate ('ÉCL') for the trade receivables based on their age profile is provided below.

Group	**Total**	**Current**	**More than 30 days past due**	**More than 90 days past due**	**More than 120 days past due**	**More than 180 days past due**	**More than 365 days past due**
	RO	**RO**	**RO**	**RO**	**RO**	**RO**	
ÉCL		0.07%	3.76%	9.94%	17.97%	86.91%	100%
2023	**60,211,452**	**45,798,431**	**8,896,397**	**1,022,046**	**708,984**	**245,358**	**3,540,236**
ECL		0.1%	4.5%	9.8%	28.3%	81%	100%
2022	64,513,229	51,959,028	4,973,494	1,419,012	2,072,250	96,554	3,992,891
Parent							
ECL		0.07%	3.76%	9.94%	17.97%	86.91%	100%
2023	**48,163,967**	**34,643,498**	**8,003,845**	**1,022,046**	**708,984**	**245,358**	**3,540,236**
ECL		0.1%	5.5%	12.4%	21.7%	79%	100%
2022	51,318,214	40,165,504	3,664,590	1,365,028	2,033,647	96,554	3,992,891

At the reporting date, 50% of the Parent Company's trade receivables are due from 9 customers (2022 - 50% from 11 customers). At the reporting date, 52% of the Group's trade receivables are due from 11 customers (2022- 39 % from 9 customers). The Parent Company has generated 12% (2022: 13%) of its total revenue from one customer during the year.

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

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

11. Cash and bank balances

(a) Cash and cash equivalents

	2023		2022	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Cash in hand	**5,537**	**5,114**	17,707	15,792
Current accounts in banks	**25,130,742**	**22,391,021**	32,278,139	31,221,315
Less: allowance for credit losses	**(188,914)**	**(188,914)**	(188,914)	(188,914)
	24,947,365	**22,207,221**	32,106,932	31,048,193

(b) Short term deposits

	2023		2022	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Short term deposits	**32,904,482**	**27,928,290**	11,932,055	11,932,055
	32,904,482	**27,928,290**	11,932,055	11,932,055

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 3% to 6%. 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 (2022 - 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 (2022 - 89,700,000 shares of 100 baisa each).

Shareholders who own 5% or more of the Parent Company's share capital at the reporting date and the number of shares they hold are as follows:

	2023		2022	
	No of shares held	**%**	No of shares held	%
Draka Holding BV	**45,899,610**	**51.17%**	45,899,610	51.17
Muhamad Mustafa Mukhtar Al Lawati	**15,419,951**	**17.19%**	7,821,905	8.72%
Public Authority for Social Insurance	**5,394,117**	**6.01%**	5,394,117	6.01%

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 their respective legal reserve have reached the statutory requirement 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% (2022 - 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 56 baisa (2022: 27 baisa) per share totalling RO 5,023,200 (2022: RO 2,421,900) relating to the year 2022 were declared and paid.

The Board of Directors have recommended a dividend of 85 baisa (2022: 56 baisa) per share for the year 2023 amounting to RO 7,624,500 (2022: RO 5,023,200), 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:

	2023		2022	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Hedging reserve (Net) (a)	**465,830**	**510,649**	1,184,997	1,264,304
Share based compensation reserve (b)	**926,908**	**824,160**		
Foreign currency translation reserve (c)	**(364,553)**	**-**	(352,903)	-
Financial assets at FVOCI reserve (d)	**(510)**	**(510)**	(510)	(510)
	1,027,675	**1,334,299**	831,584	1,263,794

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

17. Other reserves (continued)

ı) 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:

	2023		2022	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
At 1 January	**1,184,997**	**1,264,304**	1,919,951	2,405,816
Fair value adjustments during the year	**(347,195)**	**(298,529)**	(3,558,885)	(3,433,584)
Realized loss / (gain) on settled contracts transferred to inventories	**(289,789)**	**(365,034)**	3,033,049	2,515,185
Related deferred tax liability	**(90,092)**	**(90,092)**	(223,113)	(223,113)
Related deferred tax asset	**7,909**	**-**	13,995	-
At 31 December	**465,830**	**510,649**	1,184,997	1,264,304
Change in fair value through OCI – net of tax	**(719,168)**	**(753,655)**	(734,953)	(1,141,512)

\ny positive or negative fair value adjustments of commodity forward contracts designated as cash flow hedges vill be included in the subsequent period on the maturity of the contracts, as cost of inventories and ultimately ıs cost of sales in the statement of income or loss.

Group

The Group has cashflow derivatives in the nature of commodity forward contracts included in its current assets ›f RO 600,615 (2022 – RO 1,487,050). The Group also has cashflow derivatives in the nature of commodity orward contracts included in its current liabilities of RO 52,729 (2022 – RO 93,302).

The cumulative changes in fair value relating to the unrealised gain / loss in commodity forward contracts of RO 600,615 included in current assets (note 10) and RO 52,729 (note 20) included in current liabilities (2022 - RO 1,487,050 included in current assets and RO 93,302 included in current liabilities) is mainly on account ›f differences between the original values of the forward commodity contracts entered into by the Group in the ıormal course of business and the market value of these contracts as at the reporting date.

Parent Company

The Parent Company has cashflow derivatives in the nature of commodity forward contracts included in its current assets of RO 600,615 (2022 – RO 1,487,050).

The cumulative change in fair value relating to the unrealised gain / loss in commodity forward contracts of RO 600,615 included in current assets (2022 – RO 1,487,050) 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 instruments.

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

17. Other reserves (continued)

a) Hedging reserve (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).

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. 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 2023 and 2022.

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

	2023		2022	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Carrying amount (current asset)	**600,615**	**600,615**	1,487,050	1,487,050
Carrying amount (current liability)	**52,729**	**-**	93,302	-
Notional amounts (net derivative position at year end)	**8,956,042**	**10,169,863**	9,280,815	14,463,895
Maturity Date	**January 2024 to April 2024**	**January 2024 to April 2024**	January 2023 to April 2023	January 2023 to April 2023
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:

	2023		2022	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Increase in the market price of commodities by 5% - gain / (loss)	**445,850**	**509,378**	555,635	716,539
Decrease in the market price of commodities by 5% - gain / (loss)	**(431,202)**	**(494,730)**	(366,347)	(708,013)

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

17. Other reserves (continued)

b) This represents the share-based compensation reserve linked to employees share plan. This reserve is used to recognise:

- the grant date fair value of shares issued to employees but not yet vested
- the grant date fair value of shares issued to employees
- the grant date fair value of deferred and matching shares granted to employees but not yet vested.

Refer note 25(b) for details.

c) Foreign currency translation reserve

	2023		2022	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
At 1 January	**352,903**	**-**	350,405	-
Translation (loss) / gain during the year	**11,649**	**-**	2,498	-
At 31 December	**364,552**	**-**	352,903	-

d) Financial assets at FVOCI reserve

	2023		2022	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
At 1 January and 31 December	**(510)**	**(510)**	(510)	(510)

18. Taxation

	2023		2022	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Statement of profit or loss				
Current year income tax charge	**3,717,606**	**2,543,500**	2,558,288	1,808,408
Prior year income tax charge	**-**	**-**	(70,634)	66,601
	3,717,606	**2,543,500**	2,487,654	1,875,009
Deferred tax:				
Temporary differences	**(187,304)**	**(68,488)**	(391,537)	(275,938)
Income tax expense reported in the statement of income or loss	**3,530,302**	**2,475,012**	2,096,117	1,599,071

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

	2023		2022	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Profit before income tax	**22,459,360**	**15,936,099**	13,269,282	10,195,860
Income tax as per rates (15%)	**3,368,904**	**2,390,415**	1,990,392	1,529,379
Others	**161,398**	**84,597**	105,725	69,692
Net tax expense	**3,530,302**	**2,475,012**	2,096,117	1,599,071

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

18. Taxation (continued)

Statement of financial position	2023 Group RO	2023 Parent Company RO	2022 Group RO	2022 Parent Company RO
Current liability				
Opening balance	**2,558,288**	**1,923,587**	1,262,360	917,251
Charge for the year	**3,611,610**	**2,543,500**	2,513,536	1,875,009
Payments	**(2,452,292)**	**(1,824,606))**	(1,217,608)	(868,673)
Closing Balance	**3,717,606**	**2,642,481**	2,558,288	1,923,587

Deferred tax

Deferred taxes are calculated on all temporary differences under the liability method using a principal tax rate of 15% (2022: 15%). The net deferred tax liability and deferred tax charge in the statement of comprehensive income are attributable to the following items;

	2023 Group RO	2023 Parent Company RO	2022 Group RO	2022 Parent Company RO
Non-current liabilities				
Deferred tax liabilities / (asset):				
At 1 January	**281,142**	**104,617**	896,672	581,999
Movement for the year	**(134,893)**	**(201,487)**	(615,530)	(477,382)
At 31 December	**146,249**	**(96,870)**	281,142	104,617

The deferred tax liability comprises the following temporary differences:

	2023 Group RO	2023 Parent Company RO	2022 Group RO	2022 Parent Company RO
Tax effect of depreciation	**1,271,793**	**965,126**	1,364,931	1,058,264
Tax effect of provisions	**(1,215,643)**	**(1,156,880)**	(1,281,955)	(1,169,596)
Tax effect of IFRS 16	**7,916**	**4,792**	(10,896)	(7,109)
Tax effect of commodity hedging	**82,183**	**90,092**	209,062	223,058
	146,249	**(96,870)**	281,142	104,617

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

18. Taxation (continued)

The group has the deferred tax asset on the commodity hedges of RO 7,909 (2022: RO 13,995) and movement is as below:

	2023		2022	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Non-current asset				
Deferred tax asset				
At 1 January	**13,995**	**-**	85,741	-
Movement for the year	**90,784**	**96,870**	(71,746)	-
At 31 December	**104,779**	**96,870**	13,995	-

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% (2022: 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% (2022: 15%). For the purpose of determining the tax expense for the year ended 31 December 2023, 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 15.53% (2022: 15.68%). The difference between the applicable tax rates of 15% (2022: 15%) and the effective tax rate of 15.53% 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 2020.

Subsidiaries

Oman Aluminum Processing Industries SPC

The tax rates applicable to the company is 15% (2022:15%). 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 15.5% (2022: 18.1%). The Company's tax assessments have been agreed with the taxation authorities up to tax year 2020.

Associated Cables Pvt Ltd

The tax rate applicable is 27.8% (2022: Nil). Assessments with the tax department have been completed up to the financial year 2022-23 (assessment year: 2023-2024).

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

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:

	2023		2022	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
At 1 January	**1,481,240**	**1,294,158**	1,421,657	1,258,760
Accrued during the year (Note 25(a)	**400,870**	**332,674**	203,808	167,804
Employees' end of service benefits paid	**(71,727)**	**(62,634)**	(144,225)	(132,406)
At 31 December	**1,810,383**	**1,564,198**	1,481,240	1,294,158

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 2023 and 2022, 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 6.5% (2022 – 6.5%).

20. Trade and other payables

	2023		2022	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Trade payables	**15,848,666**	**8,508,600**	25,136,363	17,562,803
Amount due to related parties (Note 30)	**1,030,189**	**1,724,527**	869,444	1,546,870
Other payables	**4,584,281**	**4,169,444**	796,672	571,462
Accruals	**6,798,504**	**5,253,108**	5,759,191	4,833,639
	28,261,640	**19,655,679**	32,561,670	24,514,774

21. Bank borrowings

	2023		2022	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Short term loans	**-**	**-**	1,500,000	-
	-	**-**	1,500,000	-

Oman Aluminium Processing Industries SPC has repaid its loan during the year.

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Notes to the financial statements for the year ended 31 December 2023

22. Revenue

Disaggregation of revenue

Revenue is recognised at the point in time and has been disaggregated based on the geographical region from which its derived. The geographical distribution of revenue based on the reports reviewed by the key decision makers (Board of directors) is disclosed in Note 29.

23. Cost of sales

	2023		2022	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Cost of materials consumed	**201,054,905**	**150,222,973**	218,221,302	157,217,052
Employee costs (Note 25(a))	**6,412,702**	**5,185,503**	6,182,330	5,036,967
Depreciation (Note 5(a))	**3,125,585**	**2,158,190**	3,141,886	2,177,591
Depreciation on right of use assets (Note 6)	**156,893**	**95,000**	176,379	118,755
Electricity and water	**2,086,682**	**1,335,432**	1,901,920	1,209,938
Stores, consumables, repairs and maintenance	**1,779,490**	**948,004**	1,451,099	701,332
Provision for slow moving inventories (Note 9)	**434,652**	**279,133**	1,530,981	725,664
Other direct costs	**761,144**	**508,807**	701,076	479,438
	215,812,053	**160,733,042**	233,306,973	167,666,737

24. Other income

	2023		2022	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Management fee from related parties	**238,780**	**328,780**	292,924	292,924
Insurance claim	**2,241**	**2,241**	123,506	123,506
Gain on sale of property, plant and equipment	**1,161**	**1,139**	3,171	3,171
Income on call deposits	**417,449**	**417,449**	198,249	198,249
Other operating income	**223,757**	**19,314**	122,167	48,684
	883,388	**768,923**	740,017	666,534

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Notes to the financial statements for the year ended 31 December 2023

25. Administrative expenses

	2023		2022	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Employee costs ((Note 25(a))	**4,369,599**	**3,699,106**	3,481,138	2,913,153
Repairs and maintenance	**338,441**	**313,787**	338,478	336,585
Legal and professional charges	**274,275**	**133,193**	271,676	190,636
Directors' remuneration (Note 30)	**141,443**	**141,443**	114,571	114,571
Travelling	**137,153**	**73,553**	65,336	31,896
Deprecation	**131,711**	**92,433**	128,080	96,800
Insurance	**130,488**	**116,685**	211,646	201,883
Communication	**120,352**	**69,176**	154,236	115,946
Contributions to local organization	**96,179**	**96,179**	62,215	62,215
Amortization of intangible asset	**57,807**	**57,807**	54,470	54,470
Printing and stationery	**34,064**	**21,235**	23,559	12,703
Vehicle running and maintenance	**10,636**	**10,636**	9,265	9,265
Other sundry expenses	**607,721**	**549,534**	371,599	258,582
	6,449,869	**5,374,767**	5,286,269	4,398,705

25 (a) Employee costs

	2023		2022	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Salaries and other benefits	**10,084,945**	**8,252,557**	10,025,545	8,236,813
Share based payment cost {25(b)}	**926,908**	**824,160**	-	-
Contributions to defined retirement plan for Omani employees	**424,541**	**367,539**	407,520	354,222
Employees end of service benefits (Note 19)	**400,870**	**332,674**	203,808	167,804
	11,837,264	**9,776,930**	10,636,873	8,758,839

25 (b) Share based payment plan

On 19 April 2023, the shareholders of Prysmian S.p.A approved an equity-settled share-based plan. This has been extended to certain employees of Oman Cables Industry SAOG and its subsidiary Oman Aluminum Processing SPC (OAPIL). The plan is based on a three years vesting period from 01 January 2023 to 31 December 2025 and provides for the award of equity shares of Prysmian S.p.A without any recharge to Oman Cables and its subsidiary (OAPIL). The plan involves the allocation of a number of shares calculated according to the achievement of operational, economic and financial performance conditions of the Prysmian S.p.A.

The plan consists of the following components: Performance shares, Deferred shares and Matching shares. The Performance shares component consists of the free allocation of shares to participants subject to the achievement of certain performance conditions, measured over a three-year period and subject to continued employment. The vesting period is three years (2023-2025), with disbursement of the shares envisaged in 2026. 20% of the shares credited, net of those sold to cover tax and contributions as applicable, will be subject to lock-up until 31 December 2027, during which these shares can not be disposed off.

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

25 (b) Share based payment plan (continued)

The Deferred share component requires employees to accept that 50% of their gross bonus accrued for the years 2023, 2024 and 2025 is settled in shares subject to the achievement of certain economic and financial performance KPIs of the Prysmian S.p.A. The Matching share component is combined with the deferred shares and consists of the free allocation to participants of 0.5 additional shares for each allocated deferred share.

In addition to the LTI plan above, Prysmian S.p.A has also granted 38,885 shares to the employees of the Group (32,835 to the employees of the Parent Company and 6,050 to the employees of OAPIL) on 29th May 2023. These shares were vested and awarded immediately on the date of the grant.

Movement of the shares granted and exercised during the year is as follows:

	31 December 2023 Number of shares	
	Group	**Parent**
As at 1 January	-	-
Granted during the year	**123,277**	**114,858**
Exercised during the year*	**(38,885)**	**(32,835)**
As at 31 December	**84,392**	**82,023**
Exercisable at 31 December	-	-

* This represents 38,885 shares awarded during the year, which vested immediately at an estimated fair value of RO 14.51 which was the approximate share price as of the date of the grant.

In accordance with IFRS 2, the shares allotted have been measured at their grant date fair value. The fair value of shares related to performance shares, for the entire period of the plan vesting in 2026 has been calculated using the following assumptions:

Grant date	19 April 2023
Residual life at grant date (in years)	3 years
Exercise price	-
Estimated fair value of share (market based) at grant date	EURO 21.99 / RO 9.26
Estimated fair value of share (non market based) at grant date	EURO 28.43 / RO 11.98

As regards deferred and matching shares vesting in 2026, estimated fair value has been calculated using the following assumptions:

Grant date	19 April 2023
Residual life at grant date (in years)	3 years
Exercise price	-
Estimated fair value of share (non market based) at grant date	EURO 28.43 / RO 11.98

Based on the computation as per the parameters above, costs of RO 824,160 and RO 926,908 have been recognised as "employee costs" in the statement of comprehensive income with a corresponding credit to “other reserve” of the Parent Company and the Group respectively for the fair value of shares vested and shares granted under the plan.

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

26. Selling and distribution expenses

	2023		2022	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Marketing expenses	**4,549,496**	**2,803,334**	5,272,449	3,125,069
Employee costs (Note 25(a))	**1,054,963**	**892,321**	973,405	808,719
Advertisement and sales promotion	**53,569**	**50,881**	55,061	40,023
Travelling	**42,470**	**39,275**	27,921	27,921
	5,700,498	**3,785,811**	6,328,836	4,001,732

27. Finance costs and Finance income

	2023		2022	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Interest on lease liabilities (Note 6)	**207,932**	**112,268**	196,457	144,089
Other finance expenses	**54,525**	**-**	783,723	492,494
	262,457	**112,268**	980,180	636,583
Interest from bond ((Note 8(b))	**(55,000)**	**(55,000)**	(51,291)	(51,291)
Interest from fixed deposits	**(1,334,955)**	**(1,212,845)**	(238,309)	(238,309)
Other finance income	**(175,256)**	**(187,883)**	(32,219)	(15,876)
	(1,565,211)	**(1,455,728)**	(321,819)	(305,476)

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.

	2023		2022	
	Group	**Parent Company**	Group	Parent Company
Net profit for the year (RO)	**18,929,056**	**13,461,087**	**11,173,165**	**8,596,789**
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)	**0.211**	**0.150**	**0.125**	**0.096**

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.

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

29. Segmental reporting

The Directors have determined the operating segments based on the reports reviewed by the chief operating decision-maker ("CODM") (Board of directors) that are used to make strategic decisions. The Group companies are engaged in the manufacturing and selling of electrical cables and conductors, which is considered as the business segment. Accordingly, there is one operating segment in the Group.

The breakdown of geographical revenue generated by the segment is presented below.

Geographical segments

The geographical distribution of revenue and receivables based on the reports reviewed by the Board of directors is disclosed below:

	2023		2022	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Local sales	**95,184,337**	**76,746,162**	116,112,639	102,104,701
MENA region *	**90,812,025**	**72,756,882**	74,314,409	64,685,046
Others	**62,168,629**	**34,143,645**	68,171,027	19,622,383
	248,164,991	**183,646,689**	258,598,075	186,412,130

* Middle East North Africa (MENA) includes sales to UAE, Saudi Arabia, Qatar, Kuwait, Bahrain, Jordan, Egypt and Yemen.

Trade receivables (including related parties)	**2023**		2022	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Oman	**25,292,342**	**20,281,044**	31,913,172	24,925,168
MENA region	**23,063,231**	**20,857,095**	21,135,336	18,914,894
Others	**11,855,879**	**7,025,828**	11,464,721	7,478,152
	60,211,452	**48,163,967**	64,513,229	51,318,214

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

30. Related party transactions and balances

The Group has entered into transactions with shareholders, directors, key management personnel 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 at mutually agreed prices.

During the year, the Parent Company and Group entered into transactions with related parties. The nature of significant related party transactions and the amounts involved were as follows:

	2023		2022	
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	**14,695,468**	**2,960,505**	12,809,661	2,309,891
	14,695,468	**2,960,505**	12,809,661	2,309,891
Parent Company				
Fellow subsidiaries of the ultimate Parent	**14,695,468**	**2,960,505**	12,809,661	2,309,891
Subsidiaries	**202,014**	**5,349,315**	107,441	5,814,821
	14,897,482	**8,309,820**	12,917,102	8,124,712

The sales and other income in the Parent Company and the Group includes management fee from fellow subsidiaries of RO 338,780 (2022 – RO 292,924).

Compensation of key management personnel

The key management personnel compensation for the year comprises:

	2023		2022	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Short term employment benefits	**1,574,200**	**1,378,455**	1,408,727	1,179,174
End of service benefits	**10,949**	**46,562**	51,419	32,871
Directors' remuneration	**141,443**	**141,443**	114,571	114,571
Employees shares based payment	**252,396**	**243,148**	-	-
	1,978,988	**1,809,608**	1,574,717	1,326,616

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

30. Related party transactions and balances (continued)

Directors' remuneration

	2023		2022	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Fabio Ignazio Romeo	**27,073**	**27,073**	27,028	27,028
Mohamed Al Lawati	**28,971**	**28,971**	29,029	29,029
Manal Said Al Ghazaliya	**28,072**	**28,072**	26,329	26,329
Christian Raskin	**28,971**	**28,971**	29,529	29,529
Fabrizio Rutschman	**28,971**	**28,971**	29,028	29,028
Laura Figini	**28,971**	**28,971**	29,528	29,528
Yasser Al Rashdi	**28,971**	**28,971**	29,529	29,529
	200,000	**200,000**	**200,000**	**200,000**

The Parent Company and the Group have made a provision for directors' remuneration of RO 200,000 at 31 December 2023 (2022- RO 200,000).

	2023		2022	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Amounts due from related parties				
Fellow subsidiaries of the ultimate Parent	**6,858,094**	**2,206,720**	6,733,809	4,711,475
Amounts due to related parties:				
Fellow subsidiaries of the ultimate Parent	**1,030,189**	**1,724,527**	869,444	869,444
Subsidiaries	**-**	**-**	-	677,426
	1,030,189	**1,724,527**	869,444	1,546,870

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 (2022 - thirteen related parties). Amounts due from related parties were assessed by the management and an ECL provision of RO 10,420 (2022: 6,121) has been established at reporting date.

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

31. Commitments and contingent liabilities

Commitments

	2023		2022	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Capital commitments	**2,687,625**	**753,404**	773,167	509,232
Letters of credit	**15,860,971**	**8,170,971**	20,016,657	12,326,657

Contingencies

	2023		2022	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Letters of guarantee	**16,178,918**	**14,905,557**	18,649,132	17,798,704

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 borrowings, lease liabilities, trade and other payables and derivatives. The main purpose of these financial liabilities is to raise finances for the Group's operations. The Group principal financial assets comprise trade and other receivables, cash and bank, short-term deposits and derivatives 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 Group if a customer fails to meet its contractual obligations and arises principally from the Group'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.

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

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:

	2023		2022	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Trade receivables and due from related parties	**60,211,452**	**48,163,967**	64,513,229	51,318,214
Derivative financial instruments	**600,615**	**600,615**	1,487,050	1,487,050
Bank balances	**57,846,310**	**50,130,397**	44,021,280	42,964,456
	118,658,377	**98,894,979**	110,021,559	95,769,720

The Parent Company has receivables from the derivative financial instruments from two international broker counterparties which have a rating of AA- and Ba2 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:

		2023		2022	
	Moody's ratings	**Group**	**Parent Company**	Group	Parent Company
		RO	**RO**	RO	RO
Ahli Bank	Not rated	**17,115**	**17,115**	91,183	91,183
Bank Dhofar	NP	**22,870,376**	**18,399,635**	25,791,213	25,791,213
Bank Muscat	NP	**1,831,049**	**664,056**	3,039,969	2,365,524
Sohar International	NP	**1,900,995**	**1,794,569**	235,179	920
First Abu Dhabi	P1	**6,120,652**	**6,120,652**	5,026,806	5,026,806
HSBC Bank	P2	**234,959**	**27,747**	2,983,966	2,839,723
National Bank of Oman	NP	**23,874,008**	**22,295,647**	7,000,445	6,996,568
Oman Arab Bank	NP	**999,889**	**999,889**	41,433	41,433
KOTAK Bank	Not rated	**186,181**	**-**	-	-
		58,035,224	**50,319,310**	44,210,194	43,153,370

The ECL on the above bank balances is RO 188,914 for the parent and the Group (2022 - RO 188,914 for the parent and the group).

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

32. Financial instruments and related risk management (continued)

Changes in liabilities arising from financing activities of the Group

	1 January 2023 RO	**Cash flows RO**	**Changes in fair value RO**	**Other RO**	**31 December 2023 RO**
Current lease liabilities (Note 6)	**261,643**	**(261,643)**	**-**	**179,509**	**179,509**
Short term loans	**1,500,000**	**(1,500,000)**	**-**	**-**	**-**
Non-current lease liabilities (Note 6)	**3,404,751**	**-**	**-**	**195,421**	**3,600,172**
Derivatives	**93,302**	**-**	**(40,573)**	**-**	**52,729**
	5,259,696	**(1,761,643)**	**(40,573)**	**374,930**	**3,832,410**

	1 January 2022 RO	Cash flows RO	Changes in fair value RO	Other RO	31 December 2022 RO
Current lease liabilities (Note 6)	261,643	(261,643)	-	261,643	261,643
Short term loans	5,196,942	(3,696,942)	-	-	1,500,000
Non-current lease liabilities (Note 6)	3,464,572	-	-	(59,821)	3,404,751
Derivatives	571,607	-	(478,305)	-	93,302
	9,494,764	(3,958,585)	(478,305)	201,822	5,259,696

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.

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. As the Omani Rial is pegged to the US Dollar and major GCC currencies, balances in these currencies are not considered to represent significant currency risk. Hence the management believes that there would not be a material impact on the profitability if these foreign currencies weaken or strengthens against the Omani Rials with all other variables held constant.

	Change in Euro rate	Effect on profit before tax
	RO	RO
2023	**+5%**	**(6,552)**
	-5%	**6,552**
2022	+5%	(13,700)
	-5%	13,700

Commodity price risk

The Group and Parent 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 and Parent 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.

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

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**
2023					
Trade and other payables	**15,535,834**	**2,308,717**	**86,601**		**17,931,152**
Amount due to related parties	**1,342,067**	**382,460**			**1,724,527**
Lease liabilities	**89,755**		**89,755**	**3,280,806**	**3,460,316**
	16,967,656	**2,691,177**	**175,503**	**3,280,806**	**23,115,142**
2022					
Trade and other payables	16,826,395	2,218,309	3,923,200	-	22,967,904
Amount due to related parties	1,214,043	332,827	-	-	1,546,870
Lease liabilities	108,267	-	108,267	4,157,660	4,374,194
	18,148,705	2,551,136	4,031,467	4,157,660	28,888,968

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**
2023					
Trade and other payables	**17,889,784**	**2,308,717**	**86,601**	**-**	**20,285,102**
Amount due to related parties	**1,342,067**	**382,460**	**-**	**-**	**1,724,527**
Derivative financial instruments	**52,729**	**-**	**-**	**-**	**52,729**
Lease liabilities	**112,255**	**22,500**	**134,755**	**6,859,988**	**7,129,498**
	19,396,835	**2,713,677**	**221,356**	**6,859,988**	**29,191,856**
	Less than 3 months RO	3 to 6 months RO	6 months to 1 year RO	More than 1 year RO	Total RO
2022					
Trade and other payables	26,113,065	2,218,309	3,923,200	-	32,254,574
Amount due to related parties	536,617	332,827	-	-	869,444
Derivative financial instruments	93,302	-	-	-	93,302
Lease liabilities	130,767	22,500	153,267	5,507,660	5,507,660
	26,873,751	2,573,636	4,076,467	5,507,660	38,724,980

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

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:

Financial assets	**2023** Group RO	**2023** Parent Company RO	2022 Group RO	2022 Parent Company RO
At amortised cost				
Trade receivables and due from related parties	**60,211,452**	**48,163,967**	64,513,229	51,318,214
Investments at amortised cost	**1,114,912**	**1,000,000**	1,001,275	1,000,000
Short term deposits	**32,904,482**	**27,928,290**	11,932,055	11,932,055
Bank balances	**25,130,742**	**22,391,021**	32,278,139	31,221,315
At fair value				
Investments at fair value through OCI	**151,142**	**151,142**	235,388	235,388
Derivative financial instruments	**600,615**	**600,615**	1,487,050	1,487,050
	120,113,345	**100,235,035**	111,447,136	97,194,022

Financial liabilities	**2023** Group RO	**2023** Parent Company RO	2022 Group RO	2022 Parent Company RO
At amortised cost				
Trade payables and due to related parties	**16,878,855**	**10,233,127**	26,005,807	19,109,673
Bank borrowings	**-**	**-**	1,500,000	-
Lease liabilities	**3,875,670**	**2,071,574**	3,661,029	2,673,614
Derivative financial instruments	**52,729**		93,302	-
	20,807,254	**12,304,701**	31,260,138	21,783,287

Due to the short term nature of the financial assets and financial liabilities, their fair values are 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.

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.

OMAN CABLES INDUSTRY SAOG AND ITS SUBSIDIARIES

Notes to the financial statements for the year ended 31 December 2023

33. Fair values of financial instruments (continued)

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 2 fair value measurement category.

Financial assets measured at fair value

2023	**Total RO**	**Level 1 RO**	**Level 2 RO**	**Level 3 RO**
Parent Company				
Financial assets at fair value through other comprehensive income (Note 8A)	**151,142**	**-**	**151,142**	**-**
Derivative financial instrument (Note 17)	**600,615**	**-**	**600,615**	**-**
Group				
Financial assets at fair value through other comprehensive income (Note 8a)	**151,142**	**-**	**151,142**	**-**
Derivative financial instrument (net) (Note 17)	**600,615**	**-**	**600,615**	**-**

2022	Total RO	Level 1 RO	Level 2 RO	Level 3 RO
Parent Company				
Financial assets at fair value through other comprehensive income (Note 8a)	235,388	-	235,388	-
Derivative financial instrument (Note 17)	1,487,050	-	1,487,050	-
Group				
Financial assets at fair value through other comprehensive income (Note 8A)	235,388	-	235,388	-
Derivative financial instrument (net) (Note 17)	1,487,050	-	1,487,050	-

During the reporting years ended 31 December 2023 and 31 December 2022, 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 2023 and 31 December 2022.

Independent Auditor's report – page 1-6.

5. Auditors Reports

5.1 Audit Report on Financials

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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 2023, and their respective financial performance and their respective cash flows for the year then ended in accordance with IFRS Accounting 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 2023;
- 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, comprising material accounting policy information 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.

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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 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 accounted for as effective cash flow hedges.	Our procedures in relation to the valuation of the derivative financial instruments, accounting 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;

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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 2023, the Parent Company and the Group had derivative financial instruments with carrying amounts of RO 600,615 within their respective current assets. Further, the Group had derivative financial instruments with a carrying amount of RO 52,729 within its current liabilities. The total changes in fair value of the derivative financial instruments for the year ended 31 December 2023 was a loss of RO 753,655 at the Parent Company level, and a loss of RO 719,168 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 2023 was RO 510,649 and RO 465,830 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 judgements involved in relation to the derivative financial instruments and hedge accounting are disclosed in Note 3 and Note 4 respectively. The year end derivative financial instrument balances and closing hedging reserve balance are included within Note 17 and Note 33 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, on a sample basis, the fair valuation of the derivative financial instruments at the year end and the appropriateness of their designation as effective cash flow hedges; and • Assessing the appropriateness of the disclosures made in these financial statements with respect to the derivative financial instruments and hedge accounting in accordance with IFRS Accounting Standards.

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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 2023 (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 IFRS Accounting 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.

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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 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.

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

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

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.

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.

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PricewaterhouseCoopers LLC
C.R. No 1230865

Mahesh Lalwani
Partner
25 January 2024

5.2 Audit Report on Corporate Governance

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Agreed-upon procedures report on factual findings in connection with the Corporate Governance report

To the Board of Directors of Oman Cables Industry SAOG

Purpose of this Agreed-upon Procedures Report

Our report is solely for the purpose of assisting the directors of Oman Cables Industry SAOG (the "Company") in determining whether their Corporate Governance Report is in compliance with the Code of Corporate Governance (the "Code") of the Capital Market Authority of the Sultanate of Oman ("CMA"), as prescribed in the CMA Circular No. E/10/2016 dated 1 December 2016 (together the "Governance Code") and may not be suitable for another purpose.

Responsibilities of the directors

The directors of the Company have prepared the Corporate Governance Report ("the Report") and remain solely responsible for it, and are also responsible for identifying and ensuring that the contents of the Report comply with the Code. The directors are also responsible for determining that the scope of the agreed-upon procedures is appropriate and sufficient for the purposes of the engagement.

Our Responsibilities

We have conducted the procedures agreed with the Company, and set out below, in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness or sufficiency of the agreed-upon procedures.

This agreed-upon procedure engagement is not an audit or assurance engagement made in accordance with generally accepted auditing or assurance standards, the objective of which would be the expression of assurance on the contents of the Report. Accordingly, we do not express such assurance.

Had we performed additional procedures, or had we performed an audit or assurance engagement on the Report, other matters might have come to our attention that would have been reported.

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Professional Ethics and Quality Control

We have complied with the relevant ethical requirements, including International Independence Standards, in the International Code of Ethics for Professional Accountants (IESBA Code) issued by the International Ethical Standards Board for Accountants.

We apply the International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described below, which were agreed with the Company in the terms of our engagement letter dated 16 July 2023, on the compliance of the Report with the Code for the year ended 31 December 2023.

No.	Procedures	Findings
(a)	We obtained the Corporate Governance Report issued by the Board of Directors and compared its contents to the minimum requirements of the CMA as set out in Annexure 3 of the Code .	No exception noted.
(b)	We obtained from the Company details of the areas of non-compliance with the Code identified by the Company, as set out in its Board minutes and in its non-compliance checklist, and compared these with those included in the Report in the section "Details of non-compliance and penalties, together with the reasons for such non-compliance for the year ended 31 December 2023". Additionally, we obtained written representations from the directors that there were no other areas of non-compliance with the Code for the year ended 31 December 2023, of which they were aware.	No exceptions noted.

Our report is intended solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose.

This report relates only to the accompanying Corporate Governance Report of the Company to be included in its annual report for the year ended 31 December 2023 and does not extend to the Company's financial statements taken as a whole.

PricewaterhouseCoopers

25 January 2024
Muscat, Sultanate of Oman

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C.R. No 1230865
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