1. Reporting entity

Omani Packaging Company SAOG (the "Company") is an Omani Joint Stock Company incorporated in the Sultanate of Oman on 3 May 1993 under a trade license issued by the Ministry of Commerce and Industry. The principal activities of the Company are manufacturing and selling of various types of paper packaging materials. The registered office of the Company is in Rusayl Industrial Estate, Sultanate of Oman.

These financial statements are presented in Rials Omani (RO) since that is the currency in which the majority of the transactions are denominated.

2. Summary of significant accounting policies

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the applicable provision of the Commercial Companies Law of 1974, as amended and the relevant disclosure requirements of the Capital Market Authority.

Basis of preparation

The Company's financial statements have been prepared on historical cost basis except for financial assets at fair value through profit or loss that have been measured at fair value.

These financial statements are presented in Riyal Omani ("RO"), which is the Company's functional currency.

These financial statements have been finalised on a going concern basis, which assumes that the Company will be able to meet the mandatory repayment terms of the banking facilities as disclosed in note 23.

Segment reporting

An operating segment is component of the Company that engages in business activities from which it may earns revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other component. All operating segments' operating results are reviewed by the Company's Chief Operating Decision Maker ("CODM") to make decision about resources to be allocated to the segment and to assess its performances, and for which discrete financial information is available.

2. Summary of significant accounting policies *(continued)*

Revenue recognition

Revenue from the sale of goods in ordinary course of business is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Interest income and expenses

Interest expense comprises of interest payable on loans and interest income comprises of interest income from deposits. Interest income and expense are accounted on accrual basis using the effective interest method.

Foreign currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Rials Omani, which is the Company's functional and presentation currency.

Transactions in currency other than in entity's functional currency (foreign currencies) are translated at the rates of exchange prevailing at the dates of transactions. At the end of each reporting period, monetary items denominated in foreign currency are translated to functional currency at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate on the date of transaction. Exchange differences are generally recognised in the profit or loss.

Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit or loss. Taxation on the results for the year comprises of current tax calculated as per the fiscal regulations of the Sultanate of Oman and deferred tax.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. A deferred tax assets are reviewed at each reporting date and are reduced to the extent

2. Summary of significant accounting policies *(continued)*

Taxation *(continued)*

that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.
recognition of goodwill.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Leases

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate

Leases of property, plant and equipment that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2. Summary of significant accounting policies *(continued)*

Property, plant and equipment

Property, plant and equipment are measured at cost, which includes borrowing cost, less accumulated depreciation and any accumulated impairment loss. The cost of property, plant and equipment is their purchase price together with any incidental expenses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred

The cost of property, plant and equipment is written down to residual value in equal instalments over the estimated useful lives of the assets. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated. The estimated useful lives are:

	Years
Building - civil works	25
Building - electro mechanical	10
Plant and machinery and dies	5 – 15
Furniture and fixtures, office and laboratory equipment	6
Motor vehicles	5

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. In accordance with its policy, the Company reviews the estimated useful lives of its property and equipment on an ongoing basis.

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and any gain or losses on disposal of an item of property, plant and equipment is recognised in profit or loss.

Capital work-in-progress is stated at cost. When commissioned, capital work-in-progress is transferred to the appropriate property, plant and equipment category and depreciated in accordance with the Company's policy.

Impairment of non-financial asset

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax asset) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss(if any).

The loss arising on an impairment of an asset is determined as the difference between the recoverable amount and carrying amount of the asset and is recognised immediately in the profit or loss. Recoverable amount is the higher of fair value less cost of disposal and value in use.

Where an impairment loss subsequently reverses (except for goodwill), the carrying amount of the asset is increased to the revised estimate of its recoverable amount and the increase is recognised as income immediately, provided that the increased carrying amount does not exceed the carrying amount that would have been net of depreciation or amortisation, had no impairment loss been recognised earlier.

2. Summary of significant accounting policies *(continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and where applicable, direct labour costs and those overheads based on normal operating capacity that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs to be incurred in marketing and distribution. Provision is made where necessary for slow moving and obsolete items.

Financial Instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

(a) Financial assets

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables and cash and bank in the statement of financial position.

(b) Impairment of financial assets

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(c) Cash and cash equivalents

For the purpose of the statement of cash flows, all bank balances and short term deposits with a maturity of three months or less from the date of placement are considered to be cash equivalents.

2. Summary of significant accounting policies *(continued)*

Financial Liabilities

(a) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(b) Trade and other payables

Trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Liabilities are recognised for amounts to be paid for goods and services received, whether or not billed to the company.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are the assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing cost costs are recognised in profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated.

End of service benefits and leave entitlements

End of service benefits are accrued in accordance with the terms of employment of the Company's employees at the reporting date, having regard to the requirements of the Oman Labour Law, as amended. The obligation is calculated using the project unit credit method and is discounted to its present value using current market assessment of time value of money. Employee entitlements to annual leave and leave passage are recognised when they accrue to employees and an accrual is made for the estimated liability as a result of services rendered by employees up to the reporting date.

Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurances Law are recognised as an expense in the profit or loss as incurred.

2. Summary of significant accounting policies *(continued)*

Earnings per share

The Company presents basic and diluted 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 Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Directors' remuneration

The Directors' remuneration is governed as set out by the Commercial Companies Law and the rules prescribed by the Capital Market Authority.

The Annual General Meeting shall approve the remuneration and the sitting fees for the Board of Directors provided that such fees shall not exceed 5% of the annual net profit after deduction of the legal reserve, the optional reserve and 5% of share capital as the distribution of dividends to the shareholders. Such fees shall not exceed RO 200,000 in one year. The sitting fees for each Director shall not exceed RO 10,000 in one year.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividend is approved by the Company's shareholders.

2. Summary of significant accounting policies *(continued)*

3 Critical accounting estimates and judgements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities at the reporting date and the resultant provisions and changes in fair value for the year. Such estimates are necessarily based on assumptions about several factors involving varying, and possibly different degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated assets and liabilities. Estimates are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The information about assumptions an destimation uncertainties that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of trade receivables

The Company considers evidence of impairment for these at both an individual and a collective level. All individually significant receivables are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Receivable that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together receivables with similar risk characteristics.

Useful lives of property and equipment

Depreciation is calculated to write off the cost of assets less residual value over their estimated useful lives. The calculation of useful lives is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates.

Allowance for slow moving inventories

Allowance for slow moving and obsolete items is established based on the age analysis of slow moving and obsolete inventories. Further, items identified to be obsolete or damaged are fully provided.

4. New standards and interpretation not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for annual periods beginning on or after 1 January 2017, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

A **IFRS 16**, Leases, establishes the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor') and is effective from 1 January 2019, with early adoption permitted.

Management assessed that standard is not expected to have a significant impact on the Company's financial statements

4. New standards and interpretation not yet effective *(continued)*

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers was issued by IASB in May 2014. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards and provides a single principle based framework to be applied to all contracts with customers that are in scope of the standard.

Under the new standard revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. The standard introduces a new five step model to recognize revenue as performance obligations in a contract are satisfied. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments, and as such will impact the businesses that earn fee and commission revenue.

On 12 April, 2016, the IASB issued amendments to IFRS 15 Revenue from Contracts with Customers. The amendments provide additional clarification on the identification of a performance obligation in a contract, determining the principal and agent in an agreement, and determining whether licensing revenues should be recognized at a point in time or over a specific period. The amendments also provide additional practical expedients that can be used on transition to the standard.

IFRS 15 shall apply to a contract only if the counterparty to the contract is a customer. A customer is a party that has contracted with the Company to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration.

In preparing to adopt IFRS 15, the Company has considered the following:

Revenue from sale of goods

Revenue will be recognised when a customer obtains control of the goods. If the customer controls all of the work in progress as the products are being manufactured, the revenue from these contracts will be recognised as the products are being manufactured.

The Company's assessment indicates that this will not result in revenue as the Customers does not have control over the products under manufacture.

Disclosure and Transition requirements

The presentation and disclosure requirements in IFRS 15 are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Company's financial statements. Many of the disclosure requirements in IFRS 15 are new and the Company has assessed that the impact of some of these disclosures requirements will not be significant.

The Company plans to adopt IFRS 15 using the cumulative effect method, with effect of initially applying this standard recognized at the date of initial application (i.e. 1 January 2018). As a result, the Company will not apply the requirements of IFRS 15 to the comparative period presented.

4. New standards and interpretation not yet effective *(continued)*

IFRS 9 Financial Instruments

On 24 July, 2014, the IASB issued IFRS 9 Financial Instruments ("the Standard"), which will replace IAS 39. The Standard covers three broad topics: Classification and Measurement, Impairment and Hedging.

The impact of applying the Standard are being analysed and based on the Management's current assessment, the Company does not expect the first-time application of the Standard to have any material impact on the financial statements. The following is a summary of some of the more significant items that are likely to be important in understanding the impact and the affected areas of the implementation of IFRS 9:

i Classification – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

Depending on the respective underlying business model, the new rules in relation to the classification of financial assets will not give rise to changes in measurement and presentation. The measurement of financial instruments – trade receivables, bank balances and fixed deposits will continue to be measured under amortised cost method.

ii Impairment – Financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model applies to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible defaults events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month CL measurement applies if it has not. An entity may determine that a financial assets credit risk has not increase significantly if the assets has low credit risk at the reporting date.

The estimated ECLs will be calculated based on the actual credit loss experience over the past years while considering the customer type/payment records and grouped based on past due status. Historical default percentages, which will be derived from historical data will be adjusted for forward looking information which is important for the Company to understand what actually drives the levels of default over the expected lives of the receivables.

4. New standards and interpretation not yet effective *(continued)*

IFRS 9 Financial Instruments *(continued)*

The new rules regarding the accounting of impairment losses will lead to expected losses having to be expensed earlier in some cases. Application of the simplified approach for financial assets and impairment losses on the trade receivable to be recognised for the first time as of 1 January 2018 in accordance with IFRS 9, will lead to a change in impairment losses.

iii Classification – Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

Under IFRS 9, there will be no impact on classification and measurement of financial liabilities.

Disclosure and Transition requirements

IFRS 9 will require extensive new disclosures, in particular about credit risk and ECLs. The Company's assessment includes an analysis to identify data gaps against current processes and the Company is in the process of implementing the system and controls changes that it believe will be necessary to capture the required data. The Company will apply IFRS 9 from the period beginning 1 January 2018 and will not restate the prior periods. The differences between previous carrying amounts and those determined under IFRS 9 at the date of initial application will generally be recognized in retained earnings as at 1 January 2018.

5 Segment information

Management has determined the operating segments based on the reports reviewed by the strategic steering committee that are used to make strategic decisions. The directors review on an overall Company basis, monthly analysis of production and sales by volume; monthly sales, collections, cost of sales and factory cost by value; variance with budgets; financial position; working capital facilities with utilisation status; and month end inventory and debtors balances.

The Company operates in one business segment of manufacture and sale of packaging material which constitutes 100% (2016: 100%) of total revenue of the Company. The geographical information in respect of the operating segment is as follows:

	2017	2016
	RO	RO
Local Oman sales	**10,670,619**	10,941,654
GCC countries	**1,793,179**	1,581,519
Others	-	36,647
	12,463,798	12,559,820

As at year end, all non-current assets of the company are located within Oman. There is one customer Oman Food Stuff Factory to whom sales made during the year exceeded 10% of total sales for the year.

6 Expenses by nature

	2017 RO	2016 RO
Changes in inventories of finished goods and work-in-progress	**11,863**	14,785
Raw materials and spare parts used	**8,562,256**	8,148,028
Staff costs (note 10)	**1,397,469**	1,403,196
Depreciation (note 14)	**464,208**	467,732
Transportation expenses	**385,497**	372,059
Other expenses	**752,825**	782,664
	11,574,118	11,188,464
Cost of sales	**10,420,748**	9,977,938
General and administrative expenses	**1,153,370**	1,210,526
	11,574,118	11,188,464

7 Cost of sales

	2017 RO	2016 RO
Cost of raw materials consumed	**8,200,758**	7,798,671
Cost of spare parts	**373,361**	349,357
Staff costs (note 10)	**924,530**	934,140
Depreciation (note 14)	**421,093**	418,517
Other direct costs	**501,006**	477,253
	10,420,748	9,977,938

8 General and administrative expenses

	2017 RO	2016 RO
Staff costs (note 10)	**472,939**	469,056
Transportation and vehicle expenses	**402,563**	385,156
Depreciation (note 14)	**43,115**	49,215
Directors' sitting fees (note 29)	**40,500**	42,300
Legal and professional fees	**37,025**	32,766
Provision for impairment of trade receivables (note 16)	**39,708**	123,696
Dubai office expenses	**45,279**	33,396
Advertisement and sales promotion	**9,908**	8,861
Repairs and maintenance	**670**	700
Communication	**14,475**	14,457
Printing and stationery	**16,376**	14,727
Board advisory fees (note 29)	**18,000**	18,000
Postage and courier	**1,892**	1,049
Insurance	**6,515**	5,592
Director remuneration (note 29)	**-**	9,202
Miscellaneous expenses	**2,651**	2,353
Property plant and equipment written off	**1,754**	-
	1,153,370	1,210,526

9 Other income

	2017 RO	2016 RO
Sale of scrap	**339,407**	213,623
Gain/(loss) on disposal of property, plant and equipment	**2,649**	(229)
Miscellaneous income	**42,163**	121
	384,219	213,515

10 Staff costs

Wages and salaries	**1,127,813**	1,135,823
Leave and air fare	**58,884**	57,682
Staff rent	**50,225**	55,670
End of service benefits (note 22)	**28,695**	28,926
Social security costs	**29,228**	28,020
Other costs	**102,624**	97,075
	1,397,469	1,403,196

Staff cost allocation		
Cost of sales (note 7)	**924,530**	934,140
General and administrative expenses (note 8)	**472,939**	469,056
	1,397,469	1,403,196

11 Interest income, expense and exchange gain loss

Interest income on bank deposit	**8**	81

Interest expense:		
- overdrafts and short term loan	**25,238**	54,645
- long term loan	**30,171**	35,862
	55,409	90,507

11 Interest income and expense and exchange loss *(continued)*

	2017 RO	2016 RO
Exchange loss		
- Exchange loss realised during the year	**1,243**	2,420

12 Taxation

(a) The tax charge for the year is as follows:

Current tax:		
In respect of current year	**188,734**	195,026
Deferred tax:		
In respect of current year	**(6,146)**	-
In respect of prior year	**19,941**	(19,583)
	202,529	175,443

(b) Tax assessment has been agreed with the Secretariat General for Taxation ('SGT') for all periods upto 31 December 2009. In respect of tax years 2010 and 2011, the Company has received assessment orders wherein additional tax demand of RO 18,485 and RO 9,772 has been levied (in respect of unrealised exchange loss). The Company has filed an objection as per Article 160 of the Income Tax Law against the additional tax demand for 2010 and 2011 and thereafter no further correspondence has been received in this respect..

Further, the Company's tax assessments for the years 2012 and 2013 is completed by the SGT and no adjustments have been made in the assessment orders. The assessments for tax years 2014, 2015 and 2016 have not been picked up by the SGT. The Management considers that the amount of additional taxes, if any, that may become payable on finalisation of the open tax years would not be material to the Company's financial position as on 31 December 2017.

(c) The reconciliation of tax on the accounting profit at the applicable rate of 15% (2016 - 12%) with the taxation charge in the statement of profit or loss and other comprehensive income is as follows:

	2017 RO	2016 RO
Tax on accounting profit of RO 1,217,255 (2016 - RO 1,492,025)	**182,588**	175,443
Deferred tax - prior year	**19,941**	-
	202,529	175,443

12 Taxation *(continued)*

(d) Movement in current taxation for the year is as follows:

	2017 RO	2016 RO
At 1 January	**195,026**	131,366
Charge for the year	**188,734**	195,026
Paid during the year	**(195,027)**	(131,366)
At 31 December	**188,733**	195,026

13 Basic and diluted earnings per share

The par value of each share is RO 0.100 (2016 - RO 0.100). The basic earnings per share is calculated by dividing the profit for the year and total comprehensive income by the weighted average number of shares outstanding during the year.

	2017	2016
Net profit attributable to shareholders (RO)	**1,014,726**	1,316,582
Weighted average number of shares outstanding (No.)	**32,435,860**	32,435,860
Basic and Diluted Earnings per share (RO)	**RO 0.031**	RO 0.041

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

14 Property, plant and equipment

(a) Buildings are erected on land leased from the Public Establishment for Industrial Estates for a period of 25 years commencing from 1 January 1993, 1 July 2002, 8 March 2008 and 20 January 2011, respectively.

(b) Depreciation charge for the year has been allocated between the cost of sales and general and administrative expenses as follows:

	2017 RO	2016 RO
Depreciation charge for the year		
Cost of sales (note 7)	**421,093**	418,517
General and administrative expenses (note 8)	**43,115**	49,215
	464,208	467,732

14 Property, plant and equipment *(continued)*

	Building - civil works RO	Building - electro mechanical RO	Plant, machinery and dies RO	Furniture and fixtures RO	Office equipment RO	Laboratory equipment RO	Motor vehicles RO	Total RO
Cost								
1 January 2016	1,985,809	697,723	6,364,814	128,600	79,731	30,085	306,288	9,593,050
Additions	39,360	29,289	347,615	8,033	1,180	7,870	23,662	457,009
Disposals			(8,484)	(2,748)	(4,295)	(1,163)	(16,900)	(33,590)
31 December 2016	2,025,169	727,012	6,703,945	133,885	76,616	36,792	313,050	10,016,469
Additions	**9,763**	-	**135,597**	**7,850**	**14,586**	-	**9,200**	**176,996**
Disposals	-	-	-	-	-	-	**(8,000)**	**(8,000)**
Written off	-	-	**(5,779)**	**(4,996)**	**(4,211)**	-	-	**(14,986)**
31 December 2017	**2,034,932**	**727,012**	**6,833,763**	**136,739**	**86,991**	**36,792**	**314,250**	**10,170,479**
Depreciation								
1 January 2016	742,506	445,430	3,555,605	107,047	61,330	19,528	206,879	5,138,325
Charge for the year	80,764	55,817	274,326	7,192	6,522	3,908	39,203	467,732
Disposal			(6,229)	(2,668)	(4,196)	(1,162)	(16,900)	(31,155)
31 December 2016	823,270	501,247	3,823,702	111,571	63,656	22,274	229,182	5,574,902
Charge for the year	**81,066**	**57,649**	**274,973**	**6,594**	**6,238**	**4,109**	**33,579**	**464,208**
Disposal	-	-	-	-	-	-	**(7,999)**	**(7,999)**
Written off			**(4,524)**	**(4,663)**	**(4,045)**	-	-	**(13,232)**
31 December 2017	**904,336**	**558,896**	**4,094,151**	**113,502**	**65,849**	**26,383**	**254,762**	**6,017,879**
Carrying value								
31 December 2017	**1,130,596**	**168,116**	**2,739,612**	**23,237**	**21,142**	**10,409**	**59,488**	**4,152,600**
31 December 2016	1,201,899	225,765	2,880,243	22,314	12,960	14,518	83,868	4,441,567

15 Inventories

	2017 RO	2016 RO
Raw materials	**1,281,618**	1,404,306
Spare parts	**742,774**	790,143
Consumables	**36,146**	36,175
Work-in-progress	**56,087**	54,848
Finished goods	**88,681**	101,781
	2,205,306	2,387,253
Less: allowance for slow moving and obsolete inventories:		
Spare parts	**(164,815)**	(164,815)
	2,040,491	2,222,438

Inventories are held under charge, created in favour of banks, for facilities granted (note 23).

The movement in allowance for slow moving and obsolete inventories is given below:

	2017 RO	2016 RO
At 1 January	**164,815**	143,638
Add: charge for the year	**-**	21,177
At 31 December	**164,815**	164,815

16 Trade and other receivables

	2017	2016
Trade receivables	**4,194,415**	3,857,937
Less: allowance for impairment of trade receivables	**(174,603)**	(176,735)
Net trade receivables	**4,019,812**	3,681,202
Due from related parties	**68,601**	119,128
Advances to suppliers	**62,385**	24,711
Prepaid expenses and deposits	**5,246**	10,453
Other receivables	**49,851**	42,905
	4,205,895	3,878,399

At the reporting date, 12.32% of trade receivables were receivable from one party (2016 – 13.77% from one party) in the Sultanate of Oman.

16 Trade and other receivables *(continued)*

The fair values of trade and other receivables are assumed to be the same as their carrying amounts above.

Details of gross exposure of trade receivables are:

	2017 RO	2016 RO
Neither past due nor impaired	**3,600,464**	3,345,061
Past due but not impaired	**487,949**	455,269
Impaired	**174,603**	176,735
	4,263,016	3,977,065

As of 31 December 2017, trade receivables of RO 487,949 (2016 - RO 455,269) were past due but not impaired. The aging analysis of these past due not impaired trade receivables is as follows:

	2017 RO	2016 RO
Past due - 121 to 180 days	**439,629**	353,516
Past due - 181 days and above	**48,320**	101,753
	487,949	455,269

As of 31 December 2017, trade receivables of RO 174,603 (2016 - RO 176,735) were impaired and fully provided for.

Movement of the allowance for impairment of trade receivables is as follows:

	2017 RO	2016 RO
At 1 January	**176,735**	53,368
Charge for the year(note 8)	**39,708**	123,696
Written back	**(41,840)**	(329)
	174,603	176,735

The other classes with trade and other receivables do not contain any impaired balances.

Trade receivables are under charge, created in favour of banks, for facilities granted (note 23).

16 Trade and other receivables *(continued)*

The carrying amounts of the Company's trade receivables are denominated in the following currencies:

	2017 RO	2016 RO
Currency		
Rial Omani	**3,718,640**	3,394,053
Arab Emirates Dirham	**542,728**	583,012
US Dollar	**1,648**	-
	4,263,016	3,977,065

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

17 Cash in hand and at Bank

	2017 RO	2016 RO
Current accounts	**132,110**	145,735
Cash in hand	**650**	650
	132,760	146,385

18 Share capital

Authorised share capital 32,435,860 shares of RO 0.100 each (2016 - 32,435,860 shares of RO 0.100 each)	**3,243,586**	3,243,586
Issued and paid up share capital 32,435,860 shares of RO 0.100 each (2016 - 32,435,860 shares of RO 0.100 each)	**3,243,586**	3,243,586

Share premium represents the unused balance of the premiums received for the increase in the share capital.

The Company has one class of ordinary shares which carries no right to fixed income.

18 Share capital *(continued)*

Shareholders

The shareholders of the Company who own 10% or more of the Company's shares and the number of shares held by them are as follows:

	Percentage shareholding		No. of shares	
	2017	2016	**2017**	2016
Sheikh Salim Saeed Hamed Al Fannah Al Araimi	**15.87**	15.80	**5,145,970**	5,125,970
Mr. Ahmed Alawi Abdullah Al Ibrahim	**10.29**	12.41	**3,336,443**	4,024,518
Al Baraka Investments	**11.41**	11.41	**3,700,485**	3,700,485
Al Saud Co. Ltd / Ubar Investment	**14.18**	14.18	**4,600,000**	4,600,000

19 Legal reserve

In accordance with the Commercial Companies Law of Oman 1974, as amended, annual appropriations of 10% of the profit for the year are made to this reserve until the accumulated balance of the reserve is equal to one third of the value of the Company's paid-up share capital. This reserve is not available for distribution.

20 General reserve

The general reserve was established in the year 2002 at the Company's Ordinary General Meeting in accordance with Article 106 of the Commercial Companies Law. During the year the Company has transferred general reserve to retained earnings.

21 Deferred tax liability

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 15% (2016 - 12%). The net deferred tax liability and deferred tax (charge) / credit in the profit or loss are attributable to the following items:

	1 January 2017 RO	Charge to profit or loss RO	31 December 2017 RO
Deferred income tax asset:			
Tax effect of provisions	**40,986**	**9,927**	**50,913**
Deferred income tax liability:			
Tax effect of depreciation	**(120,749)**	**(23,722)**	**(144,471)**
Net deferred tax liability	**(79,763)**	**(13,795)**	**(93,558)**

21 Deferred tax liability *(continued)*

	1 January 2016 RO	Charge to profit or loss RO	31 December 2016 RO
Deferred income tax asset:			
Tax effect of provisions	23,641	17,345	40,986
Deferred income tax liability:			
Tax effect of depreciation	(122,987)	2,238	(120,749)
Net deferred tax liability	(99,346)	19,583	(79,763)

22 Employees' end of service benefits

	2017 RO	2016 RO
At 1 January	**239,461**	249,688
Charge for the year (note 10)	**28,695**	28,926
Paid during the year	**(6,384)**	(39,153)
At 31 December	**261,772**	239,461

23 Bank borrowings

Non-current		
Long term loan from bank	**375,000**	875,000
Less: due within one year classified as current borrowings	**(375,000)**	(500,000)
	-	375,000
Current		
Short term loan	**300,000**	450,000
Bank overdraft	**284,569**	35,104
Current portion of long term loan	**375,000**	500,000
	959,569	985,104

Reconciliation of movements of liabilities to cash flows arising from financing activities

Balance at the beginning of the period	**1,325,000**	2,899,912
Repayment of short term loan	**(450,000)**	(2,449,912)
Repayment of long term loan	**(500,000)**	(125,000)
Short term loan received	**300,000**	-
Long term loan received	**-**	1,000,000
	675,000	1,325,000

23 Bank borrowings *(continued)*

In 2016 the Company has obtained Long Term Loan from Bank Muscat dated 24 March 2016 for financing amounts to RO. 1,000,000 to meet the working capital requirement. The loan carries an interest rate of 5%. The Loan is repaid in 8 Quarterly instalments commencing 6 months from the date of receipt 15 May 2016. The Loan is secured against the Company assets and property.

The repayment schedule of the long term loan is given below:

	2017	2016
	RO	RO
Within 1 year	**375,000**	500,000
Within 2 to 5 years	-	375,000
	375,000	875,000

Overdrafts and short term borrowings are obtained from commercial banks at interest rates ranging from 3% to 6% (2016 - 3% to 6%) per annum. The interest rates may be re-negotiated by the banks on renewal of the facilities, which generally takes place on an annual basis in the case of overdrafts and at one to six months intervals for short term borrowings.

The fair values of non-current borrowings approximate to their face values as they carry commercial rates of interest.

24 Trade and other payables

	2017 RO	2016 RO
Trade payables	**1,605,817**	1,710,582
Accrued expenses	**279,794**	333,839
Provision for leave pay and air passage	**90,582**	88,448
Unclaimed dividend	**456**	404
Advances received from customers	**18,804**	14,510
	1,995,453	2,147,783

The Company has transferred an amount of RO 3,274 (2016 - RO 4,279) of the unclaimed dividend to the investors trust fund.

25 Net assets per share

Net assets per share are calculated by dividing the shareholders equity at the year end by the number of shares issued and paid up, as follows:

	2017	2016
Shareholders' equity	**7,032,661**	RO 6,666,652
Number of shares outstanding at year end	**32,435,860**	32,435,860
Net assets per share	**RO 0.217**	RO 0.206

26 Purchase commitments

At the end of the reporting period, the value of outstanding purchase commitments amounted to RO 1,441,306 (2016 - RO 979,174).

27 Lease commitments

The future minimum lease payments under the non-cancellable operating leases are as follows:

	2017 RO	2016 RO
Less than 1 year	**14,606**	11,059
Between 1 year and 5 years	**58,424**	18,788
More than 5 years	**205,441**	64,574
	278,471	94,421

28 Cash generated from operations

The reconciliation of profit before taxation to cash generated from operations is shown below:

	2017 RO	2016 RO
Cash flows from operating activities		
Profit before taxation	**1,217,255**	1,492,025
Adjustments for:		
Depreciation on property, plant and equipment	**464,208**	467,732
(Gain) / loss on disposal of property, plant and equipment	**(2,649)**	229
Property, plant and equipment written off	**1,754**	-
Allowance for trade receivables written back	**(41,840)**	(329)
Allowance for slow moving and obsolete inventories	**-**	21,177
Allowance for impairment of trade receivables	**39,708**	123,696
Interest expense	**55,409**	90,507
Interest income	**(8)**	(81)
Provision for end of service benefit	**28,695**	28,926
	1,762,532	2,223,882
Changes in working capital:		
Inventories	**181,947**	(10,081)
Trade and other receivables	**(325,364)**	210,355
Trade and other payables	**(152,330)**	(77,996)
Cash generated from operations	**1,466,785**	2,346,160

29 Related parties

Related parties comprise the shareholders, directors, key management personnel and business entities (collectively referred as related parties) in which these related parties have the ability to exercise significant influence in the financial and operating decisions of such entities.

The Company has balances with these related parties which arise in the normal course of business from the commercial transactions that are entered into at mutually agreed terms and conditions.

During the year the Company entered into transactions with related parties in the normal course of business.

29 Related parties *(continued)*

Transactions with related parties

Companies under common directorship	2017 RO	2016 RO
Sale of goods	**270,648**	473,720
Purchase of services	**6,160**	-

The year end balances arising from the sale / purchase of goods and services are as under:

Companies under common directorship	2017 RO	2016 RO
Receivable from related parties (note 16)	**68,601**	119,128
Payable to a related party	**440**	-

Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

The remuneration of directors and other members of key management during the year were as follows:

	2017 RO	2016 RO
Short term benefits	**237,338**	239,242
Post-employment benefits	**8,906**	8,460
Directors remuneration	**-**	9,202
Directors' sitting fees (note 8)	**40,500**	42,300
Board advisory fees (note 8)	**18,000**	18,000
	304,744	317,204

30 Cash and cash equivalent

	2017 RO	2016 RO
Cash in hand and at Bank	**132,760**	146,385
Bank overdraft	**(284,569)**	(35,104)
	(151,809)	111,281

31 Financial risk management

Financial instruments carried on the statement of financial position comprise trade and other receivables, bank and cash, long term loan, bank borrowings and trade and other payables.

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been impacted.

Financial risk factors

The Company's activities expose it to a variety of financial risks including effects of changes in market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Management and Audit Committee under policies approved by the Board. Management identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity, if any.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency.

The Company is exposed to foreign exchange risk arising from currency exposures primarily with respect to US Dollars, UAE Dirhams and Japanese Yen.

For foreign currency transactions that are either in US Dollars or in currencies linked to US Dollar (UAE Dirhams), the management believes that should these currencies weaken or strengthen against the Rial Omani there would be an insignificant or no impact on the profits for the year of the Company.

At 31 December 2017 , if the Rial Omani were to have strengthened or weakened by 5% against the Japanese Yen with all other variables held constant, pre-tax profits for the year would have been higher/lower respectively by RO 2,412 (2016 - RO 2,176) mainly as a result of foreign exchange variations with respect to Yen denominated liabilities.

31 Financial risk management *(continued)*

Interest rate risk

The Company's interest rate risk arises from bank borrowings which are exposed to changes in market interest rates. The Company borrows from commercial banks at commercial rates of interest. Long-term borrowings are at fixed rates of interest and, accordingly, not sensitive to the short-term changes in the applicable interest rates.

Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's policy is to maintain almost all of its borrowings in fixed rate instruments. The Company analyses its interest rate exposure on a regular basis and reassesses the source of borrowings and renegotiates interest rates at terms favourable to the Company.

The short term borrowing interest rates with banks are subject to change upon re-negotiation of the facilities which takes place on an annual basis in the case of overdrafts and at more frequent intervals in the case of short term loans.

If the interest rate were to shift by 1% on short term borrowings balance as at 31 December 2017, there would be an increase or decrease in the interest cost of RO 5,846 (2016 - RO 4,851).

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from cash and bank as well as credit exposure to customers including outstanding amounts from related parties and committed transactions.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. All major customers are based in the Sultanate of Oman. The Company has established credit policies and procedures that are considered appropriate and commensurate with the nature and size of receivables.

The Company establishes an allowance for impairment of receivables that represents its estimate of potential losses in respect of trade and other receivables. The main components of this loss are a specific loss component that relates to individual exposures and a collective loss component established for similar assets in respect of any potential losses that may have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location. The Company has a concentration of credit risk details of which are provided in note 16.

31 Financial risk management *(continued)*

Financial risk factors *(continued)*

Credit risk *(continued)*

The Company manages concentration of its credit risk by monitoring collections within the credit period.

Credit risk on receivables including related parties is limited to their carrying values as management regularly reviews these balances to assess recoverability and makes allowance for balances whose recoverability is in doubt.

With respect to exposures with banks, management considers the credit risk exposure to be minimal as the Company deals with reputed banks only. The management does not expect any losses from non-performance by these counterparties.

Credit quality of financial assets

As per the credit policy of the Company, customers are extended a credit period in the normal course of business upto 120 days, which in some cases, due to the market conditions and historical business relationship with the customer may be extended by a further period of 30 days as the demands of business may require. The credit quality of financial assets is determined by the customers' history of meeting commitments, market intelligence related information and management's trade experience. External ratings generally are not available in the environment in which the Company is operating.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Age analysis of trade receivables (including receivable from related parties) has been presented in note 16.

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

	2017	2016
	RO	RO
Trade and other receivables	**4,314,668**	4,024,770
Cash at bank	**132,110**	145,735
	4,446,778	4,170,505

31 Financial risk management *(continued)*

Financial risk factors *(continued)*

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters. In addition, the Company has access to credit facilities.

Cash flow forecasting is performed by the management which monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal ratio targets.

The table below analyses the Company's financial liabilities into the relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual discounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant. The balances above twelve months also approximate to their carrying values as they carry commercial rates of interest and the impact of discounting is not significant. The table below analyses the expected contractual maturities of the other financial liabilities at the end of the reporting period

31 December 2017	**Carrying value**	**Contractual cash flows**	**Within 1 year**	**1 to 2 years**	**Above 2 years**
Term loan	**375,000**	**(393,750)**	**(393,750)**	**-**	**-**
Bank borrowings	**584,569**	**(584,569)**	**(584,569)**	**-**	**-**
Trade and other payables	**1,886,067**	**(1,886,067)**	**(1,886,067)**	**-**	**-**
	2,845,636	**(2,864,386)**	**(2,864,386)**	**-**	**-**
31 December 2016					
Term loan	875,000	(918,750)	(525,000)	(393,750)	-
Bank borrowings	485,104	(485,104)	(485,104)	-	-
Trade and other payables	2,044,825	(2,044,825)	(2,044,825)	-	-
	3,404,929	(3,448,679)	(3,054,929)	(393,750)	-

31 Financial risk management *(continued)*

Fair value estimation

The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair values of non-current financial liabilities are considered to approximate their carrying amounts as the impact of discounting is not significant.

32 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and benefit other stakeholders. 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.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the statement of financial position less bank and cash. Total capital employed is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratio at 31 December is as follows:

	2017	2016
	RO	RO
Total borrowings	**959,569**	1,360,104
Less: Cash in hand and at bank	**(132,760)**	(146,385)
Net debt	**826,809**	1,213,719
Total equity	**7,032,661**	6,666,652
Total capital employed	**7,859,470**	7,880,371
Gearing ratio	**11%**	15%

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements other than the requirements of the Commercial Companies Law of 1974, as amended.

33 Proposed dividend

After the reporting date, the Board of Directors have proposed a cash dividend of 20% (20 Baisa per share) [2016 - 20% (20 Baisa per share)]. This dividend payment is subject to the approval of the shareholders at their Annual General Meeting and, therefore, has not been included as a liability in the statement of financial position.