

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016****1. General**

National Aluminium Products Company SAOG ("the Company") was incorporated in the Sultanate of Oman on 8 December 1984 under a trade license issued by the Ministry of Commerce & Industry. The principal activity of the Company is the manufacture and sale of aluminium products.

**2. Summary of significant accounting policies****2.1 Basis of preparation**

(a) These financial statements are prepared on the historical cost basis except for the fair valuation of investment property and in accordance with International Financial Reporting Standards (IFRS), the requirements of the Commercial Companies Law of the Sultanate of Oman, 1974 (as amended) and comply with the disclosure requirements set out in the 'Rules and Guidelines on Disclosure by issuer of Securities and Insider Trading' issued by the Capital Market Authority (CMA) of the Sultanate of Oman.

(b) The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas where accounting assumptions and estimates are significant to the financial statements are disclosed in note 4.

(c) Standards and amendments effective in 2016 and relevant for the Company's operations:

For the year ended 31 December 2016, the Company has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for periods beginning on 1 January 2016.

The adoption of these standards and interpretations has not resulted in changes to the Company's accounting policies and has not affected the amounts reported for the current year.

(d) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2017, but the Company has not early adopted them and the impact of these standards and interpretations is not reasonably estimable as at 31 December 2016:

IFRS 9, 'Financial instruments', (effective on or after 1 January 2018);  
IFRS 15, 'Revenue from contracts with customers' (effective on or after 1 January 2018); and  
IFRS 16, 'Leases' (effective on or after 1 January 2019).

(e) Restatement of prior year financial statements.

During the year 2016, certain errors have been identified pertaining to the comparative financial statements for the year ended 31 December 2015. The nature of the errors has been summarised below:

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)**

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

(e) Restatement of prior year financial statements (continued)

- Incorrect classification of the current portion of the term loan RO 400,000.
- Scrap sales of RO 2,578,835 netted off within the cost of sales.
- Incorrect classification of direct staff costs in selling and distribution expenses and administrative and general expenses.

**Impact of restatement**

	2015 As previously reported RO	Adjustment RO	2015 Restated RO
<b>Statement of financial position</b>			
<b>Non-current liabilities</b>			
Term loans	5,331,016	(400,000)	4,931,016
<b>Current liabilities</b>			
Current portion of term loan	-	400,000	400,000
	<u>5,331,016</u>	<u>-</u>	<u>5,331,016</u>
	2015 As previously reported RO	Adjustment RO	2015 Restated RO
<b>Statement of comprehensive income</b>			
Scrap sales	-	1,270,251	1,270,251
Cost of goods sold	(21,458,365)	(1,521,673)	(22,980,038)
Selling and distribution expenses	(1,147,750)	47,187	(1,100,563)
Administrative and general expenses	(1,089,297)	204,235	(885,062)
	<u>(23,695,412)</u>	<u>-</u>	<u>(23,695,412)</u>

- Key management bonus of RO 8,802 has not been included in the Key management compensation disclosure

	2015 As previously reported RO	Adjustment RO	2015 Restated RO
<b>Statement of comprehensive income</b>			
Key management bonus	303,802	8,802	312,604

The earliest period affected by the above restatements is the financial year ended 31 December 2015. The balances as at 1 January 2015 are not impacted and accordingly no disclosures are made in the statement of financial position for figures relating to the financial statements for the year ended 31 December 2014. Further, the above restatements have not impacted the profit before taxation for the year ended 31 December 2015 and the total equity as at 31 December 2015 or cash flows for the year ended 31 December 2015. Accordingly, there is no change in the Earnings per share and in the Net assets per share as previously reported.

**2.2 Segment reporting**

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

**2.3 Revenue recognition**

Revenue from the sale of goods is stated at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised upon delivery of goods to customers when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing management involvement with the goods.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)****2 Summary of significant accounting policies (continued)****2.4 Finance income and costs**

Finance income and costs are accounted for on the accruals basis using an effective interest rate method.

**2.5 Foreign currency***(a) Functional and presentation currency*

Items included in these financial statements 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.

*(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

**2.6 Income tax**

Income tax on the results for the year comprises current tax and deferred tax.

Current tax recognised in the statement of comprehensive income 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 income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred taxation. Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which tax losses or temporary differences can be utilized. Deferred income tax assets and liabilities are offset as there is a legally enforceable right to offset these in Oman.

The principal temporary differences arise from depreciation on property, plant and equipment, tax losses and provisions for impairment of trade receivables and slow moving and obsolete inventories.

**2.7 Operating lease payments**

The operating lease payments are charged to statement of comprehensive income on a straight-line basis over the lease period.

**2.8 Directors' remuneration**

The Company follows the Commercial Companies Law 1974 (as amended), and other latest relevant directives issued by CMA, in regard to determination of the amount to be paid as Directors' remuneration. Directors' remuneration is charged to the statement of comprehensive income in the year to which it relates.

**2.9 Earnings and net assets per share**

The Company presents earnings per share ("EPS") and net assets per share 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.

Net assets per share is calculated by dividing the net assets attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)**

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

**2.10 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any identified 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of items of property, plant and equipment. In general, the estimated useful lives are as follows:

	<b>Years</b>
Buildings	20 - 25
Plant and machinery, dies and die tools	5 - 40
Extrusion and anodizing plant	5 - 20
Office and other equipment	4 - 5
Furniture and fixtures	5
Motor vehicles	5
Computer installations	4 - 5

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are recognised within 'other income' and are taken into account in determining operating loss.

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

**2.11 Investment property**

Property held for long-term rental yields and not occupied by the Company has been classified as investment property. Initially, investment property is measured at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the statement of comprehensive income in the year in which they arise.

Investment property is derecognised when they have either been disposed off or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on derecognition of an investment property are recognised in the statement of comprehensive income in the year of derecognition.

**2.12 Impairment of non-financial assets**

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have been impaired. 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, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset. An impairment loss is recognized immediately in the statement of comprehensive income, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior years. A reversal of an impairment loss is recognized immediately in the profit or loss unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)****2 Summary of significant accounting policies (continued)****2.13 Inventories***(a) Raw materials and spares, consumables, work in progress, and finished goods*

Raw materials and consumables, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

*(b) Scrap*

Scrap is stated at the lower of cost and its net realisable value. Cost of scrap is computed as the weighted average cost of the raw materials less the average product premium charged by the Company's raw material suppliers over and above the London Metal exchange (LME) price.

**2.14 Financial assets**

The Company classifies its financial assets into 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*

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 reporting date. In which case these are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

**2.15 Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest rate method less impairment losses. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade debtors are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income within 'administrative and general expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative and general expenses' in the statement of comprehensive income.

**2.16 Cash and cash equivalents**

For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and deposits with banks with an original maturity of three months or less from the date of placement that are free of any encumbrances, net of bank overdrafts, if any.

**2.17 End of service benefits**

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 2003 and its amendments and in accordance with IAS 19 - 'Employee Benefits'. Employee entitlements to annual leave are recognised when they accrue to employees and an accrual is made for the estimated liability for annual leave as a result of services up to the date of statement of financial position. The accrual relating to annual leave and leave passage is disclosed as a current liability, while that relating to end of service benefits is disclosed as a non-current liability.

Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurances Law of 1991 are recognised as an expense in the statement of comprehensive income as incurred.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)****2 Summary of significant accounting policies (continued)****2.18 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. 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.

Term loans are carried on the statement of financial position at their principal amounts. Short term loan and instalments due within one year of reporting date in case of long term loans are shown as a current liability. Interest is charged as an expense as it accrues, with unpaid amounts included in accounts payable and accruals.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

**2.19 Trade and other payables**

Trade payables 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.

**2.20 Provisions**

Provisions are recognised if there are present obligations (legal or constructive) that have resulted from past events, the settlement of the obligations is probable and the amount of those obligations can be estimated reliably. The amount recognized as a provision is the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date, i.e. the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

Provisions are reviewed and adjusted at each reporting date. If outflows, to settle the provisions, are no longer probable, the provisions made are reversed and such reversals are recorded in the statement of comprehensive income. Provisions are only used for the purpose for which they were originally recognized.

**2.21 Dividends declared**

Dividends are recognised as a liability in the year in which they are approved.

**3. Financial risk management****3.1 Financial risk factors**

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

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is an 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.

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

Overview

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

(a) 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 the Company's receivables from customers.

Credit is extended to customers only with an objective of optimizing the Company's profits and the prime responsibility for providing credit to customers and the timely collection of all debts rests with the functional manager. Necessary controls and procedures are established to manage the Company's credit risk and its working capital. It is therefore the Company's policy to have effective credit control systems in place which are flexible enough to respond to changing market needs yet rigorous enough to ensure that customer credit limits are established and regularly updated on the basis of reliable up-to-date information.

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

	2016 RO	2015 RO
Trade receivables	8,759,807	8,708,991
Advances and deposits	467,522	147,693
Cash and cash equivalents	415,239	979,220
	<u>9,642,568</u>	<u>9,835,904</u>

Trade and other receivables

The Company has concentration of credit risk, details of which are provided in note 17. The exposure to credit risk is monitored on an on-going basis and Management determines provisions for impairment where required. Management also obtains credit insurance coverage over its trade receivables portfolio based on the internal policies to mitigate its credit risk. Therefore, the Company considers the credit risk to be minimal.

Age analysis of trade receivables and movement in impairment allowance of trade receivables are set out in note 17.

With respect to exposures with banks, management considers the credit risk exposure to be minimal as the Company deals with local and foreign banks with a minimum rating of P-2 as per the global bank ratings for its rated banks by Moody's Investors Service. Management does not expect any losses from non-performance by these counterparties.

(b) 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 reasonably be predicted, such as natural disasters. In addition, the Company has access to credit facilities from commercial banks.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Liquidity risk (continued)

Trade and other payables principally comprise amount outstanding for trade purchases and ongoing costs.

	Less than one year RO	2016 One to five years RO	Total RO	Less than one year	2015 One to five years	Total
Term loan	950,000	5,666,744	6,616,744	400,000	5,595,969	5,995,969
Borrowings	8,822,380	-	8,822,380	6,616,095	-	6,616,095
Trade and other payables	7,012,260	-	7,012,260	6,512,977	-	6,512,977
	<u>16,784,640</u>	<u>5,666,744</u>	<u>22,451,384</u>	<u>13,529,072</u>	<u>5,595,969</u>	<u>19,125,041</u>

(c) Market risk

Market risk is the risk that changes in market factors, such as foreign exchange rates, interest rates and aluminum commodity prices 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.

(i) Foreign currency risk

The Company's functional and presentation currency is Rials Omani and the Company's performance is substantially independent of changes in foreign currency rates. The company is primarily exposed to foreign exchange risk arising from various currency exposures with respect to GBP and Euro. Foreign currency risk arising from GCC currencies and USD which are pegged to the Omani Rial is not significant. At 31 December 2016 and 2015, if the Rial Omani were to have strengthened or weakened by 1% against Euro and GBP with all other variables held constant, it would have an insignificant impact on the pre-tax results of the Company for the year.

(ii) Interest rate risk

The Company has term borrowings which are interest bearing and exposed to changes in market interest rates. The Company analyses its interest rate exposure on a regular basis and reassesses the source of borrowings and renegotiates interest rates at terms favorable to the Company. At the end of the reporting period the interest rate profile of the Company's average interest bearing financial instruments was:

	2016 RO	2015 RO
<b>Interest rate instruments</b>		
Borrowings	<u>3-6%</u>	<u>2 - 4%</u>

At the reporting date, if the interest rate were to shift by 1%, there would be a maximum increase or decrease in the interest expense of RO 37,804 (2015 - RO 20,204).

The carrying values of the loans are not considered to be materially different from their fair values since the loans are at the market interest rates.

(iii) Commodity risk

In respect of commodity price risk the Company manages its exposure with natural hedging process and may also enter into forward contracts if required to mitigate any risks. However, the Company did not enter into any forward contracts during the current year and previous year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)**

**3. Financial risk management (continued)**

**3.2 Recognised fair value measurements**

All the financial assets and liabilities of the Company are carried at amortised cost. The fair value of the financial assets and liabilities approximates their carrying value as stated in the statement of financial position.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

<b>Company</b>	<b>Level 1 RO</b>	<b>Level 2 RO</b>	<b>Level 3 RO</b>	<b>Total RO</b>
<b>31 December 2016</b>				
<b>Assets</b>				
Investment property	-	<b>380,000</b>	-	<b>380,000</b>
	<u>-</u>	<u><b>380,000</b></u>	<u>-</u>	<u><b>380,000</b></u>
<b>Company</b>	<b>Level 1 RO</b>	<b>Level 2 RO</b>	<b>Level 3 RO</b>	<b>Total RO</b>
<b>31 December 2015</b>				
<b>Assets</b>				
Investment property	-	<b>380,000</b>	-	<b>380,000</b>
	<u>-</u>	<u><b>380,000</b></u>	<u>-</u>	<u><b>380,000</b></u>

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)**

**3. Financial risk management (continued)**

**3.3 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 stakeholders' confidence and to sustain future development of the business.

Management is confident of improving the current level of profitability by enhancing top line growth and prudent cost management. The Company is not subject to externally imposed capital requirements.

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 employed. Net debt is calculated as total borrowings and term loan as shown in the statement of financial position less bank and cash balances. Total capital employed is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratio at the reporting date was as follows:

	<b>2016</b>	<b>2015</b>
	<b>RO</b>	<b>RO</b>
Total debt	<b>14,762,375</b>	11,947,111
Less: cash and bank balances	<b>(415,239)</b>	(979,220)
Net debt	<b>14,347,136</b>	10,967,891
Total equity	<b>8,158,328</b>	8,575,725
Total capital employed	<b>22,505,464</b>	19,543,616
	<b>64%</b>	56%

**4. Critical accounting estimates and judgements**

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

*(a) Allowance for doubtful debts*

Management reviews the receivables ageing on a periodic basis. In case of unsecured receivables whose outstanding is in excess of the credit period allowed, regular follow up is made to collect the same. In case of necessity, legal options are also explored. Receivables' impairment provision is estimated by the management in case of doubtful receivables. In the event of a debtor becoming bad, after exploring all possible options including legal, the same is written off with the members' approval as and when identified (note 17).

*(b) Allowance for slow moving 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. Amounts 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 historical selling prices and third party valuations where considered necessary. The provision for inventories of RO 237,503 at 31 December 2016 (2015 - RO 57,706) was considered necessary by management in view of the slow movement for these items to state inventory at lower of cost or net realisable value (note 15).

*(c) Useful lives of property, plant and equipment*

Depreciation is charged so as to write off the cost of assets 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

5. Cost of goods sold

	2016 RO	2015 RO [Restated Note 2.1(e)]
Opening stock	4,066,010	2,023,737
Add: Purchases	19,911,045	22,143,680
Less: Closing stock	<u>(6,621,862)</u>	<u>(4,066,010)</u>
	17,355,193	20,101,407
Movement in finished goods and work in progress	77,885	(130,427)
Movement in scrap inventory	<u>151,048</u>	<u>179,284</u>
Raw materials and other materials	17,584,126	20,150,264
Depreciation (note 13)	995,847	815,535
Employee related expenses	1,734,894	1,620,629
Other factory costs	<u>439,130</u>	<u>393,610</u>
	<u>20,753,997</u>	<u>22,980,038</u>

6. Selling and distribution expenses

	2016 RO	2015 RO [Restated Note 2.1(e)]
Employee related expenses	283,586	234,363
Transportation – freight and duty	262,535	487,187
Travelling and sales expenses	168,658	188,931
Royalty expenses	93,777	125,984
Other expenses	<u>50,434</u>	<u>64,098</u>
	<u>858,990</u>	<u>1,100,563</u>

7. Administrative and general expenses

	2016 RO	2015 RO [Restated Note 2.1(e)]
Employee related expenses	437,393	511,773
Provision for doubtful debts (note 17)	97,859	50,917
Bad debts recovered	(1,441)	-
Repairs and maintenance	66,488	64,647
Insurance	52,019	53,772
Directors sitting fees	51,300	36,100
Bank charges and commission	49,674	34,355
Visa and immigration	46,656	18,224
Professional fees	19,800	22,717
Printing and stationery	16,886	11,687
Depreciation (note 13)	2,899	2,375
Other administrative expenses	<u>78,702</u>	<u>78,495</u>
	<u>918,235</u>	<u>885,062</u>

8 Employee related expenses

Employee related expenses included in notes 5, 6 and 7 comprise:

	2016 RO	2015 RO
Salaries, wages and benefits	2,323,796	2,241,970
Social insurance	74,699	65,994
End of service benefits (note 22)	<u>57,378</u>	<u>58,800</u>
	<u>2,455,873</u>	<u>2,366,764</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

9. Other income - net

	2016 RO	2015 RO
Foreign exchange gain – net	21,965	86,688
Insurance claim received	-	9,148
Miscellaneous income	12,141	26,929
Gain/(loss) on disposal of assets	4,225	(4,286)
	<u>38,331</u>	<u>118,479</u>

10. Finance cost – net

	2016 RO	2015 RO
Interest income	(249)	(113)
Interest expenses	475,378	519,932
	<u>475,129</u>	<u>519,819</u>
Interest costs capitalised	(97,080)	(316,828)
	<u>378,049</u>	<u>202,991</u>

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the interest rate applicable to the entity's borrowings during the year, in this case 5% (2015 – 5%).

11. Taxation

(a) The tax credit/(charge) at the year end is analysed as follows:

	2016 RO	2015 RO
Current tax:		
Current year	-	(120,346)
Reversal of prior year tax	68,114	-
	<u>68,114</u>	<u>(120,346)</u>
Deferred tax	6,336	17,533
	<u>74,450</u>	<u>(102,813)</u>

Provision for income tax at the year-end is as follows:

	2016 RO	2015 RO
At 1 January	188,460	179,707
(Reversal)/charge for the year	(68,114)	120,346
Tax paid	(120,346)	(111,593)
<b>At 31 December</b>	<u>-</u>	<u>188,460</u>

(b) No provision for current taxation has been made in these financial statements in view of the tax loss made during the year of RO 1,373,689 (2015 – nil). The tax loss is available for set off against future taxable profits earned within a period of five years from the respective year in which the loss was incurred.

(c) A deferred tax asset has been recognized in respect of the above tax losses carried forward as the management expects to utilize these losses against future estimated profits.

(d) The Company is subject to income tax at the rate of 12% of taxable profits in excess of RO 30,000 in accordance with the income tax laws of the Sultanate of Oman. The following is reconciliation between income taxes calculated on accounting profits at the applicable tax rates with the income tax expense for the year:

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

11. Taxation (continued)

	2016 RO	2015 RO
(Loss)/profit before tax	(55,418)	881,519
Income tax expense at the rates mentioned above	(6,650)	102,183
Non-deductible expenses	314	630
Reversal of prior year tax	68,114	-
Temporary differences	6,336	17,533
	<u>68,114</u>	<u>120,346</u>

(e) The income tax return for the year 2015 have not yet been assessed by the Secretariat General for Taxation at the Ministry of Finance. The Board of Directors are of the opinion that additional taxes, if any, related to the open tax years would not be significant to the Company's financial position as at the reporting date.

(f) Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 12% % (2015 - 12%). Net deferred tax liability in statement of financial position and the net deferred tax (charge)/credit in the statement of comprehensive income are attributable to the following items:

	1 January 2016 RO	Recognised in statement of comprehensive income RO	31 December 2016 RO
<b>Deferred tax liabilities</b>			
Property, plant and equipment	(38,267)	(191,826)	(230,093)
Fair valuation of investment property	(32,400)	-	(32,400)
<b>Deferred tax assets</b>			
Provision for inventories	6,924	21,576	28,500
Provision for doubtful debts	7,846	11,743	19,589
Losses carried forward	-	164,843	164,843
	<u>(55,897)</u>	<u>6,336</u>	<u>(49,561)</u>
		Recognised in statement of comprehensive income RO	31 December 2015 RO
	1 January 2015 RO		
<b>Deferred tax liabilities</b>			
Property, plant and equipment	(49,045)	10,778	(38,267)
Fair valuation of investment property	(32,400)	-	(32,400)
<b>Deferred tax assets</b>			
Provision for inventories	6,279	645	6,924
Provision for doubtful debts	1,736	6,110	7,846
	<u>(73,430)</u>	<u>17,533</u>	<u>(55,897)</u>

12. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributed to the shareholders by the weighted average number of shares outstanding.

	2016 RO	2015 RO
Net profit for the year (RO)	19,032	778,706
Weighted average number of shares as of 31 December	33,571,450	33,571,450
Earnings per share (RO)	<u>0.001</u>	<u>0.023</u>

No figure for diluted earnings per share has been presented as the Company has not issued any instruments which would have an impact on earnings per share when exercised.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

13. Property, plant and equipment

	Buildings RO	Plant and machinery dies and die tools RO	Extrusion and anodizing plant RO	Office and other equipment RO	Furniture and fixtures RO	Motor vehicles RO	Computer installation RO	Capital work-in- progress RO	Total RO
<b>Cost</b>									
At 1 January 2016	2,432,605	12,997,841	4,998,777	532,002	187,534	95,476	374,465	7,395,527	29,014,227
Additions	177,308	592,536	-	13,422	15,295	-	20,988	432,589	1,252,138
Transfer from CWIP	2,420,922	5,383,667	-	-	-	-	-	(7,804,589)	-
Disposals	-	-	-	-	-	(23,700)	-	-	(23,700)
At 31 December 2016	5,030,835	18,974,044	4,998,777	545,424	202,829	71,776	395,453	23,527	30,242,665
<b>Accumulated Depreciation</b>									
At 1 January 2016	1,993,713	9,554,343	4,998,777	485,728	162,473	75,830	337,143	-	17,608,007
Charge for the year	121,663	838,683	-	14,961	2,754	5,505	15,180	-	998,746
Disposals	-	-	-	-	-	(23,700)	-	-	(23,700)
At 31 December 2016	2,115,376	10,393,026	4,998,777	500,689	165,227	57,635	352,323	-	18,583,053
<b>Carrying value</b>									
At 31 December 2016	2,915,459	8,581,018	-	44,735	37,602	14,141	43,130	23,527	11,659,612

**NATIONAL ALUMINIUM PRODUCTS COMPANY SAOG**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)**

**13. Property, plant and equipment (continued)**

	Buildings RO	Plant and machinery dies and die tools RO	Extrusion and anodizing plant RO	Office and other equipment RO	Furniture and fixtures RO	Motor vehicles RO	Computer installation RO	Capital work-in- progress RO	Total RO
<b>Cost</b>									
At 1 January 2015	2,373,185	12,261,873	4,998,777	522,114	176,311	95,476	351,420	1,042,024	21,821,180
Additions	59,420	905,968	-	9,888	11,223	-	23,045	6,353,503	7,363,047
Disposals	-	(170,000)	-	-	-	-	-	-	(170,000)
At 31 December 2015	2,432,605	12,997,841	4,998,777	532,002	187,534	95,476	374,465	7,395,527	29,014,227
<b>Accumulated Depreciation</b>									
At 1 January 2015	1,943,330	8,991,133	4,998,777	466,367	160,182	70,340	325,682	-	16,955,811
Charge for the year	50,383	728,924	-	19,361	2,291	5,490	11,461	-	817,910
Disposals	-	(165,714)	-	-	-	-	-	-	(165,714)
At 31 December 2015	1,993,713	9,554,343	4,998,777	485,728	162,473	75,830	337,143	-	17,608,007
<b>Carrying value</b>									
At 31 December 2015	438,892	3,443,498	-	46,274	25,061	19,646	37,322	7,395,527	11,406,220

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)**

**13. Property, plant and equipment (continued)**

Buildings included in property, plant and equipment are built on land leased from the Public Establishment for Industrial Estates - Rusayl Industrial Estate (note 27).

The depreciation has been allocated as follows:

	2016 RO	2015 RO
Cost of sales (note 5)	995,847	815,535
General and administrative expenses (note 7)	2,899	2,375
	<u>998,746</u>	<u>817,910</u>

**14. Investment property**

Investment property being land, is stated at its fair value of RO 380,000 (2015: RO 380,000), which has been determined based on valuations performed by independent and external professional valuers in December 2016 and January 2017. The fair value has been determined using level 2 of fair value hierarchy.

**15. Inventories**

	2016 RO	2015 RO
Raw materials	5,297,434	2,838,449
Scrap	1,278,032	1,126,984
Spares and tools	799,520	804,413
Finished goods	750,302	534,063
Consumables	524,908	423,148
Work-in-progress	125,381	263,735
	<u>8,775,577</u>	<u>5,990,792</u>
Less: Provision for slow moving and obsolete inventory	<u>(237,503)</u>	<u>(57,706)</u>
	<u>8,538,074</u>	<u>5,933,086</u>

(a) Finished goods at the reporting date represent 14 days of sales (2015: 8 days). As at the reporting date, inventories amounting to RO 237,503 (2015: RO 57,706) were impaired.

(b) Movement in the provision for slow moving and obsolete inventory items was as follows:

	2016 RO	2015 RO
At 1 January	57,706	52,328
Charge for the year	179,797	5,378
At 31 December	<u>237,503</u>	<u>57,706</u>

**16. Financial instruments**

(a) *Categories of financial instruments*

The accounting policies for financial instruments have been applied to the line items below:

	<b>Loans and receivables</b>	
	2016 RO	2015 RO
<b>Assets as per statement of financial position</b>		
Trade and other receivables (excluding prepayments)	9,227,329	8,856,684
Cash and cash equivalents	415,239	979,220
Total	<u>9,642,568</u>	<u>9,835,904</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

16. Financial instruments (continued)

(a) Categories of financial instruments (continued)

The accounting policies for financial instruments have been applied to the line items below:

Liabilities as per statement of financial position	Total financial liabilities	
	2016 RO	2015 RO
Term loan	5,939,995	5,331,016
Trade and other payables (excluding accruals)	6,583,308	5,596,342
Short term borrowings	8,822,380	6,616,095
Total	<u>21,345,683</u>	<u>17,543,453</u>

(b) Credit quality of financial assets

Cash at bank and short term bank deposits

	Moody's Rating	2016 RO	2015 RO
Bank A	P1	285,593	533,924
Bank B	P2	81,460	-
Bank B	P1	-	67,996
Bank C	Not rated	21,705	350,863
Bank D	P2	2,806	2,727
Bank E	Not rated	18,715	16,879
Bank F	P2	2,339	5,686
		<u>412,618</u>	<u>978,075</u>

The rest of the statement of financial position item "cash and bank balance" is cash in hand.

Receivables

The credit quality of trade receivables is set out in note 17.

17. Trade and other receivables

	2016 RO	2015 RO
Trade receivables	8,923,048	8,774,373
Less : Provision for doubtful debts	<u>(163,241)</u>	<u>(65,382)</u>
	8,759,807	8,708,991
Advances and deposits	467,522	147,693
Prepayments	<u>75,102</u>	<u>48,627</u>
	<u>9,302,431</u>	<u>8,905,311</u>

(a) At the reporting date, 50% of the trade receivables were receivable from four parties (2015 - 34% from three parties).

(b) Receivables covered under letters of credit and credit insurance as at the reporting date amounted to RO 8,301,032 (2015: RO 7,067,943).

(c) As of 31 December 2016, trade debtors of RO 287,391 (2015 - RO 93,812) were past due and impaired against which provision of RO 163,241 was established at 31 December 2016 (2015 - RO 65,382). The remaining balances are considered fully recoverable.

(d) Movement in the provision for doubtful debts was as follows:

	2016 RO	2015 RO
At 1 January	65,382	14,465
Charge for the year (note 7)	<u>97,859</u>	<u>50,917</u>
At 31 December	<u>163,241</u>	<u>65,382</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)**

**17 Trade and other receivables (continued)**

Aging analysis of gross trade receivables by geographic region is as follows:

**31 December 2016**

	Total RO	Neither past due nor impaired RO	Past due			Over 181 days past due RO
			Up to 30 days past due RO	31 to 60 days past due RO	61 to 180 days past due RO	
Oman	4,716,924	4,177,469	434,293	-	2,993	102,169
Other GCC	4,120,440	3,679,279	249,616	6,879	105,811	78,855
Europe	11,683	-	616	6,612	90	4,365
Others	74,001	74,001	-	-	-	-
<b>Total</b>	<b>8,923,048</b>	<b>7,930,749</b>	<b>684,525</b>	<b>13,491</b>	<b>108,894</b>	<b>185,389</b>

**31 December 2015**

	Total RO	Neither past due nor impaired RO	Past due			Over 181 days past due RO
			Up to 30 days past due RO	31 to 60 days past due RO	61 to 180 days past due RO	
Oman	3,405,502	3,405,355	-	147	-	-
Other GCC	5,139,743	4,635,307	194,186	38,291	218,463	53,496
Europe	175,928	166,874	9,054	-	-	-
Others	53,200	53,200	-	-	-	-
<b>Total</b>	<b>8,774,373</b>	<b>8,260,736</b>	<b>203,240</b>	<b>38,438</b>	<b>218,463</b>	<b>53,496</b>

(e) The fair value of trade receivables are assumed to be the same as their carrying amounts.

(f) Maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above.

(g) The other classes within trade and other receivables do not contain any impaired assets.

**18 Cash and cash equivalents**

	2016 RO	2015 RO
Cash at bank :		
Call deposit accounts	122,165	565,949
Current accounts	290,453	412,125
	<b>412,618</b>	<b>978,074</b>
Cash in hand	2,621	1,146
	<b>415,239</b>	<b>979,220</b>

Cash at bank includes RO 122,165 (2015: RO 569,417) denominated in foreign currencies mainly US Dollar, Euro and GBP.

**19 Share capital**

The Company's authorised, issued and paid up share capital consists of 33,571,450 ordinary shares of 100 baizas per share (2015: 33,571,450 ordinary shares of 100 baizas per share). At the reporting date, the following shareholders held 10% or more of the shares of the Company:

	2016		2015	
	%	RO	%	RO
Oman Emirates Investment Holding Co. SAOG	13.29%	446,250	10.13%	340,070
Ministry of Defence – Pension Fund	10.00%	335,700	10.00%	335,700

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)**

**20 Legal reserve**

Article 106 of the Commercial Companies Law of 1974 requires that 10% of a company's net profit to be transferred to a non-distributable legal reserve until the amount of the legal reserve equals one-third of the company's issued share capital. The reserve is not available for distribution. No transfers were made during the year as the minimum required amount has been already been achieved.

**21 Term loans**

	<b>2016 RO</b>	2015 RO [Restated Note 2.1(c)]
Term loan 1	<b>4,594,933</b>	4,994,933
Term loan 2	<b>1,345,062</b>	336,083
Total loans	<u><b>5,939,995</b></u>	<u>5,331,016</u>
Less : current portion of term loans	<u><b>(950,000)</b></u>	<u>(400,000)</u>
Non-current portion of term loans	<u><b>4,989,995</b></u>	<u>4,931,016</u>

(a) Term loan 1 is from a commercial bank in the Sultanate of Oman and is repayable in 20 quarterly instalments of RO 200,000 each starting from September 2016 to June 2017 and the remaining loan is repayable in 16 quarterly installments of RO 225,000 each from September 2017 until 2020 and carries an effective interest rate of 5% (2015: 5%) per annum.

(b) Term loan 2 is from a commercial bank in the Sultanate of Oman and is repayable in 20 quarterly instalments of RO 100,000 each starting from December 2017 until 2022 and carries an effective interest rate of 5% (2015: 5%) per annum. The amount drawn down by the Company as at year end is RO 1,345,062 (2015: 336,083) against the total facility limit of RO 2,000,000.

**22 End of service benefits**

	<b>2016 RO</b>	2015 RO
At 1 January	<b>323,667</b>	303,480
Charge for the year (note 8)	<b>57,378</b>	58,800
Paid during the year	<u><b>(68,213)</b></u>	<u>(38,613)</u>
At 31 December	<u><b>312,832</b></u>	<u>323,667</u>

**23 Trade and other payables**

	<b>2016 RO</b>	2015 RO
Trade payables	<b>6,297,344</b>	5,340,767
Accrued expenses	<b>428,952</b>	916,635
Other payables	<u><b>285,964</b></u>	<u>255,575</u>
	<u><b>7,012,260</b></u>	<u>6,512,977</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

24 Short-term bank borrowings

	2016 RO	2015 RO
Loan against trust receipts	4,111,319	4,696,578
Short term loan	4,671,806	1,919,517
Bank overdrafts	39,255	-
	<u>8,822,380</u>	<u>6,616,095</u>

(a) The Company has credit facilities from commercial banks comprising overdrafts, guarantees, loan against trust receipts, export bill discounting and letters of credit with an aggregate sanctioned limit of RO 32.7 million (2015: RO 36.2 million). These facilities carry interest at rates ranging between 3 % to 6 % per annum (2015: 2% to 4% per annum). The facilities are renewable on an annual basis.

(b) At 31 December 2016, the Company is in breach of following financial covenant with a commercial bank with term loan facilities

- 'Overall leverage covenant (total liabilities/total net worth) of maximum 2.5 to be maintained at all times during the tenor of the facility'.

Management has obtained a waiver effective on reporting date and expects that the Company will be able to meet all contractual obligations from the term loan on a timely basis going forward.

25 Net assets per share

Net assets per share are calculated by dividing the net assets attributable to the shareholders of the Company by the number of shares outstanding at the year end as follows:

	2016 RO	2015 RO
Net assets at 31 December	<u>8,158,328</u>	<u>8,575,725</u>
Number of shares outstanding at 31 December	<u>33,571,450</u>	<u>33,571,450</u>
Net assets per share	<u>0.243</u>	<u>0.255</u>

26 Related parties

Related parties comprise shareholders, key management staff and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

Key management compensation:

	2016 RO	2015 RO [Restated Note 2.1(e)]
Short-term benefits	279,701	312,604
Employees' end of service benefits	<u>13,420</u>	<u>14,126</u>
	<u>293,121</u>	<u>326,730</u>
Sitting fees and other expenses	51,300	36,100

Proposed directors' remuneration for the year 2016 is nil (2015: Nil).

**NOTES TO THE FINANCIAL STATEMENTS  
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**27 Contingencies and commitments**

At 31 December 2016, the Company had contingent liabilities of RO 966,735 (2015 - RO 7,250) in respect of guarantees and letters of credit undertaken in the normal course of business.

The Company had no purchase commitments at 31 December 2016 (2015 - RO 27,587).

**Lease commitments**

The Company has leased land for its factory premises from the Rusayl Industrial Estate Authority under an agreement that expires on 31 December 2027. At the reporting date, future minimum lease commitments under non-cancellable operating leases were as follows:

	2016 RO	2015 RO
Due within one year	27,675	27,675
Due after one year but within five years	110,700	110,700
Due after five years	166,050	193,725
	<u>304,425</u>	<u>332,100</u>

**28 Dividend**

The Board of Directors have not recommended a dividend for the year ended 31 December 2016. On 17 March 2016, shareholders approved a cash dividend of RO 436,259 (13% of the value of each share).

**29 Operating segments**

The Board of Directors ('CODM') reviews the Company as only one operating segment; the manufacture of aluminium extrusions and related products and all the relevant information relating to the primary segment are disclosed in the statement of financial position, profit or loss and notes to the financial statements. For this business segment, the CODM reviews internal management reports on a monthly basis.

*Operating segment*

The following operating segment analysis relating to revenue has been compiled based on the location of the customers.

	2016 RO	2015 RO
Oman	9,709,346	7,682,054
Other GCC countries	9,716,426	15,388,085
Europe	388,369	1,030,540
Others	422,546	560,764
	<u>20,236,687</u>	<u>24,661,443</u>

Similar analysis of the Company's trade receivable is set out in note 17.

**30 Subsequent events**

Subsequent to the year end there was an amendment in the Income Tax Law of Oman, which has revised the applicable tax rate from 12% to 15% for financial years beginning on or after 1 January 2017. The revision in tax rate has an impact on the deferred tax liability recorded on the statement of financial position as at 31 December 2016. As the law was not enacted as at 31 December 2016, the impact of the rate revision has not been considered on the financial position of the company as at 31 December 2016. If the revised tax rate was to be considered as at 31 December 2016, the recorded value of the Company's deferred tax liability would have been higher by RO 12,390 and the reported profits for the year and its retained earnings would have been lower by RO 12,390.