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# National Aluminium Products Company SAOG

## Financial statements for the year ended 31 December 2018

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### Notes to the financial statements

#### 1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

National Aluminium Products Company SAOG ("the Company") is an Omani joint stock company registered under the Commercial Companies Law of the Sultanate of Oman 1974, and was incorporated on 8 December 1984. The Company is engaged in the manufacture and sale of aluminium products.

#### 2 BASIS OF PREPARATION AND CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

##### 2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), the relevant requirements of the Commercial Companies Law of the Sultanate of Oman, 1974 (as amended) and the relevant disclosure requirements for public joint stock companies issued by the Capital Market Authority.

The financial statements are presented in Omani Rials.

##### 2.2 New and amended IFRS adopted by the Company

The financial statements have been drawn up based on accounting standards, interpretations and amendments effective at 1 January 2018. The Company has adopted the following new and revised Standards and Interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee, which were effective for the current accounting period:

The Management believes the adoption of the above and other amendments effective for the current accounting period has not had any material impact on the recognition, measurement, presentation and disclosure of items in the financial statements.

##### *a) Changes in significant accounting policies*

Except as described below, the accounting policies applied in these financial statements are the same as those applied in the financial statements as at and for the year ended 31 December 2017.

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards, except for separately presenting impairment losses on trade receivables.

- IFRS 9 Financial Instruments

The Company has adopted IFRS 9 'Financial Instruments' as issued by the IASB. The Company has applied IFRS 9 with date of initial application as 1 January 2018.

This has resulted in a change in accounting policies of the Company. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Company adopted consequential amendments to IAS 1 Presentation of Financial Statements which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income (OCI). Additionally, the Company adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

The Company has adopted IFRS 9 without restating the comparative financial statements. As the adoption of IFRS 9 is not material to the financial statements, the Company has not made any adjustments to the statement of financial position as at 1 January 2018. The impact on the financial statements on the date of adoption of IFRS 9 application (1 January 2018) is summarised below.

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# National Aluminium Products Company SAOG

## Financial statements for the year ended 31 December 2018

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### Notes to the financial statements

#### 2 BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS *(continued)*

##### 2.2 New and amended IFRS adopted by the Company *(continued)*

###### *a) Changes in significant accounting policies (continued)*

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting.

Management has assessed which business models apply to the financial assets held by the Company into the appropriate IFRS 9 categories. The main effects resulting from this reclassification is the classification of 'trade receivables' and 'cash at bank' as financial assets measured at amortised cost. The Company has assessed that business model of the Company for trade receivable as "hold to collect cash". The financial assets that are subject to IFRS 9's new expected credit loss model include trade receivables and cash at bank.

IFRS 9 Financial Instruments introduces principle-based requirements for the classification of financial assets. The Standard contains two primary measurement categories for financial assets: amortised cost and fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables. The classification of financial assets under IFRS 9 is generally based on the business model in which the financial asset is managed and contractual cash flow characteristics. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. The principal financial instruments of the Company include trade and other receivables, cash and cash equivalents, related party balances and trade and other payables.

#### **Initial recognition**

##### ***Financial assets***

On initial recognition, a financial asset is classified as measured at amortised cost; fair value through other comprehensive income – debt instruments; fair value through other comprehensive income – equity instruments; or fair value through profit or loss.

##### **Financial assets at amortised cost**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### ***Financial liabilities***

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss account. A financial liability is classified as at fair value through profit or loss account if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities, at initial recognition, may be designated at fair value through profit or loss if the following criteria are met:

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**Financial statements for the year ended 31 December 2018**

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**Notes to the financial statements**

**2 BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS *(continued)***

**2.2 New and amended IFRS adopted by the Company *(continued)***

**a) *Changes in significant accounting policies (continued)***

**IFRS 9 *Financial Instruments (continued)***

**Initial recognition *(continued)***

***Financial liabilities***

- a) The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis;
- b) The liabilities are part of a Company of financial liabilities which are managed and their performance evaluated on fair value basis, in accordance with a documented risk management strategy; or
- c) The financial liability contains an embedded derivative that would otherwise need to be separately recorded.

Financial liabilities at fair value through profit or loss account are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

**Subsequent measurement and gain or losses**

***Financial assets***

***Financial assets at amortised cost***

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the profit or loss. Any gain or loss on derecognition is recognised in the profit or loss.

**Financial liabilities**

Financial liabilities are subsequently measured at amortised cost using the effective interest method, if applicable. The effective interest method is the method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss account. Any gain or loss on derecognition is also recognised in the profit or loss.

**Reclassification**

***Financial assets***

The Company only reclassify financial assets if, and only if, the objective of the business model for managing those financial assets is changed. Such changes are expected to be very infrequent as these changes must be significant to the Company's operations and demonstrable to external parties.

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**Financial statements for the year ended 31 December 2018**

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**Notes to the financial statements**

**2 BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS *(continued)***

**2.2 New and amended IFRS adopted by the Company *(continued)***

*a) Changes in significant accounting policies *(continued)**

**IFRS 9 Financial Instruments *(continued)***

**Reclassification *(continued)***

***Financial assets *(continued)****

The Company determines that its business model has changed in a way that is significant to its operations, than it reclassifies all affected assets prospectively from the first day of the next reporting period (the reclassification date). Prior periods are not restated.

***Financial liabilities***

The Company determines the classification of financial liabilities on initial recognition. Subsequent reclassification is not allowed.

**Modifications of financial assets and financial liabilities**

***Financial assets***

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the profit or loss.

***Financial liabilities***

If the terms of a financial liability are modified and the cash flows of the modified liability are substantially different then, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the profit or loss.

**De-recognition**

**Financial assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- a) The rights to receive cash flows from the asset have expired; or
- b) The Company retains the right to receive cash flows from the asset, but assumes an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or

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### Notes to the financial statements

#### 2 BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS *(continued)*

##### 2.2 New and amended IFRS adopted by the Company *(continued)*

###### a) *Changes in significant accounting policies (continued)*

###### **IFRS 9 Financial instruments *(continued)***

###### **De-recognition *(continued)***

###### **Financial assets *(continued)***

- c) The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in the statement of other comprehensive income is recognised in the profit or loss.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

###### **Financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss account.

###### **Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

###### **Impairment of financial asset**

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 expected credit losses, which will be determined on a probability-weighted basis. The Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

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**Notes to the financial statements**

**2 BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS *(continued)***

**2.2 New and amended IFRS adopted by the Company *(continued)***

*a) Changes in significant accounting policies (continued)*

**IFRS 9 Financial instruments *(continued)***

**Measurement of loss allowances**

The Company measures loss allowances on both of the following basis:

The financial assets at amortized cost consist of trade receivables and cash and cash equivalents. Under IFRS9, loss allowances are measured on either of the following basis:

- *12-month ECLs*: these are ECLs that result from possible default events within the 12 months after the reporting date; and

- *Lifetime ECLs*: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss allowances for trade receivables at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since the initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company assumes that the credit risk on a financial asset has significantly increased since initial recognition and while estimating expected credit loss, when there is objective evidence or indicator for the financial assets. Examples of such indicators include:

- Significant financial difficulty of the customer;
- Restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a customer enter bankruptcy;
- The disappearance of an active market for a security (if any); or
- If past due date is more than 30 days.

IFRS 9 does not define the term 'default', but instead requires each entity to do so. The definition has to be consistent with that used for internal credit risk management purposes for the relevant financial instrument, and has to consider qualitative indicators.

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### Notes to the financial statements

#### 2 BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS *(continued)*

##### 2.2 New and amended IFRS adopted by the Company *(continued)*

###### *a) Changes in significant accounting policies (continued)*

###### **IFRS 9 Financial Instruments** *(continued)*

###### **Measurement of loss allowances** *(continued)*

The Company considers a financial asset to be in default when the counter party is unlikely to pay its credit obligations to the Company in full (based on indicator above), without recourse by the Company to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

Lifetime expected credit losses: These losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, if there is significant increase in credit risk or under simplified approach 12-month expected credit losses: These losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk. An asset is credit-impaired if one or more events have actually occurred and have a detrimental impact on the estimated future cash flows of the asset.

The term 'significant increase in credit risk' is not defined in IFRS 9. An entity decides how to define it in the context of its specific types of instruments. An entity assesses at each reporting date whether the credit risk on a financial instrument has increased significantly since initial recognition. To make the assessment, an entity considers changes in the risk of default instead of changes in the amount of expected credit losses.

An entity assesses whether there has been a significant increase in credit risk at each reporting date. The impairment model in IFRS 9 is symmetrical, and assets can move into and out of the lifetime expected credit losses category.

To be 'significant', a larger absolute increase in the risk of default is required for an asset with a higher risk of default on initial recognition than for an asset with a lower risk of default on initial recognition.

Expected credit losses are a probability-weighted estimate of credit losses.

###### *Financial assets that are not credit-impaired at the reporting date*

Measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

###### *Financial assets that are credit-impaired at the reporting date*

Measured as the difference between the gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in the profit or loss as an impairment gain or loss.

## **Notes to the financial statements**

### **2 BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS *(continued)***

#### **2.2 New and amended IFRS adopted by the Company *(continued)***

##### *a) Changes in significant accounting policies *(continued)**

##### **IFRS 9 *Financial Instruments* *(continued)***

##### **Presentation of expected credit losses**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets and is charged to the statement of profit or loss.

##### **Write - off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

An assessment is made at each reporting date to determine whether there is an objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the statement of profit or loss. Impairment is determined as follows:

- (a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of profit or loss;
- (b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
- (c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

##### *i. Financial assets:*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- Either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.



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# National Aluminium Products Company SAOG

## Financial statements for the year ended 31 December 2018

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### Notes to the financial statements

#### 2 BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS *(continued)*

##### 2.2 New and amended IFRS adopted by the Company *(continued)*

###### *a) Changes in significant accounting policies (continued)*

###### **IFRS 9 Financial Instruments *(continued)***

###### *ii. Financial liabilities:*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

###### **Derivative financial instruments and hedging**

The Company has elected to adopt hedge accounting from 1 January 2018

The Company does not engage in proprietary trading activities in derivatives.

As part of its risk management strategy, the Company holds derivative financial instruments to hedge its risk associated with fluctuating aluminium prices relating to future sales to customers.

The Management believes that derivative financial instruments to hedge risk associated with fluctuating aluminium prices may not qualify for Hedge Accounting under IFRS 9. However, the Management believe that the hedge positions will accomplish an economic hedge against their future purchases. This will match the gain or loss on the derivative financial instruments to hedge the risk associated with fluctuating aluminium prices to the changes in price of the specific commodity purchase being hedged. Accordingly, the Company has chosen to designate the derivative financial instruments to hedge risk associated with fluctuating aluminium prices as well as the commodity purchase contracts to be measured at fair value through profit or loss. This results in the fair value changes of the derivative financial instruments between the transaction date and the end of the reporting period being immediately recognized in the statement of income and offset against the equal but opposite effect of the movement in the commodity price also recognized for the same period.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives that do not qualify for hedge accounting are taken directly to the income statement.

The Company applies hedge accounting only if all of the following conditions are met:

- There is formal designation and written documentation at the inception of the hedge;
- There is 'an economic relationship' between the hedged item and the hedging instrument;
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

## **Notes to the financial statements**

### **2 BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS *(continued)***

#### **2.3 New and amended IFRS adopted by the Company *(continued)***

##### *b) Changes in significant accounting policies (continued)*

#### **IFRS 9 Financial Instruments *(continued)***

##### **Derivative financial instruments and hedging**

For the purpose of hedge accounting, hedges are classified as:

- Hedges of the exposure to changes in fair value of recognised assets or liabilities or firm commitments (fair value hedge); or,
- Hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge).

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. The documentation also includes the hedge ratio and potential sources of ineffectiveness

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

##### *Fair value hedge*

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to income statement over the period to maturity.

##### *Cash flow hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss account.

Amounts recognised as OCI are transferred to the profit or loss account when the hedged transaction affects the profit or loss account, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit or loss account. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit or loss account.

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# National Aluminium Products Company SAOG

## Financial statements for the year ended 31 December 2018

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### Notes to the financial statements

#### 2 BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS *(continued)*

##### 2.4 New and amended IFRS adopted by the Company *(continued)*

###### c) *Changes in significant accounting policies (continued)*

###### **IFRS 9 Financial Instruments *(continued)***

###### **Derivative financial instruments and hedging *(continued)***

###### *Cash flow hedge (continued)*

The Company entered into a derivative financial instrument to manage its exposure to interest rate risk, which include interest rate swaps. Further details of derivative financial instruments are disclosed in note 27.

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 companying together all 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.

###### **Non-derivative financial instruments**

Non-derivative financial instruments comprise trade and other receivables, amounts due from related parties, cash and cash equivalents and trade and other payables. Cash and cash equivalents comprise cash balances and deposits with original maturity not greater than three months. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

###### **Impact on the financial statements**

The Company has initially applied IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

# National Aluminium Products Company SAOG

## Financial statements for the year ended 31 December 2018

### Notes to the financial statements

#### 2 BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS *(continued)*

##### 2.2 New and amended IFRS adopted by the Company *(continued)*

###### a) *Changes in significant accounting policies (continued)*

###### IFRS 9 *Financial Instruments (continued)*

###### Impact on the financial statements *(continued)*

The following table below explain the original measurement under IAS 39 and the new measurement under IFRS 9 for financial assets as at 1 January 2018.

Financial instruments	Gross carrying amount under IAS 39	Impairment Provision Under IAS 39	Net carrying amount under IAS 39	IFRS 9 Impairment provision	Net carrying amount under IFRS 9
Financial Assets					
1 January 2018	RO '000	RO '000	RO '000	RO '000	RO '000
Trade receivable	13,482	(171)	13,311	-	13,311
Other receivable	923	-	923	-	923
Cash & cash equivalents	727	-	727	-	727
<b>Total financial instruments</b>	<b>15,132</b>	<b>(171)</b>	<b>14,961</b>	<b>-</b>	<b>14,961</b>

The Company has determined that the application of IFRS 9's impairment requirements at 31 December 2018 results in an in impairment allowance on trade and other receivables and bank balances as follows:

	Company RO
Impairment allowance at 31 December 2017 under IAS 39	171,423
Impact in impairment allowance on adoption of IFRS 9	-
<b>Impairment allowance at 1 January 2018 under IFRS 9</b>	<b>171,423</b>

The Company has assessed that the impact of IFRS 9 on opening trade receivable balance is not material and hence the Company has not adjusted the opening balances for the same.

#### IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations.

##### Revenue

Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

In accordance with the transition provisions in IFRS 15, the Company has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognized at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

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# National Aluminium Products Company SAOG

## Financial statements for the year ended 31 December 2018

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### Notes to the financial statements

#### 2 BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS *(continued)*

##### 2.2 New and amended IFRS adopted by the Company *(continued)*

###### a) *Changes in significant accounting policies (continued)*

###### **IFRS 15 Revenue from Contracts with Customers *(continued)***

###### **Revenue *(continued)***

As the application of IFRS 15 has no impact on the financial statements, the Company has not made any adjustments to the statement of financial position as at 1 January 2018.

The Company applies IFRS 15 with effect from 1 January 2018. As a result, the Company has applied the following accounting policy in the preparation of its financial statements.

For contracts determined to be within the scope of revenue recognition, the Company is required to apply a five-step model to determine when to recognise revenue, and at what amount.

The Company recognises revenue from contracts with customers based on the five step model set out in IFRS 15:

**Step 1 Identify the contract(s) with a customer:** A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

**Step 2 Identify the performance obligations in the contract:** A performance obligation is a unit of account and a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3 Determine the transaction price:** The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4 Allocate the transaction price to the performance obligations in the contract:** For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

**Step 5 Recognise revenue** when (or as) the entity satisfies a performance obligation.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as and when the Company performs; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

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# National Aluminium Products Company SAOG

## Financial statements for the year ended 31 December 2018

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### Notes to the financial statements

#### 2 BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS *(continued)*

##### 2.2 New and amended IFRS adopted by the Company *(continued)*

###### *a) Changes in significant accounting policies (continued)*

###### **IFRS 15 Revenue from Contracts with Customers *(continued)***

###### **Variable consideration**

Variable consideration amount is estimated at either their expected value or most likely amount and included in revenue to the extent that it is highly probable that the revenue will not reverse.

###### **Significant financing component**

The Company evaluates significant financing component, if the period between customer payment and the transfer of goods/ services (both for advance payments or payments in arrears) is more than one year. Company adjusts the promised amount of consideration for the time value of money using an appropriate interest rate reflecting the credit risk.

###### **Contract modification**

A contract modification occurs when the Company and the customer approve a change in the contract that either creates new enforceable rights and obligations or changes the existing enforceable rights and obligations. Revenue related to a modification is not recognised until it is approved. Approval can be in writing, oral, or implied by customary business practices.

The Company treats the contract modification as a separate contract if it results in the addition of a separate performance obligation and the price reflects the standalone selling price of that performance obligation. Otherwise, a modification (including those that only affect the transaction price) is accounted for as an adjustment to the original contract, either prospectively or through a cumulative catch-up adjustment.

The Company accounts for a modification prospectively if the goods or services in the modification are distinct from those transferred before the modification. Conversely, the Company accounts for a modification through a cumulative catch-up adjustment if the goods or services in the modification are not distinct and are part of a single performance obligation that is only partially satisfied when the contract is modified.

###### **Cost of obtainment and fulfilment**

The Company capitalises incremental costs to obtain a contract with a customer except if the amortisation period for such costs is less than one year.

If the costs incurred in fulfilling a contract with a customer are not in the scope of other guidance - e.g. inventory, intangibles, or property, plant and equipment - then the Company recognises an asset only if the fulfilment costs meet the following criteria:

- Relate directly to an existing contract or specific anticipated contract;
- Generate or enhance resources that will be used to satisfy performance obligations in the future; and
- Are expected to be recovered.

If the costs incurred to fulfil a contract are in the scope of other guidance, then the Company accounts for such costs using the other guidance.

# National Aluminium Products Company SAOG

## Financial statements for the year ended 31 December 2018

### Notes to the financial statements

#### 2 BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS *(continued)*

##### 2.2 New and amended IFRS adopted by the Company *(continued)*

###### *a) Changes in significant accounting policies (continued)*

###### **IFRS 15 Revenue from Contracts with Customers *(continued)***

The Company amortises the asset recognised for the costs to obtain and/or fulfil a contract on a systematic basis, consistent with the pattern of transfer of the good or service to which the asset relates. In the case of an impairment, The Company recognises these losses to the extent that the carrying amount of the asset exceeds the recoverable amount.

###### **Revenue recognition**

The Company recognises revenue from the following major sources:

###### **Revenue from sale of goods**

The Company sells aluminium profiles and other items to the varying range of customers. Sales are recognised when control of the products is transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Revenue from the sale is recognised in the statement of profit or loss on when the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

###### **Accounting policies applied until 31 December 2017**

Sales consist of the invoiced value of goods supplied during the year, net of trade discounts, volume rebates, returns and allowances. Sales are recognised when the significant risks and rewards of ownership have been transferred to the buyer.

###### *b) New and revised IFRS in issue but not yet effective*

- IFRS 16 Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the entity. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application of the standard is permitted for entities adopting IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16. The Company is currently assessing the potential impact of this standard and does not plan to adopt early.

Management anticipates that the new standard, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of the new standard IFRS 16 may have a material impact on the financial statements of the Company in the period of initial application. They will require changes to accounting policies, processes and systems.

However, it is not practicable to provide a reasonable estimate of effects of the application of the standard as the Company is still in process of performing a detailed assessment of the application of the new standard and their expected impacts.

- The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.
  - a. IFRIC 23 Uncertainty over tax treatment
  - b. Prepayment features with negative compensation (amendment to IFRS 9)
  - c. Long term interests in Associates and joint ventures (amendments to IAS 28)
  - d. Plan amendment, curtailments or settlement (amendments to IAS 19)
  - e. IFRS 17 Insurance contracts

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# National Aluminium Products Company SAOG

## Financial statements for the year ended 31 December 2018

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### Notes to the financial statements

#### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing the financial statements, the Management is required to make estimates and assumptions which affect reported income and expenses, assets, liabilities and related disclosures. The use of available information and application of judgement based on historical experience and other factors are inherent in the formation of estimates. Actual results in the future could differ from such estimates.

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 and in any future periods affected. In particular, estimates that involve uncertainties and judgements which have significant effect on the financial statements include the following:

- *Estimated useful lives of property, plant and equipment:*  
The Management's estimate of the useful lives of these assets is based on various factors such as historical experience, market practice, operating cycles, maintenance programs and normal wear and tear.
- *Inventories*  
Inventories are stated at lower of cost and net realisable value. Provision for slow and non-moving inventories is based on Management's estimate of the realizable value of the inventories based on the Company's provisioning policy.
- *Allowance for credit losses*  
The Management reviews the debtors ageing on a periodic basis. In case of difficult and unsecured debtors whose outstanding is in excess of the credit period allowed, regular follow up is made to collect the same. Where necessary, legal options are also considered. The Management estimates the allowance for credit losses based on percentages applied on the overall age analysis and including a review of case to case debtors.

#### 4 SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been consistently applied in dealing with items considered material to the Company's financial statements.

- i. The accounting policies applied in these financial statements are the same as those applied in the Company's financial statements as at and for the year ended 31 December 2017, except for the changes on adoption of new standards IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments effective from 1 January 2018.
  - ii. The changes in accounting policies are also expected to be reflected in the Company's financial statements as at and for the year ending 31 December 2018.
  - iii. The effect of initially applying these standards is mainly attributed to the following:
    - An increase in impairment losses recognised on financial assets.
    - Recognition of deferred revenue from customer contributed assets and installation and connection charges.
- a) **Accounting convention**
- These financial statements have been prepared under the historical cost convention except for investment property, which is recorded at fair value.
- b) **Property, plant and equipment**
- Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where an item of property, plant and equipment comprises major components



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# National Aluminium Products Company SAOG

## Financial statements for the year ended 31 December 2018

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### Notes to the financial statements

#### 4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

##### b) Property, plant and equipment *(continued)*

having different useful lives, they are accounted for as separate items of property, plant and equipment. Following initial recognition at cost, expenditure incurred to replace a component of an item of property, plant and equipment which increases the future economic benefits embodied in the item of property, plant and equipment is capitalised. All other expenditures are recognised in the statement of income as an expense as incurred.

Items of property, plant and equipment are derecognised upon disposal or when no future economic benefit is expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset is included in the statement of income in the year the item is derecognized.

Capital work in progress is not depreciated. Otherwise, depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of items of property, plant and equipment, which are as follows:

	Years
Buildings	20 – 25
Plant, machinery, dies and die tools	5 – 40
Extrusion and anodizing plant	5 – 20
Office and other equipment	5
Furniture and fixtures	5
Motor vehicles	5
Computer equipment	5

##### c) Investment property

Property, which is held for rental, capital appreciation or a future undetermined use is classified as investment property. The carrying amount of investment property is the fair value of the property as determined on a recurring basis by a registered independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued or as assessed internally by the Management. Changes in the fair value are recognised in the statement of profit or loss. Gains and losses arising on disposal of the investment property are recognised in the statement of profit or loss.

##### d) Fair value measurement

The Company has classified fair value measurements on a recurring basis using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- 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) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

##### e) Impairment

The carrying amount of the Company's assets other than inventories and deferred tax asset are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

##### *Financial assets*

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a

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**National Aluminium Products Company SAOG**  
**Financial statements for the year ended 31 December 2018**

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**Notes to the financial statements**

**4 SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**e) Impairment** *(continued)*

financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of estimated future cash flows discounted at the original effective interest rate.

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.

All impairment losses are recognized in the profit or loss and reflected in allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in the profit or loss.

*Non-financial assets*

The carrying amounts of the Company's non-financial assets excluding inventory and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exist then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or cash generating unit is higher than its recoverable amount. Recoverable amount is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specified to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**f) Inventories**

Inventories are stated at lower of cost and net realisable value. Cost of raw materials, stores, spares and consumables and packing materials is determined on weighted average cost basis and comprises expenditure incurred in the normal course of business in bringing inventories to their present location and condition. The cost of finished goods and work in progress includes cost of raw materials and an appropriate portion of direct expenses and related production overheads. Net realisable value is the estimate of the selling price in the ordinary course of business less any incidental selling expenses. Provision is made, wherever necessary, for slow and non-moving inventories. Cost of scrap is computed based on the weighted average cost of the raw materials less the average product premium charged by the suppliers over and above the London Metal Exchange (LME) price.

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**National Aluminium Products Company SAOG**  
**Financial statements for the year ended 31 December 2018**

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**Notes to the financial statements**

**4 SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**g) Cash and cash equivalents**

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances and cash, including deposits with an original maturity period of 3 months or less for the date of acquisition.

**h) Accounts and other payables**

Liabilities are recognized for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

**i) Provisions**

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**j) Employees' end of service benefits**

Payment is made to Omani Government's Social Security Scheme as per Royal Decree number 72/91 (as amended) for Omani employees. Provision is made for amounts payable under the Sultanate of Oman's Labour Law as per Royal Decree number 35/2003 (as amended) applicable to non-Omani employees' accumulated periods of service at the end of the reporting period.

End of service benefits are accrued in accordance with the terms of employment of the Non Omani employees at the reporting date, having regard to the requirements of the Oman Labour Law 2003, as and the requirements of IAS 19 with respect to defined benefit obligations. 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 reporting date. 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. The obligation of end of service is calculated using the projected unit credit method.

**k) Taxation**

Taxation is provided for in accordance with the Sultanate of Oman's fiscal regulations.

Deferred taxation is provided using the liability method on all temporary differences at the reporting date. It is calculated at the tax rates that are expected to apply to the period when it is anticipated the liabilities will be settled, and is based on the rates (and laws) that have been enacted at the end of the reporting period.

Deferred tax assets are recognized in relation to carry forward losses and unused tax credits to the extent that it is probable that future taxable profits will be achieved.

**l) Interest income**

Interest income is recognized on an accrual basis.

**m) Operating leases**

The operating lease payments are charged to the statement of income on a straight line basis, unless another systematic basis is representative of the time pattern of the benefit.

## **Notes to the financial statements**

### **4 SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

#### **n) Foreign currency transactions**

Transactions denominated in foreign currencies are translated into Rials Omani and recorded at rates of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into Rials Omani at exchange rates ruling on the end of the reporting period. Foreign exchange differences arising on translation are recognised in the statement of profit or loss. Non-monetary items are carried at historical cost using the historical exchange rate.

#### **o) Dividends**

The Board of Directors recommends to the shareholders the dividend to be paid out of the Company's profits. The Directors take into account appropriate parameters including the requirements of the Commercial Companies Law of the Sultanate of Oman, 1974 (as amended) while recommending the dividend.

Dividend distribution is recognized as a liability in the period in which the dividends are approved by the shareholders.

#### **p) Operating segment**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses and whose operating results are regularly reviewed by the chief decision maker to make decisions about resources to be allocated to the segment and assess its performance. The Board of Directors have been identified as the chief decision maker. The Company has a single reportable segment.

#### **q) Directors' remuneration**

The Company follows the Commercial Companies Law of the Sultanate of Oman, 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 income in the year to which they relate.

# National Aluminium Products Company SAOG

## Financial statements for the year ended 31 December 2018

### Notes to the financial statements

#### 5 PROPERTY, PLANT AND EQUIPMENT

- a) The details of property, plant and equipment for the years 2018 and 2017 are set out on pages 39 and 40 respectively.
- b) The depreciation for the year is allocated as follows:

	2018 RO	2017 RO
Cost of sales (note 18)	1,132,394	1,176,231
General and administration (note 20)	3,472	3,416
	<u>1,135,866</u>	<u>1,179,647</u>

- c) The buildings and plant facilities are built on land leased from the Public Establishment for Industrial Estate (Rusayl Industrial Estate). The leases are for a period of 25 years [note 24 (a)].
- d) At the end of the reporting period, plant and machinery with a carrying value of RO 7,202,357 (2017 – RO 7,433,785) are mortgaged against the term loans and bank borrowings obtained from a local commercial bank [notes 12 (c) and 14].

#### 6 INVESTMENT PROPERTY

- a) Investment property comprises of land, is stated at RO 380,000 (2017 – RO 380,000), which has been estimated by the Management based on an independent valuation undertaken by a professional valuer in February 2019.

	2018 RO	2017 RO
<b>Balance as at 1 January 2018</b>	380,000	380,000
Acquisitions	-	-
Reclassification from Property Plant and Equipment	-	-
Change in fair value	5,000	-
<b>Balance as at 31 December 2018</b>	<b>385,000</b>	<b>380,000</b>

The management has chosen not to increase the value of the investment property to reflect its fair value and continues to carry the investment at RO 380,000.

- b) The fair value measurement for the investment property is measured on a recurring basis and fall within level 2 of the fair value hierarchy outlined below:

##### Fair value hierarchy

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

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

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

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

# National Aluminium Products Company SAOG

## Financial statements for the year ended 31 December 2018

### Notes to the financial statements

#### INVESTMENT PROPERTY (continued)

The Company's property is consolidated under level 3 of the fair value hierarchy. Significant unobservable data is as follows:

Assets	Valuation Techniques	Significant observable inputs	Sensitivity of the inputs to the fair value
Land	Market comparable method considers the willing seller and a willing buyer, buyer and seller each acting prudently, knowledgeably and without any compulsion, a reasonable time is allowed for exposure in the open market and the property is freely exposed to the market.	<ul style="list-style-type: none"> <li>Price per square meters of land</li> </ul>	Estimated fair value would increase / (decrease) if: <ul style="list-style-type: none"> <li>Price per square meters increases / decreases</li> </ul>

#### 7 INVENTORIES

	2018 RO	2017 RO
Raw materials	2,000,017	2,733,249
Spares and tools	803,333	782,049
Finished goods	630,746	776,644
Work in progress	569,154	515,940
Consumables	532,995	508,408
Scrap	693,395	158,739
	5,229,640	5,475,029
Provision for slow and non-moving inventories [refer note (b)]	(224,850)	(500,512)
	5,004,790	4,974,517

The following further notes apply:

- At the end of the reporting period, finished goods represent 5 days (2017 – 10 days) of annual sales.
- The movement in provision for slow and non-moving inventories during the year is as follows:

	2018 RO	2017 RO
At the beginning of the year	500,512	237,503
(Written-off) / established during the year (note 18)	(275,662)	263,009
At the end of the year	224,850	500,512

**National Aluminium Products Company SAOG**  
**Financial statements for the year ended 31 December 2018**

**Notes to the financial statements**

**8 ACCOUNTS AND OTHER RECEIVABLES**

	2018 RO	2017 RO
Accounts receivable	19,152,143	13,482,895
Less: Allowance for credit losses [note (e)]	(201,616)	(171,423)
	18,950,527	13,311,472
Advances and deposits	141,646	719,913
Prepayments and other receivables	344,678	203,282
	19,436,851	14,234,667

The following further notes apply:

- a) 46% of the accounts receivable are due from 6 customers (2017 – 49% are due from 6 customers).
- b) 99.51% (2017 – 96%) of the net accounts receivable are secured against letters of credits or credit risk cover and post-dated cheques.
- c) Accounts receivable amounting to RO 16,129,985 (2017 – RO 12,323,653) are neither past due nor credit impaired when disclosing for 2018.
- d) In accordance with the debt provisioning policy, the Management has estimated past due debts amounting to RO 201,616 (2017 – RO 171,423) to be impaired and established allowance for credit losses against such debts.
- e) The movement in allowance for credit losses is as follows:

	2018 RO	2017 RO
At the beginning of the year	171,423	163,241
Provided during the year	30,193	8,182
At the end of the year	201,616	171,423

**9 BANK BALANCES AND CASH**

	2018 RO	2017 RO
Bank balances	1,568,196	727,203
Cash on hand	612	69
	1,568,808	727,272

# National Aluminium Products Company SAOG

## Financial statements for the year ended 31 December 2018

### Notes to the financial statements

#### 10 SHARE CAPITAL

- a) The Company's authorized, issued and paid up capital at the end of the reporting period comprises 33,571,450 shares with a nominal value of 100 baisas per share (2017 – 33,571,450).
- b) Shareholders who own 10% or more of the Company's share capital and number of shares they hold at the end of the reporting period are as follows:

Names of shareholders	No. of shares	2018		2017	
		%	No. of shares	%	
Global Financial Investment SAOG	5,886,015	17.53	4,099,430	12.21	
Omani Emirates Investment Holding Company SAOG	4,462,500	13.29	4,462,500	13.29	
Ministry of Defense Pension Fund	3,357,000	10.00	3,357,000	10.00	

#### 11 LEGAL RESERVE

As required by the Commercial Companies Law of the Sultanate of Oman, 1974 (as amended), 10% of the annual profit is to be transferred to a legal reserve, until the amount of the legal reserve reaches one third of the capital. No transfer has been made in the current year as the reserve has reached the statutory minimum of one third of the capital. The reserve is not available for distribution.

#### 12 TERM LOANS

	2018 RO	2017 RO
Term loan 1 (note a)	2,794,933	3,744,933
Term loan 2 (note b)	955,138	1,355,138
	3,750,071	5,100,071
Less: current portion	(1,450,000)	(1,350,000)
Non-current portion	2,300,071	3,750,071

The following further notes apply:

- a) Term loan 1 was obtained from a local commercial bank and is subject to an interest rate of 6.25% per annum (2017 – 6.25% per annum). The loan is repayable in 20 quarterly instalments of varying amounts which commenced from September 2016.
- b) Term loan 2 was obtained from a local commercial bank and is subject to an interest rate of 6.25% per annum (2017 – 6.25% per annum). The loan is repayable in quarterly instalments of RO 100,000 each which commenced from December 2017.
- c) The term loans and other bank borrowings (note 14) are secured by:
- commercial mortgage and assignment of insurance cover for certain plant and machinery [note 5 (d)] and
  - a promissory note of RO 8 million.
- d) The term loan and bank borrowing agreements with the bank contain certain restrictive covenants which if violated can result in the withdrawal of the facility by the bank (note 14). The Company is in compliance with the covenants in 2018.



**National Aluminium Products Company SAOG**  
**Financial statements for the year ended 31 December 2018**

**Notes to the financial statements**

**12 TERM LOANS** *(continued)*

- e) The maturity profile of the term loans based on the remaining period to maturity from the end of the reporting period is as follows:

	2018 RO	2017 RO
Up to 1 year	1,450,000	1,350,000
Between 1 and 5 years	2,300,071	3,750,071
	<u>3,750,071</u>	<u>5,100,071</u>

**13 ACCOUNTS AND OTHER PAYABLES**

	2018 RO	2017 RO
Accounts payable	3,623,801	875,183
Accruals	748,490	776,700
Other payables	311,869	378,554
	<u>4,684,160</u>	<u>2,030,437</u>

**14 BANK BORROWINGS**

	2018 RO	2017 RO
Loan against trust receipts	14,058,064	13,785,492
Short term loans	5,806,616	2,305,000
Bank overdraft	--	11,581
	<u>19,864,680</u>	<u>16,102,073</u>

The following further note applies:

Bank borrowings are obtained from local commercial banks, at commercial rates prevailing in the Sultanate of Oman [see also note 12 (c) and (d)].

**15 TAXATION**

	2018 RO	2017 RO
<b>Statement of profit or loss</b>		
Deferred tax (charge) / credit;		
Current year	(146,871)	83,083
Prior years	(15,263)	160
Tax (charge) / credit for the period	<u>(162,134)</u>	<u>82,923</u>
<b>Statement of financial position</b>		
<i>Non – current assets</i>		
Deferred tax asset	--	33,522
<i>Non – current liabilities</i>		
Deferred tax liability	<u>128,612</u>	<u>--</u>

# National Aluminium Products Company SAOG

## Financial statements for the year ended 31 December 2018

### Notes to the financial statements

#### 15 TAXATION (continued)

The following further notes apply:

- a) Taxation is provided at 15% (2017 – 15%) on the profit for the year adjusted for tax purposes. Provision for current taxation 162,134 (2017 Nil) has been made.
- b) The tax assessments for the years 2015 and 2017 have not been finalised by the Secretariat General for Taxation. The Management believes that the tax liability, if any, that may arise on the completion of the assessments for the unassessed tax years will not be material to the Company's financial position at the end of the reporting period.
- c) The movement in the deferred tax asset / (liability) during the year is attributed to the following items:

	Carry forward losses RO	Provisions RO	Accelerated capital allowances RO	Fair value of investment property RO	Total RO
At 31 December 2016	164,843	48,089	(230,093)	(32,400)	(49,561)
(Credited / (charged) to the statement of profit or loss)	163,275	60,351	(132,443)	(8,100)	83,083
At 31 December 2017	328,118	108,440	(362,536)	(40,500)	33,522
At 31 December 2017	328,118	108,440	(362,536)	(40,500)	33,522
(Credited / (charged) to the statement of profit or loss)	(43,782)	(44,390)	(73,962)	-	(162,134)
At 31 December 2018	284,336	64,050	(436,498)	(40,500)	(128,612)

The following is a reconciliation of income taxes calculated at the applicable tax rate with the income tax expenses:

	2018 RO	2017 RO
<i>Reconciliation</i>		
Profit before tax	975,693	(537,919)
Income tax as per rates mentioned above	146,354	(80,687)
Non- deductible expenses	517	4,468
Deferred tax – prior year	15,263	(6,704)
Tax expense/(income) for the year	162,134	(82,923)

- d) The deferred tax impact attributable to the charge in tax rate is nil in the current year (2017 – additional tax credit of RO 6,704).

# National Aluminium Products Company SAOG

## Financial statements for the year ended 31 December 2018

### Notes to the financial statements

#### 16 RELATED PARTY TRANSACTIONS

- a) The Company enters into transactions in the ordinary course of business with key management personnel, Directors, significant shareholders (holding of 10% or more interest in the Company) and entities in which they have an interest. These transactions are entered into on terms and conditions approved by the Management and Board of Directors and subject to shareholders' approval at the Annual General Meeting.
- b) The key management personnel compensation for the year comprises:

	2018 RO	2017 RO
Short term employment benefits	296,110	374,487
End of service benefits	14,338	28,727
Directors' meeting attendance fees (note 20)	43,500	49,300
Other expenses	580	329
	<u>354,528</u>	<u>452,843</u>

#### 17 NET ASSETS AND BASIC EARNINGS PER SHARE

- a) Net assets per share

Net assets per share is calculated by dividing the net assets at the end of the reporting period by the number of shares outstanding as follows:

	2018	2017
<u>Net assets (in Rials Omani)</u>	<u>8,516,891</u>	<u>7,703,332</u>
<u>Number of shares outstanding</u>	<u>33,571,450</u>	<u>33,571,450</u>
<u>Net assets per share (in Rials Omani)</u>	<u>0.254</u>	<u>0.229</u>

- b) Earnings / (loss) per share

Basic earnings per share is calculated by dividing the net (loss) / profit for the year by the weighted average number of shares outstanding during the year as follows:

	2018	2017
<u>Profit /(loss) for the year (in Rials Omani)</u>	<u>813,559</u>	<u>(454,996)</u>
<u>Weighted average number of shares outstanding during the year</u>	<u>33,571,450</u>	<u>33,571,450</u>
<u>Earnings /(loss) per share (in Rials Omani)</u>	<u>0.024</u>	<u>(0.014)</u>

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**Notes to the financial statements**

**18 COST OF SALES**

	2018 RO	2017 RO
Opening stock	4,023,706	6,621,862
Purchases	39,150,442	25,125,721
Closing stock	(3,336,915)	(4,023,706)
	39,837,233	27,723,877
Movement in finished goods and work in progress	92,684	(416,901)
Movement in scrap inventory	(534,656)	1,119,293
Raw materials and other materials consumed	39,395,261	28,426,269
Depreciation [note 5 (b)]	1,132,394	1,176,231
Salaries and employee related costs [note 22 (a)]	2,314,562	1,982,523
Other factory expenses	937,244	663,559
Impairment of dies and die tools	--	371,124
Provision for slow and non - moving inventories [note 7 (b)]	(275,662)	263,009
	43,503,799	32,882,715

**19 OTHER INCOME**

	2018 RO	2017 RO
Amounts no longer payable written back (note 19 a)	199,191	251,595
Gain on disposal of property, plant and equipment	300	4,693
Foreign exchange gain	21,235	--
Miscellaneous	17,688	26,366
Insurance claim received	101,737	--
Gain on change in FV of derivative financial item (note 26 a (iii))	158,070	--
Loss on change in FV of derivative financial item (note 26 a (iii))	(158,070)	--
	340,151	282,654

19 a Amounts no longer payable written back is related to non-recurring item.

19 b The net gain/loss on financial instruments and financials items relates to changes in fair value of commodity forward contracts with bank and suppliers.

**20 GENERAL AND ADMINISTRATION**

	2018 RO	2017 RO
Salaries and employee related costs [note 22(a)]	697,000	679,321
Repairs and maintenance	80,701	69,787
Directors' meeting attendance fees [note 16 (b)]	43,500	49,300
Legal and professional fees	31,486	42,734
Bank charges	34,114	29,819
Communication	18,747	19,418
Insurance	17,414	16,559
Printing and stationery	29,880	12,278
Allowance for credit losses [note 8 (e)]	30,193	8,182
Depreciation [note 5 (b)]	3,472	3,416
Other administrative expenses	81,330	62,522
	1,067,837	993,336

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**21 SELLING AND DISTRIBUTION**

	2018 RO	2017 RO
Freight outward charges	761,561	523,654
Salaries and employee related costs [note 22 (a)]	177,222	166,270
Commission	227,215	152,943
Royalty expenses	121,782	101,997
Advertisement and sales promotion	40,563	5,736
Other expenses	177,206	111,753
	<u>1,505,549</u>	<u>1,062,353</u>

**22 SALARIES AND EMPLOYEE RELATED COSTS**

- a) Salaries and employee related costs included under cost of sales, general and administration and selling and distribution costs comprise the following:

	2018 RO	2017 RO
Salaries and wages	3,039,680	2,679,354
Contributions to defined retirement plan for Omani employees	82,058	78,006
Cost of end of service benefits for expatriate employees	63,106	70,754
	<u>3,184,844</u>	<u>2,828,114</u>

**22 SALARIES AND EMPLOYEE RELATED COSTS (Continued)**

- b) Movements in expatriate employees' end of service benefits liability during the year is as follows:

	2018 RO	2017 RO
At the beginning of the year	301,033	312,832
Expense for the year	63,106	70,754
Settled during the year	(63,598)	(82,553)
At the end of the year	<u>300,541</u>	<u>301,033</u>

**23 GROSS FINANCE CHARGES**

	2018 RO	2017 RO
Interest expense	1,084,534	817,859
Gross finance charges	<u>1,084,534</u>	<u>817,859</u>

# National Aluminium Products Company SAOG

## Financial statements for the year ended 31 December 2018

### Notes to the financial statements

#### 24 COMMITMENTS AND CONTINGENCIES

##### a) Commitments

The Company has leased land for factory premises (note 5 c) from the Public Establishment for Industrial Estates under operating lease agreements, which are entered into for a 25 year period. At the end of the reporting period, the future aggregate minimum lease commitments under non-cancellable operating leases are:

	2018 RO	2017 RO
Not later than one year	32,564	32,564
Later than one year but not later than five years	130,258	120,758
Later than five years	439,755	422,444
	<u>602,577</u>	<u>575,766</u>

##### b) Contingent liabilities

At the end of the reporting period, the Company had contingent liabilities of RO 2,071,316 (2017 – RO 1,569,202) in respect of guarantees and letters of credit entered in the normal course of business from which it is anticipated that no material liabilities will arise.

#### 25 OPERATING SEGMENTS

The Company has a single reportable business segment, manufacture and sale of aluminium products. The geographical information for the sales and accounts receivable for the business segment is as follows:

	2018	Accounts receivable	2017	Accounts receivable
	Sales RO	RO	Sales RO	RO
Local (Oman)	12,402,936	5,235,337	10,665,460	4,454,072
Other GCC Countries	27,188,165	13,535,789	17,937,103	9,021,892
Europe	105,582	57,010	9,571	422
Others	2,691,008	324,007	668,381	6,509
	<u>42,387,691</u>	<u>19,152,143</u>	<u>29,280,515</u>	<u>13,482,895</u>

# National Aluminium Products Company SAOG

## Financial statements for the year ended 31 December 2018

### Notes to the financial statements

#### 26 FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company's activities expose it to various financial risks, primarily being, market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's risk management is carried out internally in accordance with the policies approved by the Board of Directors.

##### a) Market risk

###### (i) Currency risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollars, UAE Dirhams, Saudi Riyals, Qatari Riyals, Kuwaiti Dinar, Euro and Sterling Pound. As the Omani Rial and GCC currencies (except Kuwaiti Dinar) are pegged against the US Dollar, the Management does not believe that the Company is exposed to any material currency risk arising from exposure to GCC currencies. The exposure to Euro and Sterling Pound is not significant at the end of the reporting period.

At the end of the reporting period, the significant foreign currency exposure of the financial assets and liabilities is as follows:

	2018 RO	2017 RO
Bank balances	583,158	281,937
Accounts and other receivables	13,680,741	8,813,207
Accounts and other payables	2,446,595	330,575

###### (ii) Interest rate risk

The Company is exposed to interest rate risk on its interest bearing assets (call deposit accounts) and liabilities (term loans and bank borrowings). The Company manages its exposure to interest rate risk by ensuring that significant borrowings are on a fixed rate basis. The Company borrows at interest rates on commercial terms and manages the interest rate risk by constantly monitoring the changes in interest rates and availing lower interest bearing facilities.

For every 0.5% change in interest rate, the impact on the statement of profit or loss will approximate to RO 118,074 (2017 – RO 106,011) based on the level of financial liabilities (net) at the end of the reporting period.

###### (iii) Commodity price risk

The Company is affected by volatility in aluminium prices. Its operating activities require the manufacturing of aluminium profiles and therefore require a continuous supply of aluminium. Due to significant increased volatility of the price of aluminium, the Management uses derivative contracts (options and swaps) to hedge any significant risks from fluctuation in metal prices.

The Company has open derivative contracts outstanding at year end in the amount of RO 2,126,472 (2017- 1,361,287). The fair market value of these commodity contracts as of 31 December 2018 was RO 1,968,402 (2017 – 1,463,299) (note 19).

##### b) Credit risk

Credit risk on accounts receivable is limited to their carrying values as the Management regularly reviews these balances to assess recoverability and makes provision for balances whose recoverability is in doubt. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Credit risk is monitored on a case-to-case basis and managed through credit guarantee schemes, operating through approved credit limits and obtaining guarantees and letters of credit.

# National Aluminium Products Company SAOG

## Financial statements for the year ended 31 December 2018

### Notes to the financial statements

#### 26 FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)

##### b) Credit risk (continued)

The Company has a significant concentration of credit risk, details of which are provided in note 8 (a) to the financial statements. The carrying value of accounts and other receivables approximate their fair values due to the short-term nature of those receivables.

As at December 2018, though the Company has significant bank balances, Management believes that the risk arising out of these balances are minimal as these are with local banks with good financial standing

Bank	Moody's Rating
Bank Sohar	Ba1
Bank Muscat	Aa3
Oman Arab Bank	Baa3
National Bank of Oman	Ba1
Ahli Bank	Baa3

The expected credit losses on bank balances as at 31 December 2018 is nil.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group and incorporates this information into its credit risk controls. The ageing of the trade receivables are shown as follows:

31 December 2018	Weighted average loss rate	Carrying Amount	Loss Allowance	Net Carrying Amount	Credit Impaired
	%	RO	RO	RO	
Current / Not due	0.49%	16,129,989	76,867	16,053,122	No
Less than 30 days	0.63%	1,336,044	8,432	1,327,612	No
Between 31 and 60 days	1.25%	829,024	10,353	818,671	No
Between 61 and 90 days	2.29%	502,162	11,482	490,680	No
Between 91 and 120 days	2.25%	128,295	2,888	125,407	No
Between 121 and 150 days	2.80%	49,107	1,377	47,730	No
Between 151 and 180 days	6.50%	12,821	833	11,988	No
Between 181 and 210 days	12.69%	2,002	254	1,748	No
Between 211 and 240 days	19.88%	332	66	266	Yes
Between 241 and 270 days	11.61%	706	82	624	Yes
Between 271 and 300 days	16.24%	117	19	98	Yes
Between 301 and 330 days	17.39%	184	32	152	Yes
Between 331 and above	19.12%	89,550	17,121	72,429	Yes
Cases under litigation	100.00%	71,810	71,810	0	Yes
		19,152,143	201,616	18,950,527	

##### c) Liquidity risk

The Management monitors liquidity requirements on a regular basis and ensures that sufficient funds are available including unutilized credit facilities to meet all liabilities as they fall due. The Company manages liquidity risk of maintaining adequate reserves, banking facilities and borrowing facilities by continuously monitoring forecast and actual cash flows. The contractual maturity analysis for term loans is provided in notes 12 e) to the financial statements. The Company's other financial liabilities are payable within six months from the end of the reporting period.



**National Aluminium Products Company SAOG**  
**Financial statements for the year ended 31 December 2018**

**Notes to the financial statements**

**26 FINANCIAL RISK AND CAPITAL MANAGEMENT** *(continued)*

**c) Liquidity risk** *(continued)*

	Carrying amount RO	Contractual cash flows RO	Within one year RO	Within two to five years RO
<b>2018</b>				
Long-term borrowings	3,750,071	(3,984,450)	(1,540,625)	(5,525,075)
Short-term borrowings	19,864,680	(19,864,680)	(19,864,680)	(39,729,360)
Trade and other payables	4,684,160	(4,684,160)	(4,684,160)	(9,368,320)
	<u>28,298,911</u>	<u>(28,533,290)</u>	<u>(26,089,465)</u>	<u>(54,622,755)</u>
<b>2017</b>				
Long-term borrowings	5,100,071	(5,418,825)	(1,434,375)	(6,853,200)
Short-term borrowings	16,102,073	(16,102,073)	(16,102,073)	(32,204,146)
Trade and other payables	2,030,437	(2,030,437)	(2,030,437)	(4,060,874)
	<u>23,232,581</u>	<u>(23,551,335)</u>	<u>(19,566,885)</u>	<u>(43,118,220)</u>

**d) Capital management**

The Company's objectives when managing capital is to enable the entity to continue as a going concern, so that it can continue to provide adequate returns to the Shareholders. The Company also ensures compliance with externally imposed capital requirements.

The Company sets capital in proportion to risk and makes adjustments to it in the light of changes in economic conditions, the risk characteristics of the underlying assets, and covenants entered into with the providers of external debt. In order to maintain or adjust the level of equity, the Company adjusts the level of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

In the context of managing capital (equity), the Company has covenanted with banks providing external debt to maintain specified debt to equity ratio. At the end of the reporting period, the actual debt to equity ratio was within the covenanted level, and the Company does not therefore anticipate that covenant will require them to increase the level of capital (equity).

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**National Aluminium Products Company SAOG**  
**Financial statements for the year ended 31 December 2018**

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**Notes to the financial statements**

**27 DISCLOSURE UNDER IAS 7**

**Cash flows from financing activities**

<b>Particulars</b>	<b>Long Term loan</b>	<b>Short Term loan</b>
At 1 January 2018	5,100,071	2,305,000
Additions during the year	-	10,351,616
Repayments during the year	<u>(1,350,000)</u>	<u>(6,850,000)</u>
<b>At 31 December 18</b>	<b><u>3,750,071</u></b>	<b><u>5,806,616</u></b>

# National Aluminium Products Company SAOG

## Financial statements for the year ended 31 December 2018

### Notes to the financial statements

#### 5 PROPERTY, PLANT AND EQUIPMENT (continued)

Year 2018	Buildings RO	Plant, machinery dies and die tools RO	Extrusion and anodizing plant RO	Office and other equipment RO	Furniture and fixtures RO	Motor vehicles RO	Computer equipment RO	Capital work in progress RO	Total RO
<b>Cost</b>									
At 31 December 2017	5,037,165	19,084,800	4,998,777	548,304	207,069	105,776	409,613	--	30,391,504
Additions during the year	--	1,055,153	--	2,960	675	20,500	24,116	--	1,103,404
Disposals and write offs during the year	--	(196,592)	--	--	--	--	--	--	(196,592)
At 31 December 2018	5,037,165	19,943,361	4,998,777	551,264	207,744	126,276	433,729	--	31,298,316
<b>Depreciation / impairment</b>									
At 31 December 2017	2,268,012	11,114,884	4,998,777	516,728	176,357	63,125	366,653	--	19,504,536
Charge for the year	153,476	925,873	--	16,574	11,448	13,241	15,254	--	1,135,866
Relating to disposals and write offs	--	(196,592)	--	--	--	--	--	--	(196,592)
At 31 December 2018	2,421,488	11,844,165	4,998,777	533,302	187,805	76,366	381,907	--	20,443,810
<b>Net book value</b>									
At 31 December 2018	2,615,677	8,099,196	--	17,962	19,939	49,910	51,822	--	10,854,506

# National Aluminium Products Company SAOG

## Financial statements for the year ended 31 December 2018

### Notes to the financial statements

#### 5 PROPERTY, PLANT AND EQUIPMENT (continued)

Year 2017	Buildings RO	Plant, machinery dies and die tools RO	Extrusion and anodizing plant RO	Office and other equipment RO	Furniture and fixtures RO	Motor vehicles RO	Computer equipment RO	Capital work in progress RO	Total RO
<b>Cost</b>									
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
Additions during the year	6,330	716,254	--	2,880	4,240	34,000	14,555	--	778,259
Transfers during the year	--	23,527	--	--	--	--	--	(23,527)	--
Disposals and write offs during the year	--	(629,025)	--	--	--	--	(395)	--	(629,420)
At 31 December 2017	5,037,165	19,084,800	4,998,777	548,304	207,069	105,776	409,613	--	30,391,504
<b>Depreciation / impairment</b>									
At 31 December 2016	2,115,376	10,393,026	4,998,777	500,689	165,227	57,635	352,323	--	18,583,053
Charge for the year	152,636	979,759	--	16,039	11,130	5,490	14,593	--	1,179,647
Impairment losses [note 5 (e)]	--	371,124	--	--	--	--	--	--	371,124
Relating to disposals and write offs	--	(629,025)	--	--	--	--	(263)	--	(629,288)
At 31 December 2017	2,268,012	11,114,884	4,998,777	516,728	176,357	63,125	366,653	--	19,504,536
<b>Net book value</b>									
At 31 December 2017	2,769,153	7,969,916	--	31,576	30,712	42,651	42,960	--	10,886,968