Notes to the financial statements

1 ACTIVITIES

Majan Glass Company SAOG (the "Company") is an Omani Public Joint Stock Company. It was incorporated in the Sultanate of Oman on 17 May 1995 under commercial registration number 3/19456/6.

The principal activity of the Company is manufacturing and sale of empty glass containers.

2 BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS

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) and the relevant requirements of the Commercial Companies Law of the Sultanate of Oman, 1974 (as amended).

These 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 2015. The Management believes the adoption of the amendments effective for the current accounting period has not had any material impact on the presentation and disclosure of items in the financial statements.

2.3 New and amended IFRS which are in issue but not yet effective

At the end of the reporting period, the following significant new and revised standards were in issue but not yet effective:

- IFRS 9, 'Financial Instruments' has an effective date for accounting periods beginning on or after 1 January 2018 now that it has been finalised. IFRS 9 outlines the recognition, measurement and derecognition of financial assets and financial liabilities, the impairment of financial assets and hedge accounting. Financial assets are to be measured at amortised cost, fair value through profit and loss or fair value through other comprehensive income, with an irrevocable option on initial recognition to recognise some equity financial assets at fair value through other comprehensive income. The impairment model in IFRS 9 moves to one that is based on expected credit losses rather than the IAS 39 incurred loss model. The derecognition principles of IAS 39, 'Financial Instruments: Recognition and Measurement' have been transferred to IFRS 9. The hedge accounting requirements have been liberalised from that allowed previously. The requirements are based on whether an economic hedge is in existence, with less restriction about proving whether a relationship will be effective than current requirements.

- IFRS 15 'Revenue from Contracts with Customers' issued in May 2014 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 supersedes IAS 11 'Construction Contracts', IAS 18 'Revenue' and related IFRICs 13, 15 and 18, and SIC-31. IFRS 15 is applicable for annual periods beginning on or after 1 January 2018. The standard is based on a 5 step approach to recognise revenue and also provides specific principles to apply, when there is a contract modification, accounting for contract costs and accounting for refunds and warranties. On application of the standard, the disclosures are likely to increase. The standard includes principles on disclosing the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers, by providing qualitative and quantitative information.

Notes to the financial statements

2 BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS (Continued)

2.3 New and amended IFRS which are in issue but not yet effective (Continued)

- Amendments to IAS 1 'Presentation of Financial Statements' issued in December 2014 are part of the disclosure initiative. The minor amendments address a number of areas which include the disclosure of significant accounting policies, the application of materiality to financial statements, presentation of sub-totals, information to be presented in the other comprehensive income section of the performance statement, and the structure of the notes to the financial statements. The amendments are applicable for annual periods commencing on or after 1 January 2016.

The Management believes the adoption of the above new and amended IFRS and certain other amendments, which are in issue but not yet effective, is not likely to have any material impact on the presentation and disclosure of items in the financial statements for future periods.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the financial statements, the Board of Directors 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 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 effected. In particular estimates that involves uncertainties and judgements which have significant effect on the financial statements include:

- Estimation of useful lives of the assets which is based on Management's assessment of various factors such as the operating cycles, the maintenance programs and normal wear and tear using its best estimates;

- Allowance for credit losses which is based on the Management's estimates of recoverability of the amounts based on historical experiences;

- Provision for slow and non-moving inventories; and

- Estimation of useful life of moulds.

4 SIGNIFICANT ACCOUNTING POLICIES

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

a) Accounting convention

The financial statements have been prepare
d under the historical cost convention.

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 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 comprehensive income as an expense as incurred.

Notes to the financial statements

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Property, plant and equipment (Continued)

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 derecognition of the asset is included in the statement of comprehensive income in the year the item is derecognized.

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

	2015 Years	2014 Years
Buildings	40	40
Plant and machinery	1 to 25	3 to 40
Office equipment, furniture and fittings	6 to 10	6 to 10
Vehicles	4	4

Moulds are depreciated by applying an average rate based on the number of bottles attempted per mould.

c) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which is determined on weighted average cost basis, comprises expenditure incurred in the normal course of business in bringing inventories to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business less any incidental selling expenses. Where necessary, provision is made for obsolete, slow-moving and defective inventories. Cost of finished products and work in progress includes cost of direct materials, direct labour and applicable direct overheads.

d) Accounts receivable

Accounts receivable are stated at amortised cost less impairment losses. An allowance for credit losses for receivables is established when there is objective evidence that the Company will not be able to collect the amounts due.

When accounts and other receivables are uncollectible, it is written off against the allowance account for credit losses.

e) Cash and cash equivalents

For purpose of statement of cash flows, cash and cash equivalents consist of cash and bank balances with an original maturity of less than three months, net of bank borrowings.

f) Foreign currency transactions

Foreign currency transactions are translated into Omani Rials at the exchange rate prevailing on the transaction date. Foreign currency monetary assets and liabilities are translated into Rials Omani at the exchange rate prevailing at the end of the reporting period. Exchange differences arising are taken to the statement of comprehensive income.

Notes to the financial statements

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Impairment

Financial assets
At the end of each reporting period, the Management assesses if there is any objective evidence indicating impairment of financial assets carried at cost or non-collectability of receivables. An impairment loss, if any, arrived at as a difference between the carrying amount and the recoverable amount, is recognised in the statement of comprehensive income. The recoverable amount represents the present value of expected future cash flows discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted.

Non-financial assets
At the end of each reporting period, the Management assesses if there is any indication of impairment of non-financial assets. If an indication exists, the Management estimates the recoverable amount of the asset and recognizes an impairment loss in the statement of comprehensive income. The Management also assesses if there is any indication that an impairment loss recognized in prior years no longer exists or has reduced. The resultant impairment loss or reversals are recognised immediately in the statement of comprehensive income.

h) Provisions

A provision is recognized in the statement of financial position where 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.

i) Employee end of service benefits

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

j) Accounts payable and accruals

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

k) Sales

Sales consist of the invoiced value of goods supplied during the year net of discounts and returns. Revenue from the sale of goods is recognised in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer.

l) Operating leases

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

m) Financial liabilities

All financial liabilities are initially measured at cost and are subsequently measured at amortised cost.

Notes to the financial statements

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) 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 in relation to carry forward losses or timing differences are recognized to the extent that it is probable that future taxable profits will be achieved.

o) Operating segment

An operating segment is component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components whose operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

p) Assets held for sale

Non-current assets are classified as held for sale if their carrying value will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Non-current assets classified as held for sale are measured at the lower of the asset's previous carrying amount and fair value less cost of disposal. The assets are not depreciated or amortised while they are classified as held for sale.

q) Dividend

The Board of Directors recommend to the Shareholders the dividend to be paid out of 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 to the Shareholders is recognized as a liability in the Company's financial statements only in the year in which the dividends are approved by the Shareholders.

r) Directors' remuneration

The Company follows the Commercial Companies Law of the Sultanate of Oman, 1974 (as amended), and other relevant directives issued by CMA, in regard to determination of the amount to be paid as Directors' remuneration and meeting attendance fees. Directors' remuneration and meeting attendance fees are charged to the statement of comprehensive income in the year to which they relate.

5 PROPERTY, PLANT AND EQUIPMENT

The balances and movements of property, plant and equipment are set out on pages 21 and 22.

a) The depreciation charge for the year has been allocated as follows:

	2015 RO	2014 RO
Direct depreciation		
- Normal	1,360,191	1,020,823
- Accelerated	1,746,530	660,640
	3,106,721	1,681,463
Expenses	44,792	36,423
	3,151,513	1,717,886

Notes to the financial statements

5 PROPERTY, PLANT AND EQUIPMENT (Continued)

b) The Board of Directors had appointed a technical consultant for evaluating the estimated useful lives of plant and machinery, with a view to determine a suitable depreciation policy in line with the policy generally adopted in the glass industry. Based on the assessment of the technical consultant, the estimated useful lives of plant and machinery were revised to significantly lower periods during the year.

The revision in the useful lives of plant and machinery as stated above has resulted in accelerated depreciation for the year amounting to RO 1,746,530 (2014 – RO 660,640), which has been recognised in the statement of comprehensive income within 'Cost of sales'.

The revision in the useful lives of plant and machinery would also have impact on the results for the next three years (approximately RO 0.780 million for year 2016, RO 0.580 million for year 2017, RO 0.225 million for year 2018).

c) The factory premises are located on land leased from the Public Establishment for Industrial Estate, Sohar [refer note 24 a)].

d) The cost of building represents the Company's share after adjusting for the Public Establishment for Industrial Estates' contribution of RO 800,000 (2014 – RO 800,000).

e) During the year, the Company has classified moulds amounting to RO 456,550 from inventories to property, plant and equipment. The total depreciation expense of moulds for the year amounting to RO 285,491 is recognized under "Cost of Sales – depreciation". Further, in accordance with the Company's impairment provisioning policy an amount of RO 133,903 has been recognized towards impairment of old and obsolete moulds (note 16).

6 INVENTORIES

	2015 RO	2014 RO
Raw materials	425,786	276,314
Spares and consumables	982,696	892,300
Finished goods	1,976,990	2,153,908
Work in progress	17,856	33,377
Packing materials	67,830	94,595
Moulds [refer note 5 e)]	--	635,956
Others	92,980	--
	3,564,138	4,086,450
Less: Provision for slow and non-moving inventories [see note b) below]	(212,177)	(115,372)
	3,351,961	3,971,078

The following notes apply:

a) At the end of the reporting period, finished goods represent 73 days average annual sales (2014 – 84 days).

Notes to the financial statements

6 INVENTORIES (Continued)

b) The movement in the provision for slow and non-moving inventories is given below:

	2015 RO	2014 RO
At the beginning of the year	115,372	100,000
Provided during the year (note 16)	98,141	15,372
Written off during the year	(1,336)	--
At the end of the year	212,177	115,372

7 ACCOUNTS AND OTHER RECEIVABLES

	2015 RO	2014 RO
Accounts receivable	1,161,222	1,130,211
Amount due from related parties [note 13 c)]	329,306	392,753
Less: allowance for credit losses [see note a) below]	(6,569)	(24,002)
	1,483,959	1,498,962
Prepayments	140,500	149,315
Advances to suppliers	168,310	49,169
Other receivables	197,671	161,277
	1,990,440	1,858,723

The following further notes apply:

a) The movement in allowance for credit losses is given below:

	2015 RO	2014 RO
At the beginning of the year	24,002	28,657
Written back during the year (note 17)	(17,433)	(4,655)
At the end of the year	6,569	24,002

b) At the end of the reporting period, 5 customers account for 61% of the total accounts receivable and 60% of sales during the year (2014 – 5 customers accounted for 64% of accounts receivable and 50% of sales).

c) At the end of the reporting period, accounts receivable and amount due from a related party amounting to RO 1,032,556 (2014 – RO 765,360) are neither past due nor impaired and are estimated as collectible based on historical experience.

d) At the end of the reporting period, the entire accounts and other receivables and due from related parties are unsecured (2014 – unsecured).

e) At the end of the reporting period, allowance for credit losses has been established for accounts receivable and due from related parties by the Management, based on the provisioning policy.

f) The ageing analysis of these accounts receivable and amount due from a related party are as follows:

	2015 RO	2014 RO
Debts due between 2 – 5 months	354,615	514,782
Debts due between 6 months – 1 year	96,788	212,488
Debts due more than 1 year	--	6,332
	451,403	733,602

Notes to the financial statements

8 BANK BALANCES AND CASH

	2015 RO	2014 RO
Cash in hand	2,461	3,035
Bank balances	447	451
	2,908	3,486

9 ASSET HELD FOR SALE

In the year 2011, the Company had replaced certain machinery with a carrying value of RO 69,104. The Management intends to sell the old machinery and has accordingly classified it as assets held for sale in accordance with IFRS 5 “Non- current Assets held for sale and Discontinued Operations”. The Management has carried out an assessment of the carrying value of the above machinery as at 31 December 2015 and has accordingly recognized an impairment amounting to RO 25,564 (note 18). The agreement for sale of the asset held for sale has been entered into with a third party during the year and the sale is likely to be concluded in the year 2016.

10 ACCOUNTS AND OTHER PAYABLES

	2015 RO	2014 RO
Accounts payable	1,050,750	966,249
Amounts due to related parties [note 13 c)]	40,683	40,862
Accruals	271,669	170,329
Advance from customers	104,578	112,760
Other payables	198,174	167,562
	1,665,854	1,457,762

11 TERM LOANS

The term loans have been fully repaid during the year.

12 BANK BORROWINGS

	2015 RO	2014 RO
Loan against trust receipts	257,972	430,612
Bank overdrafts	517,098	818,653
	775,070	1,249,265

The following further notes apply:

a) Bank borrowings are obtained from local commercial banks and carry interest at commercial rates.

b) Bank borrowings are secured by assignment of certain accounts receivable and amounts due from a related party.

13 RELATED PARTY TRANSACTIONS

a) The Company has entered into transactions with the Directors, significant shareholders and key management personnel of the Company and entities in which Members / key management personnel have significant influence and control. In the ordinary course of business, the Company sells goods to related parties and procures goods and services from related parties. These transactions are entered into on terms and conditions, which the Board of Directors believe could be obtained on an arms’ length basis from independent third parties.

Notes to the financial statements

13 RELATED PARTY TRANSACTIONS (Continued)

a) (Continued)

The related party transactions during the year were as follows:

	2015 RO	2014 RO
Sales	1,039,219	1,149,248
Cost of sales	28,668	34,489

b) The key management personnel compensation for the year comprises:

	2015 RO	2014 RO
Short term employment benefits	198,101	194,757
Employees' end of service benefits	7,047	7,001
Directors' remuneration [see note d) below]	25,500	27,700
Directors' meeting attendance fees [see note d) below]	24,500	22,300

c) The amount due from related parties and amounts due to related parties are on normal terms of credit and are not subject to interest.

d) The Board of Directors' remuneration and meeting attendance fees are subject to Shareholders' approval at forthcoming Annual General Meeting. The Director's remuneration payable at the end of the reporting period is included under amounts due to related parties [refer note e) below].

e) The details of related party balances at the end of the reporting period are as follows:

	2015 RO	2014 RO
Due from related parties:		
Ali & Abdul Karim Trading Company LLC	316,884	392,753
AATCO Food Industries LLC	12,422	--
	329,306	392,753
Due to related parties:		
Ali & Abdul Karim Trading Company LLC	1,608	1,413
Towell Auto Centre LLC	13,575	11,749
Directors' remuneration [refer note d) above]	25,500	27,700
	40,683	40,862

14 SHARE CAPITAL

a) The authorized share capital is RO 5,000,000 comprising 50,000,000 shares of 100 baiza each (2014 – RO 5,000,000 comprising 50,000,000 shares of 100 baiza each). The issued and paid up share capital is RO 4,202,330 (2014 – RO 4,202,330) comprising 42,023,300 shares of 100 baiza each (2014 – 42,023,300 shares of 100 baiza each).

b) At the end of the reporting period, shareholders of the Company who own 10% or more of the shares, and the number of shares they hold are as follows:

		2015 and 2014
	Number of shares	% holding
Ministry of Finance	31,625,000	75.20%

Notes to the financial statements

15 LEGAL RESERVE

The Commercial Companies Law of the Sultanate of Oman, 1974 (as amended) requires 10% of the net profit for the year to be transferred to the legal reserve. The Company may resolve to discontinue such annual transfers when the reserve equals one third of the Company's paid up capital. The reserve is not available for distribution. No transfer to legal reserve has been made during the year, since the Company has incurred a loss for the year.

Legal reserve includes the excess of "share expenses" amounting to RO 9,335 (2014 – RO 9,335) received from public subscription over expenses incurred in accordance with the Company's Articles of Association.

16 COST OF SALES

	2015 RO	2014 RO
Materials and spares consumed	3,777,500	4,238,444
Salaries and employee related costs [note 19 a)]	1,624,325	1,651,198
Fuel, electricity and water	1,384,331	939,226
Impairment of old and obsolete moulds [note 5 e)]	133,903	--
Rent	116,955	116,955
Provision for slow and non-moving inventories [note 6 b)]	98,141	15,372
Repairs and maintenance	77,953	54,085
	7,213,108	7,015,280

17 OTHER INCOME

	2015 RO	2014 RO
Income from insurance claim	15,332	384,340
Amounts no longer payable reversed to income	51,135	46,662
Provision for slow and non-moving inventories written back [note 6 b)]	1,336	--
Allowance for credit losses written back [note 7 a)]	17,433	4,655
Sale of scrap	35,941	35,439
Miscellaneous income	47,581	47,548
	168,758	518,644

18 GENERAL AND ADMINISTRATION

	2015 RO	2014 RO
Salaries and employee related costs [note 19 a)]	338,750	317,297
Insurance	62,551	51,956
Travelling	29,105	51,734
Professional fees	39,043	45,641
Directors' remuneration [note 13 d)]	25,500	27,700
Directors' meeting attendance fees [note 13 d)]	24,500	22,300
Communication	18,754	20,606
Impairment of asset held for sale (note 9)	25,564	--
Hire charges	21,847	12,288
Rent	8,580	8,580
Vehicle expenses	6,683	7,221
Miscellaneous expenses	54,219	63,660
	655,096	628,983

Notes to the financial statements

19 SALARIES AND EMPLOYEE RELATED COSTS

a) Salaries and employee related costs comprise:

	2015 RO	2014 RO
Salaries and wages	1,660,688	1,650,913
Contributions to defined retirement plan for Omani employees	45,522	36,524
Cost of end of service benefits for expatriate employees	40,267	49,884
Other employee related costs	216,598	231,174
	1,963,075	1,968,495

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

	2015 RO	2014 RO
At the beginning of the year	229,065	184,322
Expense for the year	40,267	49,884
Settled during the year	(10,821)	(5,141)
At the end of the year	258,511	229,065

20 SELLING AND DISTRIBUTION

	2015 RO	2014 RO
Freight charges	670,834	563,108
Sales commission	26,943	5,401
Site inspection expenses	49,105	8,573
Other expenses	11,773	12,630
	758,655	589,712

21 FINANCE COSTS

	2015 RO	2014 RO
Interest on bank borrowings	47,404	61,982
Interest on term loan	11,112	15,279
Letter of credit charges	1,867	1,387
Bank charges	11,077	14,118
	71,460	92,766

22 TAXATION

	2015 RO	2014 RO
Statement of comprehensive income		
Current tax:		
- Current year	57,217	23,450
- Prior year (credit) / charge [refer note b) below]	(12,458)	13,426
Deferred tax credit	(275,791)	(82,975)
Taxation credit	(231,032)	(46,099)

Notes to the financial statements

22 TAXATION (Continued)

	2015 RO	2014 RO
Statement of financial position		
Non-current liability		
Deferred taxation	132,792	408,583
Current liability		
Current taxation	57,217	36,876

The following further notes apply:

a) The tax rate applicable to the Company is 12% (2014 – 12%).

b) During the year, the Company had filed an Objection with the Secretariat General for Taxation (SGT) against the additional tax demand of RO 13,426 relating to the tax assessments for the years 2008 and 2009. The decision on the Objection was issued largely in favour of the Company and a tax refund of RO 12,458 was granted during the year.

c) The taxation assessment for the years 2010 to 2014 are pending to be finalised by the Secretariat General for Taxation. The Management believes that the amount of additional taxes, if any that may arise on finalization of the above un-assessed tax years, will not be material to the financial position at the end of the reporting period.

d) The reconciliation of taxation on the accounting profit with the current taxation charge is as follows:

	2015 RO	2014 RO
Loss for the year before taxation	(1,853,643)	(111,120)
Taxation on accounting profit at applicable rates	--	--
Add / (less) tax effect of:		
Depreciation	255,093	79,397
Carry forward losses	--	(40,395)
Others	(197,876)	(15,552)
Income tax expense	57,217	23,450

e) The deferred tax liability and the deferred tax charge in the statement of comprehensive income are attributable to the following items:

	Provisions RO	Accelerated capital allowances RO	Total RO
At 31 December 2013	(15,439)	506,997	491,558
Credited to the statement of comprehensive income	(1,286)	(81,689)	(82,975)
At 31 December 2014	(16,725)	425,308	408,583

Notes to the financial statements

22 TAXATION (Continued)

e) (Continued)

	Provisions RO	Accelerated capital allowances RO	Total RO
At 31 December 2014	(16,725)	425,308	408,583
Credited to the statement of comprehensive income	(9,525)	(266,266)	(275,791)
At 31 December 2015	(26,250)	159,042	132,792

23 LOSS PER SHARE, NET ASSETS PER SHARE AND DIVIDEND PER SHARE

a) Loss per share

Loss per share is calculated by dividing the net loss for the year by the weighted average number of shares outstanding during the year as follows:

	2015	2014
Net loss for the year (RO)	(1,622,611)	(65,021)
Number of shares outstanding at 31 December	42,023,300	42,023,300
Loss per share (RO)	(0.039)	(0.002)

As there are no dilutive potential shares, the diluted loss per share is identical to the loss per share.

b) 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:

	2015	2014
Net assets (RO)	10,140,994	11,763,605
Number of shares outstanding at 31 December	42,023,300	42,023,300
Net assets per share (RO)	0.241	0.280

c) Proposed dividend and dividend per share

Subsequent to the end of the reporting period, the Board of Directors have proposed a cash dividend of RO 0.010 per share (2014 – nil) amounting to RO 420,233 (2014 – nil) which is subject to Shareholders' approval at the forthcoming Annual General Meeting.

Dividend per share is determined by dividing the proposed dividend for the year by the weighted average number of ordinary shares outstanding of 42,023,300 shares.

Notes to the financial statements

24 COMMITMENTS

a) The Company has leased a plot of land for factory premises at Sohar Industrial Estate from the Public Establishment for Industrial Estates for a period of 25 years which is renewable thereafter for a further period of 25 years. Accordingly, at the end of the reporting period, the lease commitments were as follows:

	2015 RO	2014 RO
Due within one year	116,955	116,955
Due after one year but within five years	565,283	584,775
Due after five years	--	97,463
	682,238	799,193

b) At the end of the reporting period, letters of credit issued in the normal course of business amounted to RO 312,948 (2014 – RO 211,942).

c) At the end of the reporting period, the Company had outstanding capital commitments amounting to RO 17,200 towards the installation and implementation of new ERP software.

25 FINANCIAL RISKS AND CAPITAL MANAGEMENT

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

a) Market risk

Currency risk
The Company operates in international markets and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollars, AED Dirhams, Saudi Rials, GB Pounds and Euros. As the US Dollar is pegged to the Rial Omani and other GCC currencies, the Management does not believe that the Company is exposed to any material currency risk.

Accounts payable include RO 435,805 (2014 – RO 508,725) payable in foreign currencies, mainly denominated in US Dollars, AED Dirhams, Saudi Rials, GB Pounds and Euros.

Interest rate risk
The Company is exposed to interest rate risk on its interest bearing liabilities (bank borrowings). The Management manages the interest rate risk by constantly monitoring the changes in interest rates.

b) Credit risk

Credit risk primarily arises from credit exposures to customers, including outstanding receivables and committed transactions. The Company has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The carrying value of receivable approximates their fair values due to the short-term nature of those receivables.

The credit risk is detailed in note 7 b) to the financial statements.

Notes to the financial statements

25 FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

c) Liquidity risk

The Company maintains sufficient bank balances and approved bank credit facilities to meet its obligations as they fall due for payment. The table below analyses the Company's financial liabilities as at the end of the reporting period based on the contractual maturity dates. .

31 December 2015	Less than 3 months RO	3 to 6 months RO	6 months to 1 year RO	More than 1 year RO	Total RO
Accounts and other payables	1,665,854	--	--	--	1,665,854
Bank borrowings	257,972	517,098	--	--	775,070
	1,923,826	517,098	--	--	2,440,924

31 December 2014	Less than 3 months RO	3 to 6 months RO	6 months to 1 year RO	More than 1 year RO	Total RO
Term loans	200,000	--	550,000	--	750,000
Accounts and other payables	1,457,762	--	--	--	1,457,762
Bank borrowings	430,612	818,653	--	--	1,249,265
	2,088,374	818,653	550,000	--	3,457,027

d) Capital management

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

- to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Company also ensures compliance with externally imposed capital requirements.

26 OPERATING SEGMENT

The Company has only one reportable segment that of manufacturing and sale of empty glass containers. The geographical information for the sales and accounts receivable and due from a related party for the reportable segment is as follows:

	2015		2014	
	Sales RO	Accounts receivable and due from related parties RO	Sales RO	Accounts receivable and due from a related party RO
Oman	1,954,541	569,859	1,674,362	536,699
GCC countries	3,761,623	749,460	6,698,469	781,093
Others	4,111,267	171,209	1,054,459	205,172
	9,827,431	1,490,528	9,427,290	1,522,964

Notes to the financial statements

5 PROPERTY, PLANT AND EQUIPMENT (Continued)

Year 2015	Buildings RO	Plant and machinery RO	Office equipment, furniture and fittings RO	Vehicles RO	Moulds RO	Capital work in progress RO	Total RO
Cost							
At 31 December 2014	1,382,723	17,349,725	262,651	93,350	--	1,200	19,089,649
Transfers from inventories during the year [refer note 5 e)]	--	--	--	--	456,550	--	456,550
Additions during the year	2,000	10,568	27,794	--	338,995	98,333	477,690
Impairment of old and obsolete moulds (note 16)	--	--	--	--	(133,903)	--	(133,903)
At 31 December 2015	1,384,723	17,360,293	290,445	93,350	661,642	99,533	19,889,986
Depreciation							
At 31 December 2014	205,846	8,645,494	195,460	50,084	--	--	9,096,884
Charge for the year	34,590	2,786,640	29,534	15,258	285,491	--	3,151,513
At 31 December 2015	240,436	11,432,134	224,994	65,342	285,491	--	12,248,397
Net book values							
At 31 December 2015	1,144,287	5,928,159	65,451	28,008	376,151	99,533	7,641,589
At 31 December 2014	1,176,877	8,704,231	67,191	43,266	--	1,200	9,992,765

Notes to the financial statements

5 PROPERTY, PLANT AND EQUIPMENT (Continued)

Year 2014	Buildings RO	Plant and machinery RO	Office equipment, furniture and fittings RO	Vehicles RO	Capital work in progress RO	Total RO
Cost						
At 31 December 2013	1,372,107	16,278,191	248,339	68,350	79,794	18,046,781
Additions during the year	10,616	1,792,475	14,312	25,000	1,200	1,843,603
Transfers during the year	--	79,794	--	--	(79,794)	--
Disposals during the year	--	(800,735)	--	--	--	(800,735)
At 31 December 2014	1,382,723	17,349,725	262,651	93,350	1,200	19,089,649
Depreciation						
At 31 December 2013	171,372	7,577,186	172,371	36,750	--	7,957,679
Charge for the year	34,474	1,646,989	23,089	13,334	--	1,717,886
Relating to disposals	--	(578,681)	--	--	--	(578,681)
At 31 December 2014	205,846	8,645,494	195,460	50,084	--	9,096,884
Net book values						
At 31 December 2014	1,176,877	8,704,231	67,191	43,266	1,200	9,992,765
At 31 December 2013	1,200,735	8,701,005	75,968	31,600	79,794	10,089,102