1(a) Legal status and principal activities

Majan Glass Company SAOG ('the Company') is a public joint stock company, with its registered office in Sohar, PO Box 17, PC 327, Sultanate of Oman.

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

1(b) Going concern

The Company incurred a net loss of RO 1,068,561 for the year ended 31 December 2021 (2020: loss of RO 1,047,128) and the accumulated loss as at 31 December 2021, RO 3,346,661 (2020: accumulated loss of RO 2,278,100) has eroded 49% of the Company's share capital at that date. Further, as on that date the Company's current liabilities (which include substantial amounts due to the majority shareholder) exceeded the current assets by RO 292,052. However, in mitigation, the Board of Directors believe that the Company's performance will be improved in the coming years and with the continued financial support, such as the expected restructuring of the loan from the majority shareholder, the Company will be able to improve its operations and meet its cashflow obligations.

2 Basis of preparation and adoption of new and amended IFRS

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified to include the fair value of certain financial assets and liabilities.

Functional and presentation currency

The financial statements have been prepared in Rial Omani ("RO") which is functional and presentation currency of the Company.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, the disclosure requirements of the Capital Market Authority and the applicable provisions of the Commercial Companies Law of the Sultanate of Oman.

New standards, amendments and interpretations to existing IFRS effective 1 January 2021

COVID-19 Related Rent Concessions (Amendments to IFRS 16)

In March 2021, Standard setters of IFRS issued COVID-19 Related Rent Concessions (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2021.

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments above do not have any material impact on the financial statements of the entity for the year ended 31 December 2021.

2 Basis of preparation and adoption of new and amended IFRS (continued)

Standards, amendments and interpretations to existing IFRS that are not yet effective

Certain new standards, amendments and interpretations to existing IFRS have been published that are not effective and mandatory for the Company accounting period commenced on 1 January 2021, which management has decided to adopt from the applicable periods.

Standards/Amendments to Standards	Effective Date
COVID-19 Related Rent Concessions beyond 30 June 2021	01 January 2022
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	01 January 2022
Annual Improvements to IFRS Standards 2018-2020	01 January 2022
Property, Plant and Equipment: Proceeds before intended Use (Amendments to IAS 16)	01 January 2022
Reference to the Conceptual Framework (Amendment to IFRS 3)	01 January 2022
Classification of Liabilities as Current or Non-Current (Amendment to IAS 1)	01 January 2023
IFRS 17 Insurance Contracts and Amendments to IFRS 17	01 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	01 January 2023
Disclosure of Accounting Policies (Amendment to IAS 1 and IFRS Practice Statement 2) Transaction Amendment to IAS 12	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendment to IAS 12)	01 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment to IFRS 10 and IAS 28)	Deferred Indefinitely

Management believes that adoption of the above new standards and amendments is not likely to have any material impact on the presentation and disclosure of items in the financial statements for future periods.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These accounting policies have been consistently applied by the Company to all the years presented, unless otherwise stated.

Income from operations

Income from operations represents sale of glass products and other related products in normal course of business and is recognised at a point in time when the performance obligation is satisfied and is based on the amount of the transaction price that is allocated to the performance obligation. 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 the customer.

The consideration expected by the Company may include fixed or variable amounts which can be impacted by sales returns, trade discounts and volume rebates. Income from operations is recognized when control of the asset is transferred to the buyer and only when it is highly probable that a significant reversal of revenue will not occur when uncertainties related to a variable consideration are resolved.

3 Summary of significant accounting policies (continued)

Income from operations (continued)

Transfer of control varies depending on the individual terms of the contract of sale. Revenue from transactions that have distinct goods or services are accounted for separately based on their stand-alone selling prices. A variable consideration is recognised to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

For products for which a right of return exists during a defined period, revenue recognition is determined based on the historical pattern of actual returns, or in cases where such information is not available, revenue recognition is postponed until the return period has lapsed.

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.

3 Summary of significant accounting policies (continued)

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.

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 stated at cost and includes all expenditures incurred on engineering, design work, borrowing costs and costs directly attributable to the project engineering, procurement and construction / installation until such time the assets are put to use, when these will be allocated to property, plant and equipment.

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.

The estimated useful economic lives of items of property, plant and equipment are:

	Years
Buildings	40
Plant and machinery	1-25
Office equipment, furniture and fittings	6-10
Motor vehicles	4
Moulds	1-5

Intangible assets

Cost of software are stated at cost and amortised in equal instalments over the estimated period of benefit of 4 to 5 years. The Management annually review the software cost and useful life and assess if any impairment is required.

3 Summary of significant accounting policies (continued)

Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

The right-of-use assets and the lease liabilities are presented as separate line items in the statement of financial position.

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.

Impairment of non-financial assets

At the end of each reporting period, Management assesses if there is any indication of impairment of non-financial assets. If an indication exists, Management estimates the recoverable amount of the asset and recognizes an impairment loss in the statement of comprehensive income to the extent carrying value exceeds the estimated recoverable amount. 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.

3 Summary of significant accounting policies (continued)

Impairment of financial assets

The Company recognises allowances for expected credit losses (ECLs) on financial instruments, including financial assets measured at amortised cost and trade and other receivables. Credit losses are measured as the present value of all cash shortfalls.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Loss allowances for trade and other receivables are always measured at an amount equal to lifetime ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. A receivable is considered as in default, if the receivable is past due more than 240 days.

Impairment provision for other receivables is also recognised based on a forward looking expected credit loss model.

Write-off

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The gross carrying amount of a financial asset is written off against the related provision, when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

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.

Employee end of service benefits

In respect of Omani employees, contributions are made in accordance with the Oman Social Insurance Law and recognised as an expense in the statement of profit or loss and other comprehensive income as incurred.

For non-Omani employees, provision is made for amounts payable under the Oman Labour Law, based on the employees' accumulated periods of service at the statement of financial position date. This provision is classified as a non-current liability.

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

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.

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.

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, 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.

Directors' remuneration

The Company follows the Commercial Companies Law of the Sultanate of Oman, and other latest relevant directives issued by Capital Market Authority, in regard to determination of the amount to be paid as Directors' remuneration. Directors' remuneration and meeting attendance fees is charged to the statement of comprehensive income in the year to which they relate.

Foreign currency transactions

Transactions denominated in foreign currencies are translated into Rial Omani at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated into Rial Omani at exchange rates prevailing at the end of the reporting period. Foreign exchange differences arising on translation are recognized in the statement of comprehensive income.

Income tax

Income tax on the results for the year comprises current tax and deferred tax. Income tax is recognized in the statement of comprehensive income except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

3 Summary of significant accounting policies (continued)

Income tax (continued)

Deferred tax is calculated by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the end of the reporting period.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4 Estimates and judgments

The preparation of the financial statements requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities at the reporting date and the resultant provisions and changes in fair value. Such estimates are necessarily based on assumptions about several factors involving varying, and possibly significant, degrees of judgment and uncertainty and actual results may differ from Management's estimates resulting in future changes in estimated liabilities and assets.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

i) Impairment allowance - Measurement of the expected credit losses allowance.

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past experience and historical data, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the accounting policy above.

An estimate of the collectible amount of accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time and historical recovery rates.

4 Estimates and judgments (continued)

ii) Allowance for slow moving and obsolete inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

iii) Useful lives of property, plant and equipment

Management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the Management believes the useful lives differ from previous estimates.

iv) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

v) Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

5 Property, plant and equipment

Cost	Buildings RO	Plant and machinery RO	Office equipment, furniture and fittings RO	Motor vehicles RO	Moulds RO	Capital work-in progress RO	Total RO
At 1 January 2020	1,641,318	20,448,821	395,613	84,659	1,775,934	-	24,346,345
Additions	9,263	106,026	19,522	-	315,969	219,533	670,313
Disposals	-	-	-	-	(66,828)	-	(66,828)
Other adjustments	-	-	(28,563)	-	-	-	(28,563)
At 31 December 2020	1,650,581	20,554,847	386,572	84,659	2,025,075	219,533	24,921,267
At 1 January 2021	**1,650,581**	**20,554,847**	**386,572**	**84,659**	**2,025,075**	**219,533**	**24,921,267**
Additions	**17,392**	**452,910**	**19,947**	-	**334,526**	**26,740**	**851,515**
Disposals	-	**(1,910,925)**	**(324)**	-	**(66,828)**	-	**(1,978,077)**
Transfers	-	**219,533**	-	-	-	**(219,533)**	-
At 31 December 2021	**1,667,973**	**19,316,365**	**406,195**	**84,659**	**2,292,773**	**26,740**	**23,794,705**
Depreciation							
At 1 January 2020	393,370	17,369,088	335,189	61,863	1,271,412	-	19,430,922
Charge for the year	41,374	994,222	29,040	9,812	315,292	-	1,389,740
Relating to disposals	-	-	-	-	(66,828)	-	(66,828)
At 31 December 2020	434,744	18,363,310	364,229	71,675	1,519,876	-	20,753,834
At 1 January 2021	**434,744**	**18,363,310**	**364,229**	**71,675**	**1,519,876**	-	**20,753,834**
Charge for the year	**44,086**	**874,629**	**21,062**	**7,281**	**342,232**	-	**1,289,290**
Relating to disposals	-	**(1,910,925)**	**(324)**	-	**(66,828)**	-	**(1,978,077)**
At 31 December 2021	**478,830**	**17,327,014**	**384,967**	**78,956**	**1,795,280**	-	**20,065,047**
Net book value							
At 31 December 2021	**1,189,143**	**1,989,351**	**21,228**	**5,703**	**497,493**	**26,740**	**3,729,658**
At 31 December 2020	1,215,837	2,191,537	22,343	12,984	505,199	219,533	4,167,433

a) Depreciation amounting to RO 1,258,595 (2020: RO 1,350,888) is charged to cost of operations and the balance depreciation of RO 30,695 (2020: RO 38,852) is reported seperately in statement of comprehensive income.

b) The factory premises are located on land leased from the Public Establishment for Industrial Estate, Sohar.

c) Certain plant and machinery have been mortgaged with a local commercial bank against term loan and other facilities obtained.

d) Capital work in progress at the end of the reporting period pertains to amount incurred towards plant and machinery and Civil defense license till 31 December 2021.

6 Intangible asset

The intangible assets pertain to cost of software purchased.

	2021 RO	2020 RO
At the beginning of the year	**3,038**	9,274
Amortization during the year	**(2,354)**	(6,236)
At the end of the year	**684**	3,038

7 Right-of-use assets

	2021 RO	2020 RO
Cost		
At 1 January	**477,148**	477,148
At 31 December	**477,148**	477,148
Accumulated depreciation		
At 1 January	**202,982**	101,491
Charge for the year	**101,491**	101,491
At 31 December	**304,473**	202,982
Net book value		
At 31 December	**172,675**	274,166

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 until 13 September 2023, which is renewable thereafter for a further period of 25 years.

8 Income tax

a) The Company is liable to income tax at the rate of 15% on entire taxable income (2020: tax at the rate of 15%) of the Company. No provision has been made for current year tax since the Company has incurred a loss for the year.

Statement of comprehensive income The tax (charge)/credit for the year comprises:	2021 RO	2020 RO
Deferred tax	**(225,274)**	133,316
	(225,274)	133,316

8 Income tax (continued)

Statement of financial position

	2021 RO	2020 RO
Non- current asset		
Deferred tax asset	**708,648**	933,922

b) The Company's income tax assessment for the years 2017 to 2020 have not been finalised by the taxation authorities. Management is of the opinion that the amount of additional tax, if any, that may become payable on finalisation of pending tax assessment would not be significant to the company's financial position at 31 December 2021.

c) Additional deferred tax asset has not been recognized during the current year, as it is not considered by management to be probable that sufficient future taxable profits will be available against which the Company can utilize the benefits there from. Deferred tax (assets)/liabilities and deferred tax charge/(credit) in the financial statements consists of:

	01 January 2021 RO	**Recognized in the Statement of Comprehensive Income RO**	**31 December 2021 RO**
Accelerated depreciation	**(257,267)**	-	**(257,267)**
Provisions	**(29,719)**	-	**(29,719)**
Accumulated losses	**(646,936)**	**225,274**	**(421,662)**
	(933,922)	**225,274**	**(708,648)**

	01 January 2020 RO	Recognized in the Statement of Comprehensive Income RO	31 December 2020 RO
Accelerated depreciation	(235,126)	(22,141)	(257,267)
Provisions	(25,233)	(4,486)	(29,719)
Accumulated losses	(540,247)	(106,689)	(646,936)
	(800,606)	(133,316)	(933,922)

9 Inventories

	2021 RO	2020 RO
Raw materials	**244,426**	505,679
Spares and consumables	**1,612,781**	1,498,449
Finished goods	**1,587,863**	1,599,052
Work in progress	**422,097**	513,165
Packing materials	**138,542**	102,417
Others	**49,906**	5,574
	4,055,615	4,224,336
Less: allowance for slow and non-moving inventories	**(203,760)**	(166,184)
	3,851,855	4,058,152

The movement in the allowance for slow and non-moving inventories is given below:

	2021 RO	2020 RO
At the beginning of the year	**166,184**	108,954
Provided during the year	**37,576**	57,230
	203,760	166,184

10 Accounts and other receivables

	2021 RO	2020 RO
Accounts receivable	**3,088,887**	1,589,019
Less: allowance for credit losses on accounts receivables	**(30,968)**	(31,940)
	3,057,919	1,557,079
Advance to suppliers	**131,877**	124,185
Other receivables	**225,770**	13,464
	3,415,566	1,694,728

a) At the end of the reporting period, the Company's accounts receivable amounting to RO 3,006,095 (2020: 1,469,661) are neither past due, nor impaired.

10 Accounts and other receivables (continued)

b) At 31 December 2021, accounts receivable amounting to RO 82,792 (2020: RO 119,358) are past due, but not impaired and are estimated collectible based on the historical experience of management.

The ageing analysis of these past due accounts receivable are as follows:

	2021 RO	2020 RO
Between 61-120 days	**23,925**	33,487
Between 121-150 days	-	14,772
More than 151 days	**58,867**	71,099
	82,792	119,358

c) Movement in allowance for credit losses on accounts receivable are :

	2021 RO	2020 RO
At 1 January	**31,940**	59,263
Reversed during the year	**(972)**	(27,323)
	30,968	31,940

d) At the end of the reporting period, 8 customers account for 83% of the total accounts receivable and 55% of sales during the year (2020: 8 customers accounted for 64% of accounts receivable and 38% of sales).

11 Related party transactions

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.

11 Related party transactions (continued)

a) The related party transactions during the year were as follows:

	2021 RO	2020 RO
Finance charge	**108,000**	108,296

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

	2021 RO	2020 RO
Short term employment benefits	**210,607**	260,139
Employee end of service benefits	**5,207**	9,136
Directors' meeting attendance fees	**11,950**	22,000
	227,764	291,275

Director's meeting attendance fees

	2021 RO	2020 RO
Ms. Yusra Mohammed Hamood Al Shidhani	**2,350**	500
Mr. Talal Issa Mohd Al Harasi	**2,050**	3,200
Mr. Puneet Sardana	**2,050**	3,500
Mr. Hasan Mohamed Jawad Ali Abdawani	**1,850**	-
Mr. Said Ahmed Malik Al Mawaali	**1,050**	-
Mr. Ali Fida Hussain Mohammed Al Lawati	**650**	3,500
Mr. Ali Hamad Al Derai	**650**	3,200
Mr. Sulaiman Mohammed Sulaiman Al Amri	**650**	-
Mr. Ali Bin Mohammed Said Tabuk	**500**	1,500
Mr. Arjun Subramanian	**150**	4,700
Mr. Vivek Varadan	**-**	1,900
	11,950	22,000

c) The Board of Directors' meeting attendance fees and remuneration are subject to Shareholders' approval at forthcoming Annual General Meeting.

d) According to the circular received from Ministry of Finance Dated 26 March 2020, the fees for all subsequent directors meetings were reduced by 50%. Hence, out of the total sitting fees of RO 22,000 for the year 2020, the amount eligible to the directors are RO 14,400 and the excess provision of RO 7,600 carried in the books were reversed during the year 2021.

12 Prepayments and deposits

	2021 RO	2020 RO
Prepayments	**71,131**	61,365
Deposits	**11,102**	39,579
	82,233	100,944

13 Cash and bank balances

	2021 RO	2020 RO
Cash in hand	**2,435**	3,774
Cash at bank	**23,673**	459,411
	26,108	463,185

14 Share capital

a) The Company's authorised share capital consist of RO 5,000,000 comprising 50,000,000 shares of 100 baiza each (2020: RO 5,000,000 comprising 50,000,000 shares of 100 baiza each). The issued and fully paid up share capital is RO 4,202,330 (2020: RO 4,202,330) comprising 42,023,300 shares of 100 baiza each (2020: 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 shown as below:

	2021 Number of shares held	2021 Share Holding	2020 Number of shares held	2020 Share Holding
Oman Investment Authority	**31,625,000**	**75.26%**	31,625,000	75.26%

15 Legal reserve

As per the Commercial Companies Law of Sultanate of Oman, annual appropriation of 10% of a Company's net profit is to be made to a non-distributable legal reserve, until the amount of legal reserve becomes equal to one-third of the amount of issued share capital. No transfer has been made during the year as the Company has incurred a loss for the year.

Legal reserve includes the excess of "share expenses" amounting to RO 9,335 (2020: RO 9,335) received from public subscription over expenses incurred in accordance with the Company's Articles of Association.

	2021 RO	2020 RO
Term loan I	**1,800,000**	1,800,000
Term Loan II	**860,000**	1,070,000
Term Loan III	-	295,423
Less: current portion of the term loan	**(812,500)**	(955,425)
Non current term loans	**1,847,500**	2,209,998

a) Term Loan I - During the year 2019, the Company signed a convertible loan agreement amounting to RO 1.8 million with Oman Investment Authority. The loan carries interest at 6% per annum (Default rate: 12% per annum) and is repayable in 16 equal quarterly installments. Although the repayment commencement date was postponed from March 2021 to December 2021, the Company did not pay any installment during the period.

The loan is convertible at the option of lender, either upon occurrence of the event of default as specified in agreement or at any time at the sole discretion of the lender. The conversion price is equal to the prevailing market share price of the Company at the time of conversion. On conversion these shares will be credited as fully paid and rank pari passu with all other shares of the Company then in issue.

b) Term loan II- During the year 2018, the Company availed a term loan amounting to RO 1.35 million from a local commercial bank. The loan carries interest at 8.25% per annum and is repayable in 72 monthly instalments. The loan is secured by: usufruct mortgage of RO 1.5 million on lease hold property located at plot no. 61,62,63,152,153,154,113 and 114 (8 plots merge to one plot no. 61), phase I A, located at Sohar industrial estate. Commercial mortgage in pari-passu with other local bank of RO. 1.5 million on the existing plant and machinery.

c) The term loan agreements with banks contain certain covenants pertaining to maintaining current, leverage and debt coverage ratios. Although the actual ratios were not within the covenanted level at 31 December 2021, the Management believes that the bank is unlikely to demand for the immediate settlement of the dues or withdraw facilities.

d) Maturity profile of undiscounted cash flow for the non current portion of term loans is as follows:

	2021 RO	2020 RO
Between 1 and 2 years	**760,000**	955,425
Between 2 and 5 years	**1,087,500**	1,254,573
	1,847,500	2,209,998

19 Bank borrowings

	2021 RO	2020 RO
Loan against trust receipts	**687,268**	513,481
Bill discounting	**265,000**	-
Bank overdrafts	**994,272**	960,655
	1,946,540	1,474,136

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

b) These borrowings are secured against assignment of certain accounts receivable, commercial mortgage over machinery and other assets as well as assignment of the insurance policies of the assets financed in favour of the bank.

20 Accounts and other payables

	2021 RO	2020 RO
Accounts payable	**2,752,497**	2,360,501
Accruals	**877,853**	324,320
Advance from customers	**520,284**	253,710
Other payables	**646,709**	330,387
	4,797,343	3,268,918

21 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 at the end of the year as follows:

	2021 RO	2020 RO
Net assets (RO)	**2,128,974**	3,197,535
Number of shares outstanding	**42,023,300**	42,023,300
Net assets per share (RO)	**0.051**	0.076

22 Income from operations (Segment wise)

The Company's income from operations represents the revenue from contracts with customers by transfer of goods and services at a point in time in the following geographical regions and product lines.

a) Primary geographical markets

	2021 RO	2020 RO
Sultanate of Oman	**1,228,218**	1,404,824
GCC	**3,906,662**	2,643,987
Others	**6,489,572**	8,090,076
	11,624,452	12,138,887

b) Timing of revenue recognition

	2021 RO	2020 RO
Products transferred at a point in time	**11,624,452**	12,138,887

c) Product lines

Sale of empty glass containers	**11,624,452**	12,138,887

23 Cost of operations

	2021 RO	2020 RO
Materials and spares consumed	**4,679,830**	4,975,883
Employee related costs [note 26 (b)]	**1,915,880**	2,017,047
Depreciation of right of use asset (note 7)	**101,491**	101,491
Fuel, electricity and water	**2,003,896**	2,046,648
Repairs and maintenance	**67,385**	61,984
Hire charges	**11,179**	20,587
Allowance for slow and non-moving inventories (note 9)	**37,576**	57,230
Depreciation on property plant and equipment	**1,258,595**	1,350,888
Finance cost on lease land	**22,255**	29,270
	10,098,087	10,661,028

24 Other income

	2021 RO	2020 RO
Amounts no longer payable reversed to income	**7,600**	56,374
Sale of scrap	**39,393**	37,408
Income from insurance claim	**-**	779
Profit on disposal of property, plant and equipment	**35,222**	-
Lease rent abatement	**-**	29,239
Miscellaneous income	**16,826**	4,046
	99,041	127,846

25 General and administrative expenses

	2021 RO	2020 RO
Salaries and employee related costs [note 26 (b)]	**633,630**	621,050
Insurance	**133,660**	135,761
Directors' meeting attendance fees [note 11]	**11,950**	22,000
Travelling expenses	**11,143**	6,830
Legal and professional charges	**47,454**	57,980
Communication	**35,963**	33,028
Information technology	**10,014**	15,867
Vehicle expenses	**12,751**	10,763
Recruitment expenses	**4,969**	2,615
Miscellaneous expenses	**75,521**	58,263
	977,055	964,157

26 Employee related costs

a) Salaries and employee related costs comprise:

	2021 RO	2020 RO
Salaries and wages	**2,106,036**	2,222,538
Contributions to defined retirement plan for Omani employees	**83,239**	67,233
Cost of end of service benefits for expatriate employees	**34,411**	41,884
Other employee related costs	**325,824**	306,442
	2,549,510	2,638,097

26 Employee related costs (continued)

b) Salaries and employee related costs

	2021 RO	2020 RO
Cost of operations (note 23)	**1,915,880**	2,017,047
General and administration (note 25)	**633,630**	621,050
	2,549,510	2,638,097

Salaries and employee related costs allocation are made based on cost centers.

27 Selling and distribution expenses

	2021 RO	2020 RO
Freight charges	**1,033,938**	1,360,268
Sales commission	**34,825**	33,384
Other expenses	**10,240**	12,761
	1,079,003	1,406,413

28 Finance costs

	2021 RO	2020 RO
Interest on bank borrowings	**138,283**	120,060
Interest on term loan	**192,532**	227,946
Letter of credit charges	**2,822**	4,304
Bank charges	**46,921**	45,504
	380,558	397,814

Finance cost on leased land included under cost of operations.

29 Basic loss per share

Basic loss per share is calculated by dividing the net loss for the year after income tax by the weighted average number of shares outstanding during the year.

	2021 RO	2020 RO
Net loss for the year (RO)	**(1,068,561)**	(1,047,128)
Weighted average number of shares outstanding	**42,023,300**	42,023,300
Basic loss per share (RO)	**(0.025)**	(0.025)

30 Contingencies and commitments

	2021 RO	2020 RO
Capital commitments	**260,000**	120,000
Letter of credit	**332,466**	767,828
Bank Guarantees	**55,000**	-

The Board of Directors of the company have approved OMR 260,000 as capital expenditure as per the Budget for the year 2022.

31 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.

In the context of managing capital (equity), the Company has covenanted with banks providing external debt to maintain specified ratios. At the end of the reporting period, certain ratios were not within the covenanted level and the Company intends to comply with the requirements of the banks in the near future.

32 Financial instruments and related risk management

The Company's financial assets include accounts and other receivables, cash and bank balances. Financial liabilities include term loans, bank borrowings, lease liabilities, accounts and other payables.

The Company's activities expose it to various financial risks, primarily being market risk (including currency risk and interest 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

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

i) *Currency risk*

The Company operates in international markets, however, the Company is substantially independent of changes in foreign currency rates as its foreign currency dealings are principally in US Dollars (USD), Saudi Rials (SAR) and UAE Dirhams (AED) which are effectively pegged to the Rials Omani.

32 Financial instruments and related risk management (continued)

a) Market risk (continued)

ii) *Interest rate risk*

The Company has call deposits and bank borrowings. The deposits with banks and borrowings carry interest on commercial terms. The Company is exposed to interest rate risk resultant from its borrowings. The risk is managed by maintaining an appropriate mix between fixed and floating interest rate balances at the start of the financial year, if required.

For every 0.5% change in interest rate, the impact on the statement of comprehensive income will be approximately to RO 1,903 (31 December 2020: RO 1,989) based on the level of borrowing net of call deposits at the reporting date.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade receivables from customers.

Exposure to credit risk

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

	2021 RO	2020 RO
Accounts receivables (net) and other receivables	**3,415,566**	1,694,728
Cash and bank balances	**26,108**	463,185
	3,441,674	2,157,913

Credit risk on accounts receivable is limited to their carrying values as Management regularly reviews these balances to assess recoverability and makes provision for balances whose recoverability is in doubt. Credit risk is managed mainly through credit terms to customers backed by confirmed letters of credit. There is no concentration of credit risk with respect to accounts receivables as the Company has a large number of customers, internationally dispersed.

The Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating.

32 Financial instruments and related risk management (continued)

b) Credit risk (continued)

Exposure to credit risk (continued)

Exposures within each credit risk grade are segmented by geographic region and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past five years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

As for each potential customer there is no independent rating, the Company's credit committee assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. Relevant details about the trade receivables are as follows:

The age analysis of accounts receivable and related impairment loss at the reporting date is:

31 December 2021	**Weighted average loss rate %**	**Gross amount RO**	**Loss allowance RO**	**Net carrying amount RO**	**Credit impaired**
Less than 60 days	**0.28%**	**3,006,095**	**8,561**	**2,997,534**	**No**
Between 61-90 days	**3.21%**	**9,829**	**316**	**9,513**	**Yes**
Between 91-300 days	**3.93%**	**51,582**	**2,029**	**49,553**	**Yes**
More than 300 days	**93.83%**	**21,381**	**20,062**	**1,319**	**Yes**
		3,088,887	**30,968**	**3,057,919**	

31 December 2020	Weighted average loss rate %	Gross amount RO	Loss allowance RO	Net carrying amount RO	Credit impaired
Less than 60 days	0.43%	1,469,662	6,247	1,463,415	No
Between 61-90 days	12.66%	9,147	1,158	7,989	Yes
Between 91-300 days	5.75%	84,608	4,866	79,742	Yes
More than 300 days	76.83%	25,602	19,669	5,933	Yes
		1,589,019	31,940	1,557,079	

The Company did not identify any material impairment loss on other financial assets as at the reporting date.

32 Financial instruments and related risk management (continued)

c) Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its net funding requirements. Liquidity risk may arise from market disruptions or credit downgrades, which may result in unavailability of certain sources of funding.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. Management maintains flexibility in funding by maintaining availability under committed credit lines.

Based on the contractual maturity date, the analysis of financial liabilities is as follows:

At 31 December 2021	**Less than 6 months RO**	**6 months to 1 year RO**	**More than 1 year RO**	**Total RO**
Term Loans	**457,500**	**355,000**	**1,847,500**	**2,660,000**
Bank borrowings	**1,946,540**	-	-	**1,946,540**
Accounts and other payables	**4,797,343**	-	-	**4,797,343**
Lease liabilities	**111,431**	-	**63,583**	**175,014**
	7,312,814	**355,000**	**1,911,083**	**9,578,897**

At 31 December 2020	Less than 6 months RO	6 months to 1 year RO	More than 1 year RO	Total RO
Term Loans	523,951	431,474	2,209,998	3,165,423
Bank borrowings	1,474,136	-	-	1,474,136
Accounts and other payables	3,268,918	-	-	3,268,918
Lease liabilities	100,269	-	177,922	278,191
	5,367,274	431,474	2,387,920	8,186,668

33 Comparative figures

Previous year's figures have been reclassified / regrouped, wherever necessary, to conform to the presentation adopted in the current period.