



Corporate Governance Report

Company's Philosophy

Galfar Engineering and Contracting SOAG are committed to good corporate governance and healthy corporate practices. The concept of good governance at Galfar envisages care of the Company to enhance the value of all its stakeholders by adhering to proper methods of management, internal controls, accountability, corporate governance rules and high level of transparency to the extent of not affecting the competitive position of the Company.

The Company adopts high standards of Corporate Governance and has implemented the principles of the new Code of Corporate Governance, promulgated by the Capital Market Authority. Transparency, Accountability, Fairness and Responsibility are the pillars of good Corporate Governance.

The directors in the current Board have been recommended for election by the Nomination and Remuneration Committee after satisfying the required skills and Competences provided for in the second principle of the Code of Corporate Governance Para 4 and 5.

The Directors are well experienced in their diversified professional fields and have given great support to the Board to practice the good governance and to exercise its widest authorities in managing the Company and supervise the good performance of the Company's business with the view to ensuring its effectiveness and to enhancement of shareholders value.

Mission of Galfar Board is to lead the company to achieve successfully the Company's objectives and its short and long terms strategic plans, besides monitoring the Company's businesses and its operations. In this context the Board gives support to Executive Management, without interfering in their day-to-day works, to perform their duties successfully and properly towards achieving the company's objectives.

Galfar is professionally managed company committed to the whole customers' satisfaction and enhancing stakeholders' value, the company policies extend to its commitment to fair practices.

All our employees are guided by code of conduct including Board members and senior management. Code of conduct is featured in company's web site www.galfar.com. New employees are introduced and trained on code of conduct.

In general, the board exercises its primary functions and duties in line with the powers stipulated in the Articles of Association of the company and the principles provided for in the Code of Corporate Governance. For this purpose, the Board is assisted by various sub committees and the higher executive management of the company.

Board of Directors

The Board of Directors comprises of 9 members who were elected by the shareholders at the Annual General Meeting of the Company held on 30th March 2017 for a period of three years. A one director seat has become vacant with effect from 03 August 2017 due to resignation of Mr. Abdulqadir Ahmed Askalan for personal reasons. The Members of the Board have professional and practical experience in their respective fields ensuring proper direction and control of company's activities. No director is a member of more than 4 joint stock public companies whose shares are listed on the Muscat Securities Market (MSM) and no director is chairman of more than 2 public companies whose principal office is in the Sultanate of Oman. None of the directors are members of a Board of a joint stock public or closed company which carries out similar business and whose principal office is in the Sultanate of Oman.

Independent Evaluation of the Board

Messrs. Horwath Mak Ghazali LLC have been appointed by the shareholder as an independent consultant to conduct evaluation of the Board of Director's performance for the year ending 31.12.2017. Appraisal of the Board concludes that the large majority of the approved appraisals benchmark and standards are assessed positively. The effectiveness of the Board is good, although there is some scope for optimization and improvement. Their report will be submitted to the shareholders at the upcoming Annual General Meeting to be held on 29th March 2018.

Current Members of the Board with effect from 30 March 2017				
Sr. No	Name of Director /Juristic person he Represents (if any)	Designation	Category	Directorship in Other Joint Stock Companies
1.	Engr. Majid Salim Said Al Fannah Al Araiimi	Chairman	Non Independent Non - Executive	Ominvest & Asaffa Food
2.	Sheikh Salim Abdullah Saeed Badr Al Rawas	Vice Chairman	Independent Non - Executive	Kunooz Oman Holding S.A.O.C.
3.	Dr. Hatem Bakheit Saeed Al Shanfari	Director	Independent, Non - Executive	Gulf Investment Services Co. S.A.O.G, Gulf Baader Capital Markets Co. SAOC
4.	Engr. Mohiuddin Mohamad Ali	Director	Non Independent, Non - Executive	Oman Medical College S.A.O.C

Current Members of the Board with effect from 30 March 2017				
5.	Engr. Salman Rashid Al Fannah Al Araimi	Director	Non Independent Non - Executive	National Factory for Security & Safety Equipments SAOC
6.	Mr. Ganesan Sridhar	Director	Independent, Non - Executive	Gulf Invest. Services holding Co. SAOG. Dhofar Insurance Co. SAOG. Abraj Energy services Co. SAOC.
7.	Engr. Raiz Basheeruddin (PMA International Ltd)	Director	Non Independent, Non - Executive	None
8.	Mr. Badar Mohamed Rashid Al Araimi (Al Siraj Holding LLC)	Director	Non Independent Non - Executive	A'sharqiya Investment Holdings Oman Center For Skill Development (Maharat)
9.	Vacant Seat			
	<i>Held till 03/8/2017 by Mr. Abdel Qadir Ahmed Askalan</i>	Director	Independent, Non-Executive	Oman Telecommunication Company S.A.O.G
Previous Members whose Membership ended on 03 August and 30 March 2017				
9.	Mr. Abdel Qadir Ahmed Askalan	Director	Independent, Non-Executive	Oman Telecommunication Company S.A.O.G
10.	Shk. Salim Said Hamed Al Fannah Al Araimi	Chairman	Non Independent Non - Executive	Oman Medical College S.A.O.C
11.	Ms. Khalood Mohamed Rashid Al Fannah Al Araimi	Director	Non Independent Non - Executive	Gulf Plastic Industries Co. S.A.O.G & Oman Medical College S.A.O.C
12.	Mr. Hamad Mohamed Al Wahaibi	Director	Independent Non - Executive	Voltamp Energy Company SAOG, Oman Cables Industry SAOG, , Salalah Commercial Center SAOC

Board Meetings:

During the year 2017, the Board held (15) meetings in (16) sessions and passed 37 resolutions by circulation. The dates of the meetings and the attendance details are given in the following two tables:

Board of Directors Meetings & Attendance Details - Year 2017

Sr. No	Name of Director	Meeting 68	Meeting 69	Meeting 70 Two sessions	Meeting 71	Meeting 72	Meeting 73	Meeting 74	Meeting 75
		15-Jan-17	12-Feb-17	19-Feb-17 & 23-Feb-17	12-Mar-17	30-Mar-17	2-May-17	21-Jun-17	11-Jul-17
1.	Engr. Majid Salim Said Al Fannah Al Araiimi	Not Member	Not Member	Not Member	Not Member	√	√	√	√
2.	Sheikh Salim Abdullah Saeed Badr Al Rawas	√	√	√	X	√	√	X	√
3.	Dr. Hatem Bakheit Saeed Al Shanfari	√	√	√	√	X	√	√	√
4.	Mr. Abdel Qadir Ahmed Askalan	X	√	√	X	X	√	X	X
5.	Engr. Salman Rashid Al Fannah Al Araiimi	√	X	√	√	√	√	X	√
6.	Engr. Mohiuddin Mohamad Ali	√	X	√	√	√	√	√	√
7.	Engr. Raiz Basheeruddin	X	√	√	√	X	√	X	X
8.	Mr. Ganesan Sridhar	Not Member	Not Member	Not Member	Not Member	X	√	√	X
9.	Mr. Badar Mohamed Rashid Al Araiimi	Not Member	Not Member	Not Member	Not Member	√	√	√	X
10.	Shk. Salim Said Hamed Al Fannah Al Araiimi	√	√	√	X	Not Member	Not Member	Not Member	Not Member
11.	Ms. Khalood Mohamed Rashid Al Fannah Al Araiimi	√	√	√	√	Not Member	Not Member	Not Member	Not Member
12.	Mr. Hamad Mohamed Al Wahaibi	X	X	√	√	Not Member	Not Member	Not Member	Not Member

Board of Directors Meetings & Attendance Details - Year 2017 Contd.

Sr. No	Name of Director & Representative	Meeting 76	Meeting 77	Meeting 78	Meeting 79	Meeting 80	Meeting 81	Meeting 82
		2-Aug-17	3-Aug-17	23-Aug-17	17-Sep-17	1-Oct-17	8-Nov-17	24-Dec-17
1.	Engr. Majid Salim Said Al Fannah Al Araiimi	√	√	√	√	√	√	√
2.	Sheikh Salim Abdullah Saeed Badr Al Rawas	√	√	√	X	X	√	√
3.	Dr. Hatem Bakheit Saeed Al Shanfari	√	√	X	√	√	X	X
4.	Engr. Salman Rashid Al Fannah Al Araiimi	√	√	√	√	√	√	√

Sr. No	Name of Director & Representative	Meeting 76	Meeting 77	Meeting 78	Meeting 79	Meeting 80	Meeting 81	Meeting 82
		2-Aug-17	3-Aug-17	23-Aug-17	17-Sep-17	1-Oct-17	8-Nov-17	24-Dec-17
5.	Engr. Mohiuddin Mohamad Ali	√	√	√	X	√	√	√
6.	Mr. Ganesan Sridhar	√	X	√	√	√	√	X
7.	Engr. Raiz Basheeruddin	√	X	√	√	√	X	X
8.	Mr. Badar Mohamed Rashid Al Araimi	√	√	√	√	√	√	√
9.	Mr. Abdel Qadir Ahmed Askalan	X	Not Member	Not Member	Not Member	Not Member	Not Member	Not Member

Sub- Committees of the Board:

The following Sub-committees assist and support the Board in carrying out its responsibilities.

Supervisory and Follow up Committee (SAFCOM):

The Supervisory and Follow up Committee (SAFCOM) was formed by the newly elected Board on 30 March 2017 and consists of 5 members. The primary role and responsibilities of the Committee are: Providing strategic direction to the Company by working closely with management to develop and accomplish the Company's objectives, strategies, and performance targets that by way of improving the financial position; Review the annual budget and business plan; Study of Investment Opportunities / Divestment; Setting and monitoring the required supervisory procedures for the performance of all the Company Units from all aspects, and Monitors the performance of all Company's units including procurement matters

Current SAFCOM Members with effect from 30 March 2017		
Sr. No.	Name of SAFCOM Members	Designation
1.	Engr. Majid Salim Said Al Fannah Al Araimi	Chairman
2.	Sheikh Salim Abdullah Saeed Badr Al Rawas	Member
3.	Engr. Mohiuddin Mohamad Ali	Member
4.	Engr. Raiz Basheeruddin	Member
5.	Mr. Badar Mohamed Rashid Al Araimi	Member
Previous Members whose membership ended on 03 August and 30 March 2017		
6.	Mr. Abdel Qadir Ahmed Askalan	Member
7.	Shk. Salim Said Hamad Al Fannah Al Araimi	Chairman
8.	Ms. Khulood M Rashid Al Fannah Al Araimi	Member

SAFCOM Meetings:

During the year 2017 SAFCOM held 6 meetings. The following table shows dates of the meetings and attendance details

Sr. No.	Name of Committee members	Designation	1st Meeting	2nd Meeting	3rd Meeting	4th Meeting	5th Meeting	6th Meeting
			31-Jan-17	27-Mar-17	18-Apr-17	27-Jul-17	25-Oct-17	18-Dec-17
1.	Engr. Majid Salim Said Al Fannah Al Araiimi	Chairman	Not Member	Not Member	√	√	√	√
2.	Sheikh Salim Abdullah Saeed Badr Al Rawas	Member	√	√	√	√	√	√
3.	Engr. Mohiuddin Mohamad Ali	Member	√	√	√	√	√	√
4.	Engr. Raiz Basheeruddin	Member	Not Member	Not Member	X	X	X	X
5.	Mr. Badar Mohamed Rashid Al Araiimi	Member	Not Member	Not Member	√	√	√	√
6.	Shk. Salim Said Hamed Al Fannah Al Araiimi	Chairman	√	√	Not Member	Not Member	Not Member	Not Member
7.	Mr. Abdel Qadir Ahmed Askalan	Member	√	√	Not Member	Not Member	Not Member	Not Member
8.	Ms. Khulood M Rashid Al Fannah Al Araiimi	Member	√	√	Not Member	Not Member	Not Member	Not Member

Audit Committee:

Members to the current Audit Committee were selected following the election of the new Board on 30 March 2017. The Committee has 4 members. The primary responsibilities and functions of Audit Committee are to provide assistance to the Board of Directors in fulfilling its responsibilities of monitoring and overseeing the adequacy and effectiveness of the internal control systems, procedures, financial reporting process, the effectiveness of the internal audit function; the independent audit The process including recommending the appointment and assessing the performance of the external auditor; the company's process for monitoring compliance with laws and regulations affecting financial reporting and code of business conduct.

The Audit Committee reviews and approves the annual audit plan which is prepared based on risk based audit approach. It also reviews the Audit Committee Charter, Internal Audit Charter periodically. These are key to reinforce the organizational independence of Internal Audit and to establish their rules of engagement throughout the Company.

The Audit Committee has focused to create awareness on the code of ethics and whistleblower policy and ensure that all the staff of the Company has gone through the whistleblower awareness program.

In performing its duties, the committee maintains effective working relationships with the board of directors, management, and the external and internal auditors. To perform its role effectively, each committee member will need to develop and maintain his skills and knowledge, including an understanding of the committee's responsibilities and of the company's business, operations and risks.

Current Audit Committee Members with effect from 30 March 2017		
Sr. No.	Name of Audit Committee Members	Designation
1.	Dr. Hatem Bakheit Saeed Al Shanfari	Chairman
2.	Mr. Ganesan Sridhar	Member
3.	Engr. Salman Rashid Al Fannah Al Araiimi	Member
4.	Engr. Raiz Basheeruddin	Member
Previous Members whose membership ended on 03 August and on 30 March 2017		
5.	Mr. Abdel Qadir Ahmed Askalan Appointed 02/5/2017 and Resigned 03/08/2017	Member
6.	Mr. Hamad Mohamed Al Wahaibi	Member
7.	Ms. Khulood Mohamed Rashid Al Fannah Al Araiimi	Member

Audit Committee Meetings:

The Audit Committee held 7 meetings in the year 2017. The dates of the meetings and the attendance details are given in the following table:

Sr. No	Name of Committee members	Designation	1st Meeting	2nd Meeting	3rd Meeting	4th Meeting	5th Meeting	6th Meeting	7th Meeting
			16-Feb-17	12-Mar-17	19-Mar-17	2-May-2017	2-Aug-2017	7-Nov-2017	21-Dec-2017
1	Dr. Hatem Bakheit Saeed Al Shanfari	Chairman	√	√	√	√	√	√	√
2	Ms. Khulood Mohd. Rashid Al Fannah Al Araimi	Member	√	√	√	Not Member	Not Member	Not Member	Not Member
3	Mr. Hamad Mohamed Al Wahaibi	Member	√	√	√	Not Member	Not Member	Not Member	Not Member
4	Engr. Raiz Basheeruddin	Member	√	√	X	√	√	X	X
5	Engr. Salman Rashid Al Fannah Al Araimi	Member	X	X	√	√	√	√	√
6	Mr. Ganesan Sridhar (W.E.F. 02/05/2017)	Member	Not Member	Not Member	Not Member	√	√	√	√
7	Mr. Abdel Qadir Ahmed Askalan (Only for 02/08/17)	Member	Not Member	Not Member	Not Member	Not Member	X	Not Member	Not Member

Human Resource Nomination and Remuneration Committee (HRN&RC):

The Human Resource Nomination and Remuneration Committee (HRN&RC) was formed by the elected Board on March 30th 2017 and consisting of 4 members. The primary roles and responsibilities of the committee are: overseeing the human resources matters and strengthen the HR unit with the appropriate HR Policies and strategies that boost capabilities of the Company to achieve its business objectives and to benefiting all its stakeholders. The committee assesses the candidates for election to the Board of Directors and recommends election of the Candidates who fulfil the required criteria and skills to standing for election to the Board of Directors every three years.

Current Members of HRN&RC with effect from March 30 and August 03, 2017		
	Name of Director & Representative	
1.	Engr. Majid Salim Said Al Fannah Al Araimi	Chairman
2.	Engr. Mohiuddin Mohamad Ali	Member
3.	Mr. Badar Mohamed Rashid Al Araimi	Member
4.	Mr. Ganesan Sridhar	Member

Previous Members of HRN&RC whose membership ended on March 30 and August 03, 2017		
5.	Ms. Khulood Mohamed Rashid Al Fannah Al Araimi	Chairman
6.	Mr. Hamad Mohamed Al Wahaibi	Member
7.	Mr. Abdel Qadir Ahmed Askalan	Chairman
8.	Engr. Salman Rashid Al Fannah Al Araimi)	Member

After Mr. Abdelqadir Ahmed Askalan and Mr. Salman Rashid Al Araimi have requested to relieve them from the membership of HRN & RC Committee and the board has accepted the same on 03.08.2017. Only the Chairman of the Board and Mr. Ganesan Sridhar were available to fill the two vacancies in the committee during the period of this report.

HRN&RC Committee Meetings:

The HRN&RC Committee held 5 meetings in the year 2017. The dates of the meetings and the attendance details are given in the following table:

Sr. No.	Name of Committee members	Designation	1st Meeting	2nd Meeting	3rd Meeting	4th Meeting	5th Meeting
			08-Jan-17	19-Mar-17	28-Mar-17	22-May-17	22-Aug-17
1.	Engr. Majid Salim Said Al Fannah Al Araimi	Chairman	Not Member	Not Member	Not Member	Not Member	√
2.	Ms. Khulood Mohamed Rashid Al Fannah Al Araimi	Chairman	√	√	√	Not Member	Not Member
3.	Mr. Hamad Mohamed Al Wahaibi	Member	√	√	X	Not Member	Not Member
4.	Engr. Mohiuddin Mohamad Ali	Member	X	X	√	√	X
5.	Engr. Salman Rashid Al Fannah Al Araimi	Member	√	√	√	X	Not Member
6.	Mr. Abdel Qadir Ahmed Askalan	Chairman	Not Member	Not Member	Not Member	√	Not Member
7.	Mr. Ganesan Sridhar	Member	Not Member	Not Member	Not Member	Not Member	√
8.	Mr. Badar Mohamed Rashid Al Araimi	Member	Not Member	Not Member	Not Member	√	√

Sitting Fees & Remuneration to the Board of Directors:

The rate of sitting fees approved by the shareholders for the year 2017 is OMR 700 per each Board meeting and OMR 400 per each of the sub- committees meeting. The amount of the total sitting fees for the board meetings and the sub-committees meetings held during 2017 is OMR 94,000. The sitting fees cap amount OMR 50,000 was paid to the directors on prorated basis as detailed in the table below.

Sr. No	Name of Director	Sitting Fees OMR	Remuneration	Total OMR
1.	Eng. Majid.Salim Said Hamed Al Fannah Al Araimi	5,160	-	5,160
2.	Sheikh Salim Abdullah Saeed Badr Al Rawas	5,372	-	5,372
3.	Dr.Hatem Bakheit Saeed Al Shanfari	5,585	-	5,585
4.	Engr. Salman Rashid Al Fannah Al Araimi	6,543	-	6,543
5.	Engr. Mohiuddin Mohamad Ali	6,543	-	6,543
6.	Engr. Raiz Basheeruddin	3,830	-	3,830
7.	Mr. Ganesan Sridhar	3,670	-	3,670
8.	Mr. Badar Mohamed Rashid Al Araimi	5,000	-	5,000
9.	Mr. Abdel Qadir Ahmed Askalan (till 03 August 2017)	1,755	-	1,755
10	Shk Salim Said Hamed Al Fannah Al Araimi (till 30 March 2017)	1,543	-	1,543
11	Mr. Hamad Mohamed Al Wahaibi (till 30 March 2017)	1,809	-	1,809
12	Ms. Khulood Mohamed Rashid Al Fannah Al Araimi (till 30 March 2017)	3,191	-	3,191
Total				50,000

Annual General Meeting:

The Annual General Meeting for the year 2017 was held on 30 Mach 2017. The attendance detail is given below.

Attendance Details to Annual General Meeting Held on 30/03/2017

Sr. No.	Name of Director & Representative	Designation	Attendance
1.	Sheikh Dr.Salim Said Hamed Al Fannah Al Araimi	Chairman	√
2.	Sheikh Salim Abdullah Saeed Badr Al Rawas	Vice Chairman	√
3.	Dr.Hatem Bakheit Saeed Al Shanfari	Director	X
4.	Mr. Hamad Mohamed Al Wahaibi	Director	X
5.	Engr. Salman Rashid Al Fannah Al Araimi	Director	√

Sr. No.	Name of Director & Representative	Designation	Attendance
6.	Ms. Khalood Mohamed Rashid Al Fannah Al Araimi	Director	√
7.	Mr. Abdulqader Askalan	Director	X
8.	Engr. Mohiuddin Mohamad Ali	Director	√
9.	Engr. Raiz Basheeruddin	Director	X

Corporate Social Responsibility (CSR):

Galfar being one of the pioneers and leading engineering and contracting Companies in the Sultanate of Oman has a positive track record in extending monetary and technical support to the Oman Society.

In alignment with the concept of Corporate Social responsibility, Galfar cares to integrate its business values and operations for: boosting up the national economic development of Oman; supporting within its capabilities the surrounding Communities at projects work sites and the society at large; protecting the environment and Safety of the citizens; strive to meet expectations of all stakeholders. During the year 2017, the Company contributed a sum of OMR 41,900 for social support and budgeted a plan of a sum of RO 150,000 for the social support for the current year 2018.

Procedure for Standing as a Candidate for the Board:

The right to stand as a candidate for membership of the Board of Directors of the Company is open to shareholders and non-shareholders who satisfy the legal requirements provided for in the Commercial Company Law 1974 as amended, the Articles of Associations of the Company and principles of the Code of Corporate Governance.

In case of a shareholder, whether in personal capacity or representing a juristic person, he must have a minimum equity of not less than 10000 shares. Any person who wishes to stand as a candidate for the Board and is eligible for the same as per the regulations as well as the Articles of association, is required to submit the candidacy form as prescribed by CMA. A candidate who stands for election to the Board is elected at the General Meeting by following the procedures laid down in the Commercial Companies Law, and rules and regulations issued by the CMA.

Key Management Remuneration:

Total remuneration during the financial year 2017 to top Management (top 5) was RO 623,483.

The Company enters into employment contracts with its employees at the start of their service according to the requirements of the Omani Labour law.

Non-Compliance:

The Company complies with the principles of Code of Corporate Governance and no penalties were imposed on the Company by CMA or MSM during the year 2017.

As aforementioned under HRN& RC Committee, the chairman of this Committee, as per the Code of Corporate Governance, shall not hold Chairmanship of other sub-committee. However since the other members were occupied in other sub-committees the chairmanship of this Committee was taken over by the Chairman of SAFCOM Committee as additional task.

Compliance with Rules and Regulations:

The Company has been following the applicable rules and regulations issued by MSM, CMA and those stipulated in the Commercial Companies Law 1974 as amended and Articles of Association of the Company. The Compliance with Rules and Regulations are monitored and ensured jointly by the Legal Department & Internal Audit in cooperation with the other units. The Company is currently planning to develop the tasks of compliance function.

The Company has in place internal regulations and control systems duly approved by the Board which includes an updated Manual of Authority, policies for Whistle blowing, Code of conduct, Related Party Transactions, Revenue Recognition in addition to a Social Responsibility Policy.

Board has rules and procedures in place as term of reference (Articles 20 to 47) which govern the directors in exercising their responsibilities. A Board charter combining the said rules along with the related principles of the Code of Corporate governance will be submitted for approval of the Board during the upcoming meetings.

The Company has been giving induction to new Directors to get acquainted with the Company's activities and the executive management and has plans to train the Directors to develop their skills.

The Company follows the disclosure rules of the Capital Market Authority and the disclosure guide of the Muscat Securities Market along with the adopted guidelines of the internal disclosure policy pending final approval of the Board.

For the period from year 2010 to 2014, there are special audits being conducted by auditors appointed by CMA, on Company's certain transactions, which are still in progress.

Communication with Shareholders and Investors:

The company maintains good communication relations with the shareholders and Investors and responds as much as possible to their queries and requests in line with the disclosures rules.

The company publishes its un-audited financial results in the newspapers on a quarterly basis and the audited financial statements annually. Detailed financial statements are sent to shareholders on request. The company posts its quarterly and annual results on MSM website, and also on the Company's website: www.galfar.com. All the Company's announcements are posted on MSM's website.

The Management discussions and analysis report forms an integral part of the Annual Report.

Statement on Market Price and distribution of Holdings:

Market High/Low price during each month of 2017:

Sr. No.	Month	High	Low	Closing
1	January-17	0.097	0.076	0.084
2	February-17	0.101	0.086	0.093
3	March-17	0.095	0.081	0.084
4	April-17	0.088	0.076	0.078
5	May-17	0.087	0.078	0.083
6	June-17	0.084	0.074	0.075
7	July-17	0.079	0.069	0.074
8	August-17	0.078	0.069	0.073
9	September-17	0.091	0.072	0.090
10	October-17	0.097	0.069	0.075
11	November-17	0.086	0.077	0.078
12	December-17	0.080	0.073	0.075

Distribution of ownership of shares between shareholders at 2017 (Including Shares having preferential voting rights)

Sr. No.	Category	No. of Shareholders	No. of Shares	% of Shareholding
1.	Less than 5%	4,630	141,063,045	33.97
2.	5% to 10%	2	51,442,431	12.39
3.	Above 10%	4	222,710,161	53.64
Total		4,636	415,215,637	100.00

There are no Securities / Convertible Financial Instruments as on the Balance Sheet date which will have an impact on the Shareholders' equity.

Profile of the Statutory Auditors

EY is a global leader in assurance, tax, transaction and advisory services. EY is committed to doing its part in building a better working world. The insights and quality services which EY delivers help build trust and confidence in the capital markets and in economies the world over.

The MENA practice of EY has been operating in the region since 1923 and employs over 6,700 professionals. EY has been operating in Oman since 1974 and is a leading professional services firm in the country. EY MENA forms part of EY's EMEIA practice, with over 4,500 partners and approximately 1,06,079 professionals. Globally, EY operates in more than 150 countries and employs 256,500 professionals in 728 offices. Please visit ey.com for more information about EY.

Audit fees of the Company and Subsidiaries:

Audit Fees of Company and Subsidiaries and fees for other services paid to the Auditors for 2017

Sr. No.	Particulars	Amount (In RO)
1.	Statutory Audit Fees (Parent)	42,500
2.	Statutory Audit Fees Al Khalij Heavy Equipment & Engineering LLC (Subsidiary)	2,500
3.	Statutory Audit Fees Galfar Training Institute LLC (Subsidiary)	1,700
4.	Statutory Audit Fees Galfar Engineering & Contracting India Pvt. Ltd (Subsidiary)	1,522
5.	Statutory Audit Fees Aspire Projects & Services LLC (Subsidiary)	2,300
6.	Statutory Audit Fees Galfar Aspire Readymix LLC (Subsidiary)	2,450
7.	Statutory Audit Fees Salasar Highways Pvt. Ltd. (Subsidiary)	244
8.	Statutory Audit Fees Kashipur Sitarganj Highways Pvt. Ltd. (Subsidiary)	244

The Board of Directors acknowledges as at December 31, 2017:

The Board of Directors acknowledges:

- ☐ With its liability for the preparation of financial statements in accordance with the applicable standards and rules.
- ☐ Review of the efficiency and adequacy of internal control systems of the Company and that it complies with internal rules and regulations.
- ☐ That there is no material matter that affects the continuation of the Company and its ability to continue its operations during the next financial year.



Engr. Majid Salim Said Al Fannah Al Araimi
Chairman



2