

20 | ANNUAL
23 | REPORT

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Galfar

20 23

ANNUAL
REPORT

Partner in Progress



Galfar Engineering
& Contracting SAOG

Al Omran Street, Ghala Industrial
P.O. Box 533, Post Code 100
Muscat, Sultanate of Oman



“ We stand today with firm invincible will on the threshold of a vital stage of development and nation building. It is a stage in which you all have participated in drawing out its prospects in Oman 2040 Future Vision, and contributed to devising its economic, social and cultural goals, in a manner that embodies a clear-cut vision, great expectation towards a more prosperous future. ”

His Majesty Sultan Haitham Bin Tarik
23 February 2020



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نحن نؤمن بعُمان وبطاقات شبابها
"فهم السواعد التي تبني الوطن"



We believe in Oman's potential and the vitality of its youth, the driving force behind the nation's growth and development.



Galfar Engineering & Contracting SAOG

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Galfar Engineering &
Contracting SAOG

01

About Galfar



Vision, Mission and Values

Our Vision



To be the preferred and trusted partner in development whilst creating a value - based sustainable growth for all our stakeholders.

Our Mission



Achieve world class performance in project delivery. Innovate in projects and services execution. Maximize client value and satisfactions.

Our Values



- Integrity • Quality • Simplicity
- Respect • Safety • Continuous improvement

Our Strategy



Galfar AT A GLANCE

With remarkable growth over the past five decades, Galfar has contributed significantly to the development of Oman as a pioneer engineering and contracting firm. By combining competence, competitiveness and timely delivery with the highest quality standards, Galfar has gained prominence in the field of construction and engineering. We have a longstanding tradition of serving our valued clients to their complete satisfaction through efficient management and excellent workmanship.

We are actively involved in three main business verticals, namely:



Energy & Industrial



Infrastructure



Civil & Environmental

Across these three verticals, our Company strives to provide comprehensive and innovative solutions that address the challenges of today's rapidly evolving world. We combine technical expertise, cutting-edge technologies, and a commitment to sustainability to deliver successful projects and contribute to the betterment of society.

Galfar is a trusted one-stop solution provider for our esteemed customers throughout the Sultanate because of its operational versatility and extensive logistical network, which rivals that of competitors. Our company continuously strives to innovate and improve its efficiency in the era of advanced technologies and new techniques. Recently and in collaboration with our partners we are pleased to have positioned Galfar firmly in the future of 3D Printing Technology and its growing application.

Similarly, Galfar maintains a large base of employees working in various sectors in many geographical areas in Oman, where an average of 16,708 workers have been working on the company's projects over the past six years. Our company strives to provide them with appropriate care in accordance with the laws and regulations of Oman and the International Labor Organization (ILO).

GOAL ZERO APPROACH

HSSE (Health, Safety, Security, and Environment) is a top priority within Galfar. Safety and security of our employees and stakeholders are of the utmost importance to us, as well as the protection of our environment.

Our vision is to achieve Goal Zero which encompasses our unwavering commitment to achieving zero harm, zero incidents, and zero environmental impact in all our operations and activities. It reflects our steadfast dedication to the highest standards of health, safety, and environmental stewardship. Moreover, this vision has been reflected into an actionable activity supported by frequent follow up meetings with agreed corrective actions.

To maintain our commitment to HSSE, we have implemented strict guidelines, policies, and procedures for our employees and subcontractors to follow. We provide regular training and awareness programs to ensure that everyone is equipped with the knowledge and skills necessary to maintain their safety and wellbeing.

Our HSSE objectives include the prevention of accidents, incidents and occupational illness, and we strive to continuously improve our best practices and standards to achieve these goals. We believe that a strong focus on HSSE not only benefits our employees, but also our clients, the environment and the wider community at large. We remain committed to this priority and continue to make it an integral part of our company ethos.

HSSE Performance 2023



+
400**COMPLETED
PROJECTS****7****ONGOING
PROJECTS**OMR
2.78
Billion**VALUE**

Energy & Industrial

We Laid Over
10,000 Km
Pipelines / Flowlines

We manage operations within the Oil and Gas sector, with an expanded scope covering Oil and Gas Plants (upstream and downstream), Petrochemical Plants, Manufacturing Plants, Industrial Plants, and projects encompassing both conventional and green energy sectors

Galfar possesses the capability to deliver medium-sized EPC contracts within the Industrial sector, positioning us to fulfill both current and future industry demands. Our activities now encompass conventional and green energy projects as well. With a track record of several years demonstrating expertise in upstream service contracts—including Design, Civil, Mechanical, Electrical, and Instrumentation Services—we have successfully executed Oman's largest contract to date, valued at USD 2.19 billion. The unit boasts a formidable workforce of 5000 individuals, spanning a diverse range of expertise and skills.

Our team manages service contracts from wellhead hook-up to delivery, including gathering stations, tailored to the needs of large, medium, and small-sized exploration and production companies. Our clients list includes prominent names such as Petroleum Development Oman, OQ, British Petroleum, Occidental Oman, Daleel, and others.

We have constructed more than 10,000 kilometers of flowlines and pipelines of varying diameters and materials both below and above ground including associated services.

Partnering with multinational oil and gas companies, we carried out complex process requirements both in the upstream oil sector as well as upstream gas sector. Recent works include the construction contract for the Salalah Liquefied Petroleum Gas plant, Duqm Refinery and Yibal -Khuff Oil and Gas separation, processing and Sulphur recovery plant.

Our projects portfolio includes several oil storages tanks (fixed and floating roof) gathering stations, compressor stations, and Enhanced Oil Recovery projects with complete controls and automation including DCS and SCADA control facilities, EPC of blast-proof buildings in the oil and gas sector.

We have also designed and constructed power transmission systems from 11 kV to 220 kV, we're fully equipped to deliver power generation facilities.

Our record in Health, Safety, Security and Environment (HSSE) is unbeatable by others in the sector. With a previous record of being honored with the British Safety Standards "Sword of Honour", we continue to excel in superior HSSE standards.

Infrastructure

We Constructed Over
4,000 Km of Roads

+
270

COMPLETED
PROJECTS

18

ONGOING
PROJECTS

OMR
1.5
Billion

VALUE

With a strong track record of successfully executing both EPC and Construction projects, Galfar focuses on delivering high-quality projects in various sectors such as Roads and Bridges, Airports and Seaports, Flood protection and recharge Dams, Water transmission and distribution networks, Operation and Maintenance of Water transmission networks, Infrastructure works of industrial parks and refineries, and large-scale earthmoving projects.

Galfar's Infrastructure team has played a significant role in the development of Oman's road infrastructure. With many years of experience, expertise, and innovative approaches, the team has constructed world-class roads and bridges that have contributed to the planned development across multiple governorates of Oman. In fact, over the last three decades, Galfar's esteemed team has constructed nearly one third of Oman's roads.

We take pride in our in its ability to undertake challenging projects and build landmark roads in Oman. It is believed that, if you drive through any of the world-class roads and bridges in Oman, it is likely that Galfar's Infrastructure team has built it. Notable examples include the Muscat Expressway, Batinah expressway (Pkg 1 & 3), Jebel al Akhdar Road to Saiq, Bausher-Amerat Road, and Hasik Shuwaimiyah Road.

Galfar's Infrastructure team boasts significant achievements in constructing airports and ports, highlighting our versatility in infrastructure development. We've played a crucial role in building several airports across Oman, including leading all airside works at Salalah International Airport as a joint venture partner, and developing facilities for PDO ,OXY Ras Al Had Airport. In the marine sector, our projects span the construction of commercial and fishing harbors, reinforcing Oman's coastal infrastructure. Additionally, our contributions extend to dams, recharge structures, and large-scale water networks nationwide, underscoring our comprehensive expertise in enhancing Oman's infrastructure landscape.

Civil & Environmental

50 years Construction Excellence

Galfar has created benchmarks in the industry while delivering path breaking projects ,and has an excellent track record with regards to customer satisfaction.

Being Galfar's first operating team, over the years, the Civil & Environment team has built several landmark projects including palaces, commercial establishments, housing complexes, educational institutions, hospitals, monuments, religious structures, stadia, showrooms, telephone exchanges and residences.

Being a company focused on safety and quality with ability to develop world class infrastructure, our civil and environment team has taken up large civil works for industrial facilities such as iron ore palletization plant, reservoirs, fertilizer plant, amongst others. Our team has also constructed several hotels on turnkey basis across Oman.

We undertook several medical facility projects, including the Ibri, Nizwa, and Sur general hospitals. While the Ibri and Sur hospital projects were relatively modest in scope, the Nizwa Hospital project presented an opportunity for us to execute Mechanical, Electrical, Plumbing,

and HVAC systems, thereby laying the foundation for larger projects such as the Salalah Extended Health Centre, National Heart Centre at Royal Hospital, Accident, Emergency & Burns unit, and Salalah Cardiac Centre.

In addition, we have, executed several coveted projects for the Royal Court Affairs and other Statutory Authorities including guest complexes, office complexes, border posts, correctional facilities and other utility buildings.

We are also involved in following sectors within overall Oman Complex Building such as Hotels, Hospitals and Airport Terminal Buildings Environmental Projects – STP and Sewage Networks O&M Projects – Sewage Networks, Building Facilities (Hospital / Educational facilities).

+
450

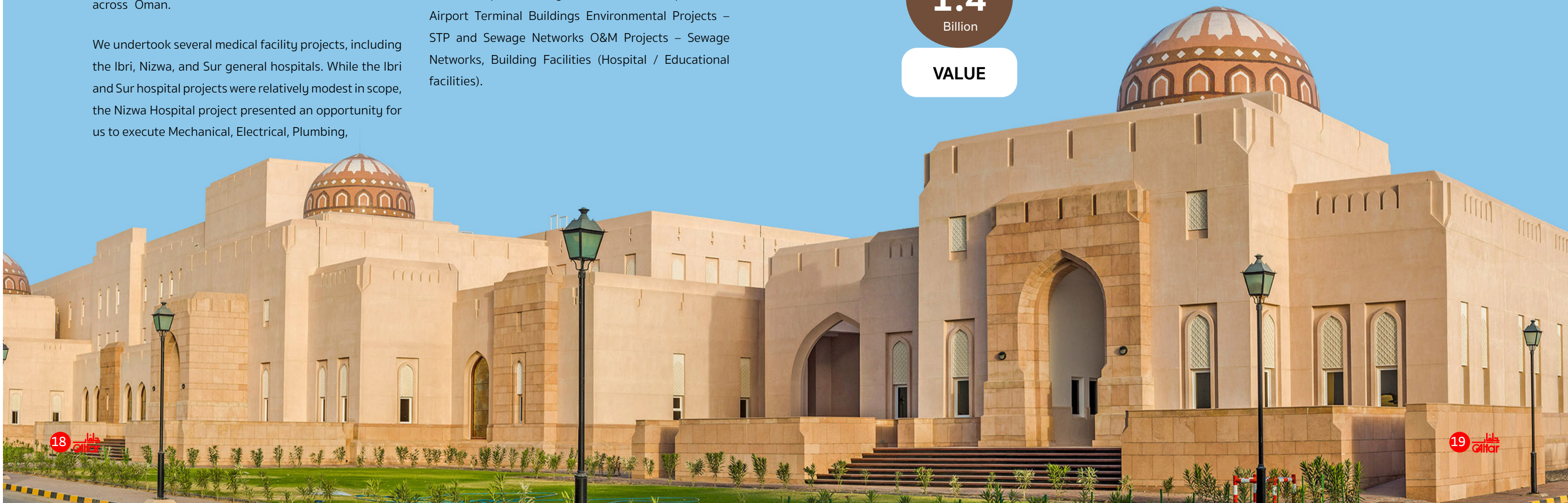
COMPLETED
PROJECTS

10

ONGOING
PROJECTS

OMR
1.4
Billion

VALUE



Galfar Integrated Facilities

As part of our effort to serve our clients, we have a huge fleet of construction Equipment and vehicles, ensuring that we are equipped to handle projects of any scale and complexity. Our diverse range of machinery includes excavators, bulldozers, loaders, cranes, dump trucks, concrete mixers, pavers, and more. These cutting-edge machines are sourced from renowned manufacturers and undergo regular maintenance to ensure optimal performance and reliability. This equipment is managed and maintained by the Plant Department through a well-experienced team of equipment engineers and technicians.

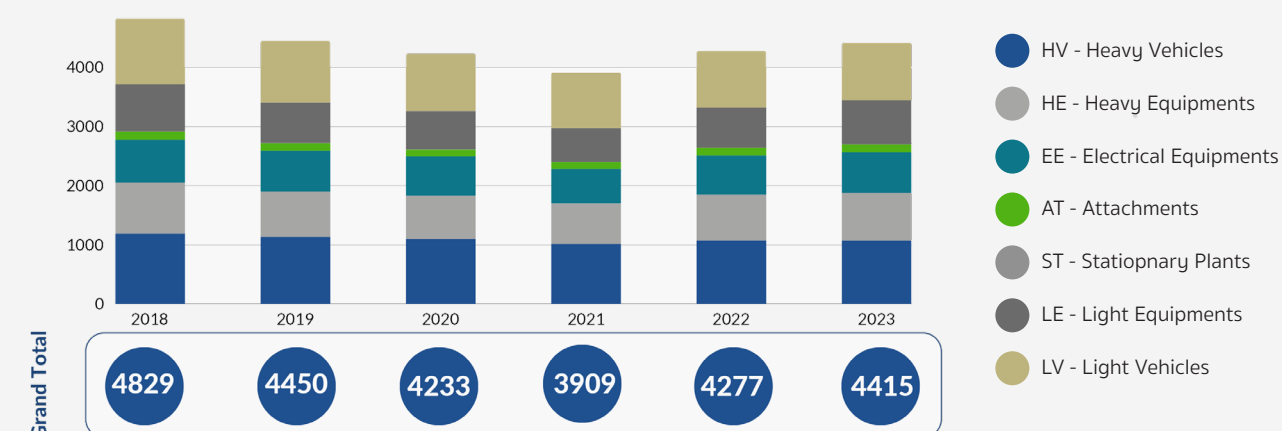
Galfar has maintained a fleet capacity averaging to 4,340 equipment and machinery over the last five years. More than 50% of Galfar fleet includes heavy vehicles, equipment and Stationary plants. To assure availability and productivity, Galfar has its own dedicated state-of-the-art workshop at Khazaen Economic City to maintain the company-owned machinery. This is to support the satellite workshop at project sites.

Industrial facility at Nizwa

Industrial facility was established in 2006 at Nizwa Industrial City of Madayn as a one stop shop to support the energy sector projects, process-oriented industries such as refineries, fertilizer plants, steel plants, power plants and general industrial sector with structural and piping (CSILTCS/SS/DSS/SDSS/Alloy) fabrication in compliance with contract requirements and specifications.



Galfar Fleet: Vehicles, Equipment & Plant



We have one of the largest repair and maintenance workshops in the Sultanate of Oman, catering to the diverse needs of our clients. Our workshop is a state-of-the-art facility equipped with cutting-edge technology, modern equipment, and a team of highly skilled technicians.

Galfar Integrated Facilities

150 k

Area (sqm)

2500

Day (BWS)

Man Hour

27%

Omanization
Percentage

1.2 k

Average No of
machines fixed
per year

4.8 k

Total Fleet
Holding

+250

Staff and workers
accommodation

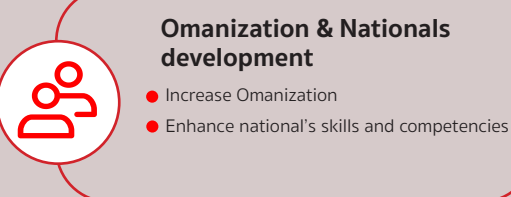
Barka

In Country Value

We are proud that we are one of the largest publicly listed companies in Muscat Stock Exchange (MSX) since 2007 and have more than 3500 shareholders. The majority (>85%) of these shareholders, whether they are individuals or establishments like local companies and pension funds, are Omanis. This suggests that the company is likely deeply rooted in the local economy and culture of Oman.

Furthermore, Galfar is already an ICV rich organization by way of being among the top 3 biggest National employers in the private sector with ~ 3900 Omanis and evident utilization of the local supply chain by way of posting 97% of purchases in the local market. Additionally, we have strategies and policies in place to further sustain and enhance our ICV stance where practically possible.

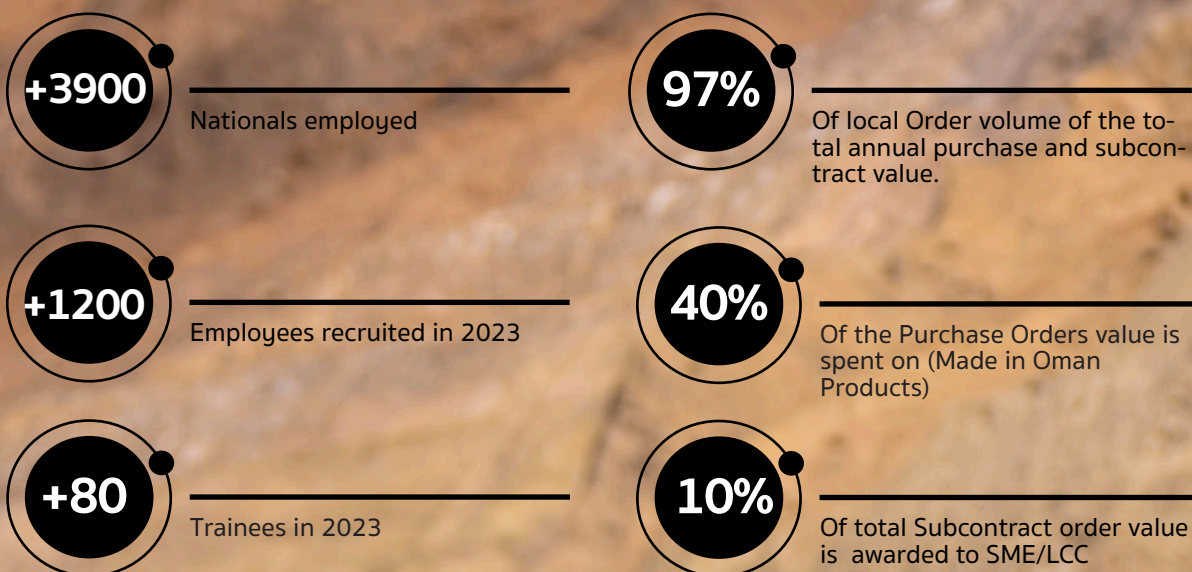
ICV Pillars



We are committed to increasing In-Country-Value (ICV) in Oman through investing in people, goods, and services and closely followed the development & objective of the local content.

As this is an important for the company & the industry to fully understand the implications & compliances thereof Galfar has continuously improved its ICV stance.

Our ICV Achievements 2023



Galfar SUBSIDIARIES

Furthermore, Galfar leverages its specialized expertise across its subsidiaries to deliver unparalleled services on large-scale projects. Galfar Aspire Readymix Concrete LLC excels in providing concrete solutions spanning the entirety of the Sultanate, ensuring comprehensive coverage and reliability. Meanwhile, Aspire Projects and Services LLC offers a diverse range of specialized services, including HVAC, MEP, carpentry, joinery, aluminum windows and facades, Extra Low Voltage (ELV) systems (both active and passive), as well as LED lighting solutions encompassing design, development, and implementation for projects of various scales.



- Founded in 2011
- Project Service
 - Civil
 - IOT Solutions
 - MEP
 - BMS, Security, SCADA, ELV
- Facilities management



- Founded in 2011
- Supply of specialized concrete for construction projects in Oman.
- Supply of Micro-Concrete for 3D Printing.



- Founded in 2011
- A leading provider of specialist Logistics & Cranage services including.

Rig Move & Support functions in Oman Cranage & Heavy Lifta Clearing & Forwarding Transportation & Logistics Service.



02

Board of
Directors

Board of Directors



Eng. Majid Salim Al Fannah Al Araimi
Chairman

Eng. Majid holds a BSc in Engineering Management from the University of Missouri, USA. He is one of the Directors who has played an active role in developing the business of a group of private companies and several reputed educational institutions in the Sultanate of Oman. He is the Chairman of National Drilling and Services Co. SAOC, United Gulf Energy Resources SAOC and the Travel Point Group and holds office as the Vice Chairman of several private companies.



Mr. Hamdan Ahmed Al Shaqsi
Member

Mr. Hamdan holds an MBA majoring in Financial Management, ACCA finalist 1989 and is a Certified SAP ERP Consultant on CO module. He served for 20 years in various senior roles, in PDO, Oman LNG. In 2007 he became a co-founder, promoter, developer, and CEO of Gulf International Pipe Industry LLC (GIPI).



Eng. Mohiuddin Mohamad Ali
Vice Chairman

Eng. Mohiuddin holds a BSc Civil Engineering graduate from Carnegie Mellon University, Pittsburgh, USA. He is the Vice Chairman of PMA International LLC and MFAR Group of Companies. He is the Chairman & Managing Director of Alpha Fishco LLC. He is the member of Board of Directors and Board of Trustees of National University of Science & Technology.



Eng. Shihab Salem Al Barwani
Member

Eng. Shihab holds a BSc in Instrumentation and Control System Engineering. He has over 40 years of experience in the upstream oil & gas sector including refinery and petrochemical industry with specialisation in Project Management covering the entire scope of the project.



Eng. Maqbool Hussein Al Zadjali
Member

Eng. Maqbool holds a BSc in Mechanical Engineering from University of Sunderland (UK). He has over 35 years of experience in the Oil and Gas sectors, with particular expertise in major pipeline projects, construction management as well as facilities projects.



Eng. Said Salim Al Hajri
Member

Eng. Said graduated with honors from Imperial College with a dual degree in Mechanical Engineering and a Master's Degree in Petroleum Engineering. He is also a graduate of The National CEO Program from IMD. He is an entrepreneur who has founded a few companies including Vision Advanced Petroleum Solutions (VAPS) and Local Line LLC.



Mr. Mohamed Taqi Al Jamalani
Member

Mr. Mohammed holds a Bachelors in Economics and Finance from the UK and has completed a postgraduate certificate in International Capital Markets Qualification from London Institute of Securities. He is an experienced and professional in regulatory, financial legal fields and capital markets industry with more than 29 years of practice. In addition, he has knowledge and experience in real estate development, construction and in trading businesses.



Mr. Fazlin Anam
Secretary of the Board

Mr. Fazlin has over 28 years of experience in the Legal profession. He worked for seventeen years as an attorney and legal advisor in the Supreme Court of India before joining Galfar in 2012. He was appointed by the Board in the post of Board Secretary in November 2017.

03

Executive Management

Executive Management



Dr. Hamoud Rashid Al Tobi
Chief Executive Officer

Dr. Hamoud holds a Ph.D. in Physical Sciences. He brings a wealth of experience from academia to the oil services sector, with notable leadership roles and substantial contributions at Petroleum Development Oman (PDO), and as CEO of Al Shawamikh Oil Services Company. From 2020, as CEO of Galfar Engineering & Contracting, he continues to drive innovation and uphold quality standards, shaping the industry's trajectory.



Mr. Mohammed Humaid Al Yahyai
Chief Financial Officer

Mr. Mohammed holds a Bachelor of Finance from Sultan Qaboos University and an MBA from The Executive Academy at Vienna University. He is an affiliate member of ACCA (UK) and ACPA certified. With over 20 years of experience, his leadership is instrumental in steering Galfar business transformation, growth strategies, and enhancing our financial and investment management frameworks.



Eng. Chandran Chinnakamu
Vice President – Project Services Unit

Eng. Chandran holds a BSc in Engineering from Alagappa Chettiar Government College of Engineering & Technology. He has over 34 years of experience in infrastructure projects, including more than 12 years in executive management roles.



Eng. Badar Hamed Al Abri
Vice President – Strategy & Business Development Unit

Eng. Badar has a BSc in Mechanical Engineering and an MBA from University of Strathclyde. He has over 21 years of experience in the oil & energy industry. His strategic approach includes financial forecasting, stakeholder management, and fostering community partnerships for sustainable growth. His focus on business development and innovation plays a key role in Galfar's ongoing success.



Mr. Abdullah Khamis Al Araiimi
Vice President – Human Capital Unit

Mr. Abdullah has an MSc in Management of Strategic Human Resources from the University of Glamorgan, UK. He brings over 30 years of HR leadership to his role. Since joining Galfar in 1996, he has been pivotal in developing systems, policies, and procedures that enhance performance and culture, maintaining strong compliance with regulatory aspects, and fostering harmonious industrial relations.



Mr. Praveen Kumar V
Vice President – Supply Chain Management Unit

Mr. Praveen holds a an MBA in Operations Management from Madurai Kamaraj University, India. With 23 years in Supply Chain Management, he's a PMP-certified professional known for his strategic leadership in procurement, subcontracts, and inventory.



Mr. Alizamin Syed
General Manager – QHSSE Unit

Mr. Ali Zamin has a Bachelor's degree in Science and holds over 23 years of professional experience, establishing himself as a seasoned expert in Quality, Health, Safety, Environment, and Security (QHSSE). His extensive expertise has been cultivated through hands-on roles in renowned construction, Oil & Gas, and Petrochemical projects across Oman, Kuwait, and India.



Eng. Mohammed Khalfan Al Ruzaiqi
Vice President – Energy and Industrial Unit

Eng. Mohammed holds an MSc in Shell Master of Technology from Curtin University, Australia, and an MSc in Automation and Control Engineering from the University of Newcastle, UK. He has over 25 years of experience in the Oil & Gas sector. His extensive experience encompasses operations, engineering, project management, and contracts management.



Eng. Balaraaman Radhakrishnan
Vice President – Infrastructure Unit

Eng. Balaraaman holds a Post-graduate Diploma in Construction Management. He has over 35 years experience encompasses pivotal projects across India, Malaysia, and Oman. He joined Galfar in 2011 as Project Director and later advancing to Unit Head in 2016.



Eng. Ahmed Saleh Al Shibani
Vice President – Civil and Environmental Unit

Eng. Ahmed holds a BSc in Mechanical Engineering from the University of Leeds, UK (1998), and is a graduate of the National CEO Program at IMD, Switzerland (2016). With over 25 years in the oil and gas sector, he has extensive experience in construction supervision, project management, and multi-discipline engineering coordination.

04

Director's Report



Director's Report

For the period ended 31 December 2023



Eng. Majid Salim Al Fannah Al Aرامي
Chairman

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Directors report on the financial performance of Galfar Engineering & Contracting SAOG ('the Parent Company') and its subsidiary and associated companies (collectively 'the Consolidated Group') for the year ended 31 December 2023:

Overview:

	Parent Company (RO 000)		Consolidated (RO 000)	
	2023	2022	2023	2022
Revenue	238,811	166,120	249,854	177,621
EBITDA	10,039	14,031	11,171	12,380
Operating profit	3,725	6,020	3,866	3,314
Profit before tax	574	3,436	(49)	156
Net profit after tax	574	4,628	128	1,283

Financial Performance

Against the backdrop of the global market slowdown and market condition of material price escalations due to geo-political issues Galfar generated significantly higher sales revenue and continued positive operating results in the reporting year.

In the period January to December 2023, the company generated sales revenue of OMR 239 million, up 43.7% on the prior-year figure, supported by a robust order book with positive operating profit. The parent Company achieved a net profit of RO 0.57 million compared to RO 4.63 million for the same period last year. The main factors for the decline in the net profit are related to non-operational reasons related to the implementation of the new labor law, especially concerning the end-of-service benefits for foreign employees.

At the yearend Galfar (the parent company) has an improved order book of RO 579 million compared to last year of RO 517 million.

The order book improvement came as a result of new project awards during the year of RO 397 million.

Our subsidiary companies in Oman which include Aspire Readymix, Aspire Projects, and Al Khalij Heavy Equipment have substantially improved their performance in 2023, the bottom line has improved from a loss of OMR 2.94 million in the year 2022 to OMR 0.02 million in the year ended December 2023. Our associate company in Kuwait reported a loss of RO 0.43 million for the year ended December 2023. The Parent Company continues to make 96% of the entire consolidated business.

Your company is determined to improve its subsidiaries and associates' performance and put in place the strategic plans and measures to overcome the associated challenges to further improve the business with full support from the parent company.

Prospect for 2024

Our planning is based on the assumption that the local economy will grow overall with a noticeable upward in government and private projects to cater for development and infrastructure projects across various sectors in Oman to achieve, among other objectives, fiscal sustainability & and economic diversification.

We anticipate that challenges will arise in particular from the economic situation, the increasing intensity of competition, volatile commodities and more stringent emission-related requirements.



In line with Oman Vision 2040, the government seeks to collaborate with the private sector to undertake investment and Public Private Partnership (PPP) projects to entice it to invest in public services and infrastructure projects. In areas including education, health, transportation and logistics, communication and information technology, agriculture, fisheries, and others, numerous projects are already in progress as well as those that are scheduled to be completed in 2024.

Your Company is committed to turnaround and improving financial performance with a continued focus on implementing the Company's turnaround strategy's six priorities including Restructuring and reorganization, Efficiency and cost Savings, Financials and liquidity, Diversification and capability, Technology and innovation, and Public Relations & Stakeholder Management.

As the flagship for Oman's contracting and engineering business, Galfar is looking forward firmly to building on its strength and to continue supporting the Government and the local market endeavors for economic growth.

Your Company continued to explore avenues to strengthen the company's financial position in a challenging and highly competitive economic environment. As part of the company's turnaround strategy, measures to control expenses and improve efficiencies in project execution are pursued. The company expects to maintain a solid orderbook over RO 500 million in the future with a significant number of tenders under evaluation across a diverse array of sectors and clients. We reasonably expect to be successful in a number of those which will ensure the stability and sustainability of our strong market position.

In addition, your company continues to progress in the various diversification opportunities in Construction Technology, Energy, PPP Projects and other sectors that will provide long-term sustainability and growth opportunities for the Company in the future.



The Sultanate of Oman has committed to achieving net-zero emissions by 2050. Galfar leverages innovation and collaboration to align with Net Zero goals while ensuring operational efficiency and recognizes its environmental responsibility and strives to minimize its carbon footprint, contributing positively to a global environmental health.

Galfar is proud to be one of the top employers in Oman, with more than 3,900 Omani staff. This unique achievement requires specific strengths to serve a wide range of clients and networks. The company will continue developing its staff capabilities and knowledge across different business segments by providing the right opportunities and training programs.

Gratitude & Appreciation

Galfar shall continue its crucial role as a true partner in development and as a company of national interest through its well-established local capabilities, its vast efforts to develop and employ Omanis in one of the most challenging sectors, through its collaboration with the wide local supply chain and various SME(s), and its corporate social responsibility programs.



We express our sincere appreciation and gratitude to the Government under the wise leadership of His Majesty Sultan Haitham bin Tarik and for all the efforts taken by the Government to affirm the Country's fiscal position. Galfar has been instrumental in the development of Oman's infrastructure and various national objectives over the past four to five decades and is determined to continue so in the future.

As closing remarks, we would like to take the opportunity to thank all our esteemed stakeholders for their continued support and trust on Galfar. Our sincere appreciation and recognition also to the entire Galfar workforce who are driving the results achieved and the transformation being at the forefront of Galfar operations all across the Country.

Majid Salim Said Al Fannah Al Araiimi
| Chairman

05

Management Deliberation & Analysis Report

Management Deliberation and Analysis Report



Dr. Hamoud Rashid Al Tobi
Chief Executive Officer

General Overview

In 2023, the construction industry in Oman exhibited robust performance despite facing various challenges. The sector experienced steady growth driven by government initiatives aimed at infrastructure development and economic diversification. Major projects such as transportation infrastructure, water infrastructure, residential developments, and tourism-related ventures continued to propel the industry forward. Additionally, the adoption of advanced technologies and sustainable practices contributed to enhancing efficiency and reducing environmental impact. Despite global economic uncertainties and fluctuating oil prices, Oman's construction sector demonstrated resilience, supported by strategic investments and a growing demand for modernization and urbanization.

Aligned with the ambitious Oman Vision 2040, an intensifies collaboration with the private sector, fostering investment and driving forward Public-Private Partnership (PPP) projects is well demonstrated. These initiatives not only stimulate private investment but also enhance public services and infrastructure across vital sectors such as education, healthcare, transportation, logistics, communication, information technology, agriculture, and fisheries. In 2023, Oman's dedication to economic diversification remains unwavering, positioning the nation and subsequently the construction sector for sustained growth and prosperity in the years ahead.

Performance overview in 2023

Under the guidance of its new management team, the Company is undergoing significant enhancements, positioning Galfar to uphold its prominent status among Oman's leading construction contractors. Since 2021, Galfar has consistently charted a path to success. The unveiling of its Transformation Strategy in 2020 has generated significant interest across various industries and units, underscoring its strategic importance.

In the face of prevailing market challenges, Galfar has successfully secured a substantial new order book totaling RO 397 million for 2023, a testament to its resilience and the confidence it commands in the market. Committed to continuous improvement, Galfar remains firm in its pursuit of strategic objectives aimed at delivering mutual benefits to stakeholders. Key priorities include enhancing project delivery excellence, fostering strategic partnerships, undertaking diversification initiatives, amplifying in-country value, and investing in talent. Additionally, Galfar is dedicated to green initiatives to reduce CO2 emissions and implementing innovative solutions.

Furthermore, Galfar recognizes that meeting future challenges hinges on continual capability upgrades to uphold the highest standards of quality, health, safety, and environmental responsibility.

The Company was successful in collecting certain long pending receivables from its clients. This has facilitated to reduce its bank borrowing to record lows. Asset turnover ratio for the year is also very much improved in comparison to previous periods.

The Group Financial Statements for the year ended 31 December 2023 recorded a Turnover of RO 249.5 million (2022: RO 177.6 million) with a profit after tax of RO 0.1 million (2022: RO 1.3 million). The Parent Company's Turnover for the year ended 2023 was RO 238.8 million (2022: RO 166.1 million) with a profit after tax of RO 0.6 million (2022: RO. 4.6 million).

The performance of the subsidiaries as at the year ended 2023 are as follows:

Galfar Aspire Ready-mix SPC, which produces ready mix concrete, recorded a turnover of RO 14.3 million (2022: RO 12.6 million) with a profit after tax RO 0.9 million (2022: loss RO1.2 million).

Aspire Projects and Services SPC which is a specialized engineering and services company had a turnover of RO 1.6 million (2022: RO 1.5 million) with a loss of RO 0.8 million (2022: loss of RO 1.6 million).

Al Khalij Heavy Equipment & Engineering LLC which specializes in hiring out of equipment had a turnover of RO 2.4 million (2022: RO 1.9 million) and made a loss of RO 0.08 million (2022: loss of RO 0.04 million).

During the year under review the Company has received new orders worth RO 397 Million which includes additional work within the available contracts worth RO 25 million. This has contributed to increase the value of orders on hand as on 31 December 2023 above RO 579 million.

Business Scenario

Our commitment to achieving the objectives outlined in our transformation strategy remains steadfast. We have attained outstanding results that bolster our competitive advantage. In the strategic pillar of Diversification and Sustainability, there have been multiple sustainability actions implemented in Galfar over the last couple of years. This includes adopting energy saving measures within Galfar premises, embarking on 3D printing research and implementation, drafting decarbonization strategy and plans to name a few. The journey also included the execution of an in-house renewable energy project. Additionally, we have been adopting environmentally friendly projects in the road construction. This includes the Green Mantra, which is an enhancement of asphalt performance using recycled plastics.



As for diversification, we have been successful in securing a contracts in new sectors and progressing a couple of other prospects. Also, we have successfully qualified and submitted joint proposals for rail infrastructure and PPP projects tenders.

As a company specializing in project delivery, our strategic priority of Project Delivery Excellence is continually evolving. In the Brand Reputation pillar, we've successfully increased our positive societal impact through CSR programs and ICV initiatives. Moreover, our brand presence has extended beyond borders, evident in our active engagement on social media platforms and participation in local and international events.

Galfar strategic partnerships are crucial to our success, as we prioritize both clients and partners. Despite market challenges, our financial and liquidity performance has demonstrated improvement over the years. The strategic pillar of Technology and Innovation focuses on enhancing excellence, innovation, and creativity in our projects, achieved through the adoption of new technologies and driving digitization across the company.

These remarkable achievements are underpinned by our efforts in the strategic pillar of Restructuring and Capabilities, where we've enhanced our in-house capabilities and streamlined our processes.

In recent years, the energy sector has experienced an unprecedented surge in investment and activity, underscored by the escalating significance of hydro, wind, solar, and geothermal energy sources in the global electricity production landscape.

Adhering to Oman's Vision 2040, Galfar ensures its contributions enhance sustainability, promote nationalization, and pioneer innovation in its chosen disciplines. The company anticipates leveraging its vast resource base and infrastructure to capitalize on the opportunities arising from this alignment with national objectives.

Galfar's Pioneering Path to Net Zero

As the global impact of climate change escalates, the imperative to decarbonize and transition to cleaner energy has reached unprecedented levels. Sultanate of Oman, under the leadership of His Majesty Sultan Haitham bin Tarik, has committed to achieving net-zero emissions by 2050. In alignment with this directive, Galfar has embarked on a transformative journey to strategically address and reduce CO2 emissions.



Galfar's commitment is driven by a multifaceted approach rooted in regulatory compliance, environmental responsibility, and market competitiveness. The imperative to reduce CO2 emissions arises from heightened awareness of regulatory requirements, positioning Galfar as a responsible corporate citizen. The company recognizes its environmental responsibility and strives to minimize its carbon footprint, contributing positively to global environmental health.

Beyond compliance and responsibility, Galfar places strategic emphasis on market competitiveness, viewing sustainability as a key differentiator in the business landscape. The company aims not only to meet but exceed industry standards, appealing to environmentally conscious consumers and demonstrating leadership in sustainable practices.

Galfar's comprehensive Net Zero strategy involves setting emission baselines, identifying reduction initiatives, and implementing sustainable practices. The company leverages innovation and collaboration to align with Net Zero goals while ensuring operational efficiency. Continuous monitoring and reporting ensure transparency, accountability, and communication of progress to stakeholders.

Through systematic processes and a commitment to sustainability, Galfar is not only reducing CO2 emissions but also setting a benchmark for sustainable business practices in its industry.

In-Country Value

We proudly stand as one of the best contractors in championing a holistic approach to support the development and prosperity of our nation through our In-Country Value (ICV) program. Our commitment extends far beyond the realm of construction; it encapsulates a comprehensive strategy to fortify our country's economic and social fabric.

These efforts have yielded impressive results, including a remarkable Return on Investment (ROI) exceeding 20%. We are determined to build upon this success, with plans to incrementally increase our ROI year after year.

At the core of our mission lies a fervent dedication to supporting the recruitment and development of national talent. We recognize the invaluable contribution of our citizens and prioritize their growth, enabling them to thrive within our organization and the industry as a whole.

Furthermore, we ardently promote local purchases and the utilization of “Made in Oman” goods, strengthening our nation’s industries and fostering economic self-reliance. We believe in the power of Small and Medium-sized Enterprises (SMEs) and work diligently to empower them, providing opportunities for growth and collaboration.

Research and development initiatives are ingrained in our ethos, driving innovation and progress within the sector. We actively invest in the future, constantly seeking new ways to advance our capabilities and contribute to Oman’s development.

As responsible corporate citizens, we wholeheartedly embrace our Corporate Social Responsibility (CSR) obligations, actively participating in initiatives that uplift communities and improve lives.

In every facet of our operations, we exemplify excellence and unwavering dedication to the principles of ICV. We are not only building structures but also building a brighter, more prosperous future for Oman and its people.



Corporate Social Responsibility (CSR)

In 2023, our Corporate Social Responsibility (CSR) initiatives reflected our commitment to community development and well-being. We commenced the year by contributing to the construction of a water tank for olive trees in Jabal Al Akhdar, fostering sustainable agriculture and environmental conservation.

As part of our commitment to societal welfare, we proudly sponsored the Indian Social Club Oman and supported the Gulf Traffic Week 2023 activities, emphasizing road safety awareness. Additionally, we sponsored the “Our School Intellectual Property” gathering, focusing on educating teachers about the significance of intellectual property and fostering creativity in education.

Furthering our environmental stewardship, we financed the construction of a groundwater recharge dam on Wadi Al Safri in Wilayat Yankul, Al Dhahirah Governorate, promoting water resource management.

Strengthening community ties, we sponsored the Ramadan Iftar gathering with the Construction Sector Labor Union, fostering unity and camaraderie. Additionally, our sponsorship of the Musandam Carnival aimed at enhancing the tourist experience in Musandam Governorate through cultural immersion and diverse culinary experiences.



During Ramadan, we conducted an Iftar Campaign along Rusyl Bid Bid Road, demonstrating our commitment to supporting local communities. An internal donation campaign resulted in collecting around OMR 800, doubling the amount from the CSR budget to distribute food packs to needy families in areas where Galfar is executing projects.

Our commitment to cybersecurity education was evident through our sponsorship of the “Cython” Cyber Marathon Event, focusing on Capture the Flag (CTF) competitions.

Contributing to healthcare, we financed the purchase of a Polysomnography System for the Sleep Disorders Treatment Clinic at Al Masarra Hospital, specializing in treating patients with sleep disorders.

Promoting sports and talent development, we encouraged golf in the community by offering free memberships and rewarding exceptionally talented junior golfers.

Furthering our commitment to community infrastructure, we contributed to the construction of Al-Samee Mosque in Barka - Shakhakhit and the construction of tourist and toilet shades in Jabal Hatt, Al Hamra. We also supported the construction of a Multipurpose Hall.

Lastly, we extended our support to the “Al-Masarra Mental Health Awareness Caravan,” aiming to enhance awareness of mental health and introduce the community to the services provided by Al Masarra Hospital. Through these diverse initiatives, we remain dedicated to making a positive impact on the communities we serve.

Quality, Health, Safety and Environment

Galfar consistently maintains a competitive edge through its Management System certifications in compliance with International Standards ISO 9001: 2015 & ISO/TS 29001:2010 for Quality Management System, ISO 45001 for Occupational Health & Safety Management System and ISO 14001:2015 for Environment Management System, which has given Galfar a distinctive recognition in the industry.

Galfar’s HSE performance for the year 2023 has been impressive with a Lost Time Injury Frequency (LTIF) of 0.07 against the set limit of 0.18 and a Motor vehicle incident Frequency (MVIF) of 0.18 against the set limit of 2.20, despite several critical activities carried out in this year. High exposure of 57 million-man hours worked and 65 million kilometers driven.



Though the year 2023 remained challenging due to the gradual increase of works at sites and the frequency of adding new employees (National & Expat), subcontractors & vendors to the work locations. However, with a vigilant proactive strategy and continued concerted efforts taken by the organization through Goal Zero initiatives Hazard awareness videos, Graphical posters, Targeted HSE campaigns, and vigilant monitoring through L3 audits of our day-to-day business activities, we successfully ensured that workers resumed their work safely every day and with the required controls in place.

Sustainable and smart QHSE Performance Indicators are set for 2024 to enable continued improvement of our Business Processes. Sustainable HSE performance and Compliance with the new Occupational Health & Safety Management International Standard ISO 45001:2018 during this year will help us improve further and also imbibe new confidence in our Business Stakeholders.

Human Capital

Galfar is committed to developing its resources and maintaining its Omanization targets. Galfar aims to accomplish employee development through transparent and harmonious human capital policies, maintain a motivating work environment, and retain talent. The goal is to be seen as one of the leading employers offering satisfying career opportunities and an environment that thrives with dedication, creativity, and innovation.

Galfar continued its uncompromised commitment to the employment of nationals. In 2023, Galfar recruited 670 plus Omanis. With more than 3900 nationals, Galfar prides itself on being one of the largest employers of the national workforce in the private sector.



Galfar outlook for 2024

With the announcement of numerous infrastructure projects, Galfar is looking ahead to 2024 with optimism, buoyed by the substantial volume of work available in Oman. The company views the abundance of projects as a significant opportunity for growth and expansion. Particularly crucial to Galfar's strategy is its continued emphasis on the energy sector, where it maintains a robust order book. As of the outset of 2024, Galfar's order book stands at an impressive value of over RO 579 million, underlining its strong position in the market and its readiness to capitalize on emerging opportunities. This substantial backlog not only provides a solid foundation for the company's operations but also signifies its proactive approach to securing future growth and success in Oman's thriving construction landscape.

Galfar is intensely engaged across various sectors, spanning Energy & Industrial, Infrastructure, Civil & Environmental, and Operation and Maintenance.

Our versatility and extensive logistical network empower us to tackle diverse and challenging projects throughout the Sultanate of Oman. As a trusted one-stop solution provider, we offer our esteemed customers comprehensive services that meet their needs efficiently and effectively. Our unmatched operational flexibility and logistical prowess set us apart from competitors, enabling us to deliver superior results and exceed client expectations consistently. Galfar stands ready to provide innovative solutions and exceptional service every step of the way in all the sectors.

As a responsible Public Joint Stock Company, Galfar remains committed to maximizing returns from its substantial order book. Through the diligent execution of various strategic objectives outlined in our transformation strategy, we aim to elevate our business by securing new contracts across each of our specialized business units. By continuously enhancing our financial standing, we ensure sustained growth and stability for the company. Our proactive approach to securing new contracts not only strengthens our position in the market but also allows us to diversify our portfolio and seize emerging opportunities. With a focus on innovation, efficiency, and client satisfaction, Galfar is poised to further solidify its reputation as a leading provider of construction and infrastructure solutions in Oman.

Risks

Risks are still an essential aspect of our operation as we are in the construction industry. To effectively manage these risks, our company has implemented a comprehensive risk management system, which is currently being deployed across all business units. This systematic approach enables us to align risk management with our operational and strategic objectives, facilitating the proactive management of uncertainties, minimizing potential threats, and capitalizing on opportunities.

Regular engagement of the management leadership team ensures ongoing discussions on risks and mitigation strategies, ensuring a dynamic response to evolving challenges. Despite these inherent risks, Galfar maintains a healthy confirmed order book and a promising project pipeline, vital for our business sustainability.

Our strengths continue to evolve, leveraging our extensive resource base, including skilled personnel and modern equipment, as well as our impressive 50-year track record in the industry. Our exceptional technical capabilities and diversified portfolio across various sectors further bolster our resilience in the face of uncertainties. As we navigate the construction landscape, Galfar remains steadfast in our commitment to delivering excellence and driving value for our stakeholders.

Our gratitude and commitment

We would like to express our thanks and particular appreciation to the members of the Board of Directors, the management and all the employees of Galfar and its affiliated companies for their work in 2023. With your immense personal commitment, great loyalty and unwavering readiness to support the changes implemented, you made a decisive contribution in helping the Galfar group to conclude fiscal year 2023 successfully in spite of the many challenges presented.

Our expression and thanks are extended to the Government of sultanate of Oman, shareholders, customers, financial institutions and all business partners for their consistent support and encouragement to the Company.

We pledge our support to the various Government initiatives and the Oman 2040 vision under the wise leadership of His Majesty Sultan Haitham bin Tarik.

Dr. Hamoud Rashid Al Tobi
| Chief Executive Officer



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