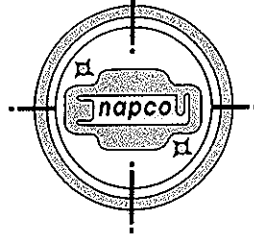


P.O. Box : 15, Rusayl, P. Code : 124  
Sultanate of Oman  
C.R. : 1/22025/0  
E-mail : napco@omantel.net.om  
Website : www.napcooman.com  
Tel. : +968 24446450  
Fax : +968 24446453/24446449



ص.ب : ١٥ الرسيل، الرمز البريدي : ١٢٤  
سلطنة عمان  
س.ت : ١/٢٢٠٢٥/٠  
بريد الكتروني : napco@omantel.net.om  
ويب سايت : www.napcooman.com  
تليفون : +٩٦٨ ٢٤٤٤٦٤٥٠  
فاكس : +٩٦٨ ٢٤٤٤٦٤٤٩/٢٤٤٤٦٤٥٣

## Report on Corporate Governance

In accordance with the Capital Market Authority ("CMA") guidelines, we are pleased to present the Corporate Governance Report ("the Corporate Governance Report") of National Aluminium Products Co. SAOG for the year ended 31 December 2013.

### 1. Company philosophy

The Company's Board of Directors (the "Board") and its executive management firmly believe in a business model which emphasises careful, prudent management of the Company's resources in order to achieve balanced, sustainable growth and profitability. They are acutely aware of their fiduciary responsibilities to the Company's shareholders and they strive to always ensure that they act in the best interests of the shareholders. In this regard, the Company's Board and executive management have taken steps to establish appropriate procedures to ensure that there is no conflict between the interests of the Company and any member of the Board or senior management and, if there is any such conflict of interest, that it is dealt with in an appropriate way and is properly disclosed to the shareholders.

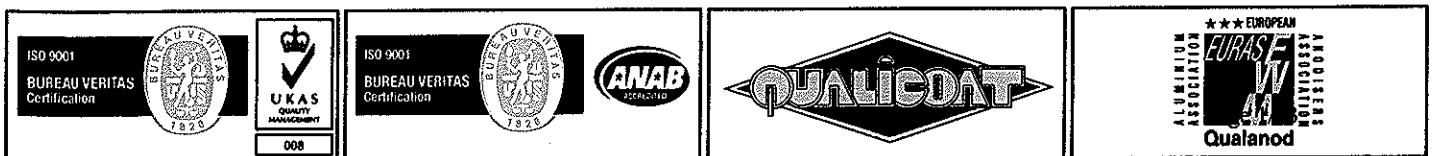
### 2. Compliance with the Code of Corporate Governance (the "Code")

The Company is complying with the Code in both the letter and spirit. The Company has already implemented a number of important recommendations contained in the Code and new legislation, including the following:

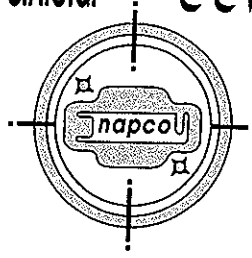
- The Company has established an Audit Committee which is exclusively comprised of non-executive directors and all of them are independent, and at least one of which has finance and accounting experience;
- The Board comprises entirely of non-executive directors, all of them are independent which meets with the requirement of the Code;
- The Company has appointed an internal auditor (M/s. Pricewaterhouse Coopers, Chartered Accountants) and a legal advisor to the Company (M/s. Hamdan Al Durey, Barristers & Legal Consultants)
- As required by the Article 10 of the Code, the Board has reviewed the effectiveness of the Company's systems of internal control, for the financial year ended 31 December 2013.

### 3. The Board of Directors

The current board consists of 7 Directors. All the members of the Board are non executive and all are independent.



P.O. Box : 15, Rusayl, P. Code : 124  
Sultanate of Oman  
C.R. : 1/22025/0  
E-mail : napco@omantel.net.om  
Website : www.napcooman.com  
Tel. : +968 24446450  
Fax : +968 24446453/24446449



ص.ب : ١٥ الرسيل، الرمز البريدي : ١٢٤  
سلطنة عمان  
س.ت : ١/٢٢٠٢٥/٠ :  
بريد الكتروني : napco@omantel.net.om  
ويب سايت : www.napcooman.com  
تليفون : +٩٦٨ ٢٤٤٤٦٤٥٠ :  
فاكس : +٩٦٨ ٢٤٤٤٦٤٤٩/٢٤٤٤٦٤٥٣ :

Details of the current board are set out in Table 1.

### Functions of the Board

The Company in general complies with the functions of the Board as per the CMA Code of Conduct. With respect to the selection of the Chairman, Dy. Chairman and the General Manager and other key executives a selection process is applied within the Board of Directors. The Board of Directors is also consulted on evaluation of key executives.

### Process of nomination/Selection of Directors

At the ordinary general meeting held on March 27, 2011 the current Board was elected for a period of three (3) years. There are arrangements for the filling up of vacancies by the Board itself on a temporary basis and the appointment of substitutes in line with stipulations of the Commercial Companies Law and guidelines issued by the Capital Market Authority. Directors are duly briefed and kept regularly informed on matters concerning the business environment and the Company's businesses as well as specific corporate governance elements. The Board will strive to continuously enhance the level of awareness amongst its members on the above aspects.

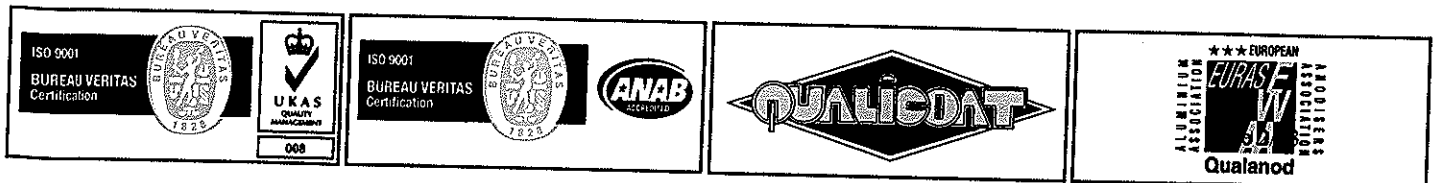
### Minimum information to be placed before the Board

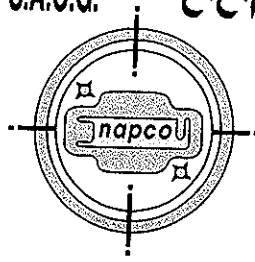
In order to facilitate proper governance, amongst others, the Minimum information to be placed before the Board as per Annexure 2 of the Code, is provided to the Board.

## 4. Company Management

The name, designations, description of responsibilities and brief profile of the Company's Management personnel are as follows:

- **Mr Kamala Singh – General Manager** - Responsible for overall management and operations of the Company
- **Mr. Hamid Al Rashid – Project Development Manager** – Responsible for Project Developments.
- **Mr. Abdul Rasheed – Operations Manager** - Responsible for production and plant operation.
- **Mr Habib Mohsin Ali Al Lawaty - Administration Manager & Compliance Officer**- Responsible for the Administration and also for the statutory compliances.
- **Mr Salah Bin Khamis Al-Hammadi – Human Resources Manager** - Responsible for the Human Resources
- **Mr Mannu Kapoor – Head Marketing & Business Development** - Responsible for Sales and Marketing in Oman, Africa, Asia, UK and Europe.





- **Mr R Jayasankar – Financial Controller** – responsible for the financial decision of the company and also Secretary to the Board.

#### 5. Board Secretary and Compliance Officer

Mr R Jayasankar, the company's Financial Controller has been appointed as Board Secretary. The Board Secretary records minutes of every Board meeting whereby decisions are made and action items are identified. Mr Habib Moshin Ali Al Lawaty is the Compliance Officer. The Compliance Officer ensures compliance to the requirements stipulated under various laws and regulations.

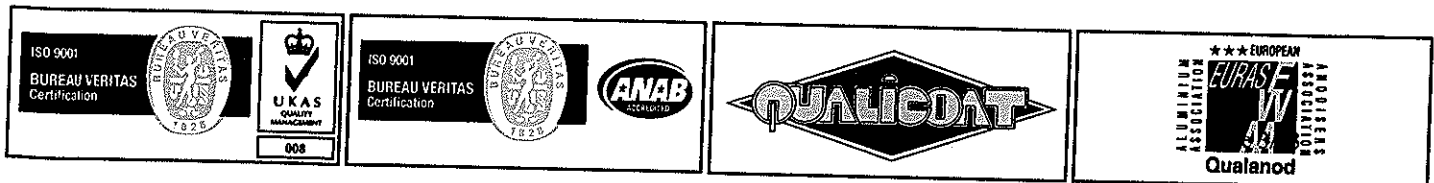
#### 6. Audit Committee

The Board has established Audit Committee comprising of three members, all of them are independent. The Company's Internal Regulation on Corporate Governance lists out the roles and responsibilities of the Audit Committee members. In compliance with the requirements of Article 7 of the Code, one of the members of the Audit Committee has finance and accounting experience.

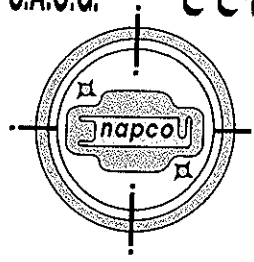
The Audit Committee has met Five times during the year. The members of the Audit Committee, the dates of meetings and the attendance of each director at each such meeting are given in the Table 2.

The Company has Manual of Corporate Governance, duly approved by Board in 2011 which includes the main the responsibilities of the Audit Committee as under:

- Reviewing the annual audited financial statements and the Auditors' Report on the financial statements prior to submission to the Board for approval;
- Propose the name of external auditor, fees and other terms of external auditor to the Board for final approval by the AGM.
- Reviewing and approving the quarterly financial statements prior to submission to the Board for approval.
- Proposing the name of internal auditor, and fees to the Board for approval.
- Reviewing the scope and plan of internal audits;
- Reviewing and discussing accounting and reporting policies and changes in accounting principles;
- Assessing the effectiveness of the Company's internal control systems and procedures and the process for identifying principal business risks;
- Reviewing compliance with the Code of Conduct;
- Reviewing legal matters with counsel;
- Review Directors' and officers' expenses and related party transactions; and
- Meeting with the internal and external auditors independently of management of the Company.
- Approval of non-audit services by the external Auditors.



P.O. Box : 15, Rusayl, P. Code : 124  
Sultanate of Oman  
C.R. : 1/22025/0  
E-mail : napco@omantel.net.om  
Website : www.napcooman.com  
Tel. : +968 24446450  
Fax : +968 24446453/24446449



ص.ب : ١٥ الرسيل، الرمز البريدي : ١٢٤  
سلطنة عمان  
س.ت : ١/٢٢٠٢٥/٠  
بريد الكتروني : napco@omantel.net.om  
ويب سايت : www.napcooman.com  
تليفون : +٩٦٨ ٢٤٤٤٦٤٥٠  
فاكس : +٩٦٨ ٢٤٤٤٦٤٤٩/٢٤٤٤٦٤٥٣

## Audit and Internal Control

In consultation with the Audit Committee, the Board of Directors recommends the appointment of new external auditors to the annual general meeting. Deloitte have been appointed as external auditors for the year 2013 during the ordinary general meeting held on 09.04.2013.

While the present audit firm Deloitte provides audit services and tax services to the company. In accordance with the Corporate Governance Code, the service of Deloitte is not used where a conflict of interest might occur.

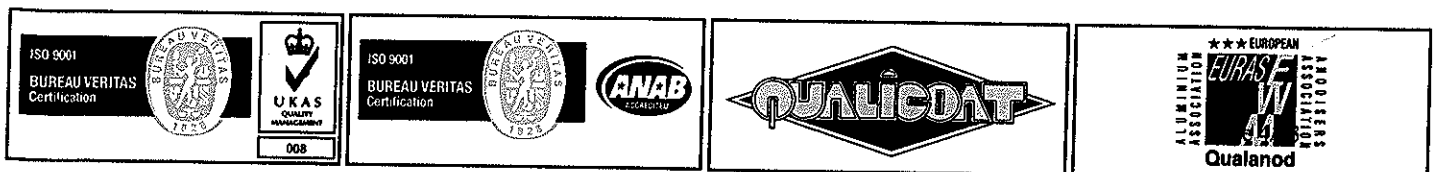
The Audit Committee has reviewed, on behalf of the Board, the effectiveness of internal controls by meeting the internal auditor, reviewing the internal audit reports and recommendations and meeting the external auditor, reviewing the audit findings report and the management letter.

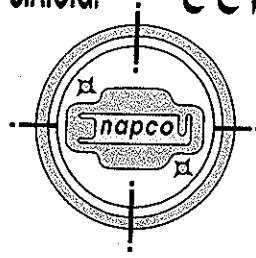
The internal auditors review the accounting controls, both manual and automated, designed to safeguard resources and ensures compliance with laws and regulations; review all accounting and certain operational areas for their utilisation of resources and compliance with established policies, procedures and internal regulation; they also assist the Board in identifying the weakness in any areas. During the year the internal auditors have covered areas like Regulatory and Legal Compliances, Hedging Mechanism, Production, scrap Evaluation and Dies Review, Quality Control, Health Fire and safety, Engineering, Warehousing Management, Inventory Status, Production Costing, Procurement planning, Customer Performance, Human Resource, Finance and Accounts, IT and submitted reports to the Audit Committee and these were reviewed by Audit committee members.

In 2013 the Board of Directors, through the Audit Committee, reviewed and assessed the Company's system of internal controls based on the audit report submitted by the Internal and External Auditors. The Board also reviews the monthly operational reports generated by the Management of the Company. The Audit Committee and the Board are pleased to inform the shareholders that, in their opinion, an adequate and effective system of internal control is in place.

## 7 Executive Committee

The Board of Directors has constituted an Executive Committee to take decisions that are beyond the normal authority of the executive management. The Executive Committee comprises of a minimum of 3 members of the Board. A minimum of two members constitutes a quorum for the Executive Committee meeting. A director member only is elected as Chairman of the Executive Committee. The Chairman of the Executive committee may designate any other Director member of the EC to act as Chairman in his absence. The Secretary to the Board co-ordinates the dates and venues of the meetings. Minutes of the EC meetings are prepared for review and confirmation of the other EC members. The minutes of the Executive Committee meetings are sent to the Chairman and members of the Board of directors for their information.





The Executive Committee has met twelve times during the year. The members of the Executive Committee, the dates of meeting and the attendance of each member at each such meeting are given in Table 3.

### 8 Meetings of the Board of Directors during the financial year ended 31 December 2013

Article 4 of the Code requires the Company to hold at least 4 board meetings in each financial year with a maximum gap of 4 months between each meeting. The company held five meetings in the year.

The dates of the Board meetings and the attendance of each director at each such meeting are shown in Table 4.

### 9. Remuneration of directors and top 5 managers

- a. Sitting fees paid and payable to Directors, along with the Directors Remuneration paid during the year ended 31 December 2013 is given below:

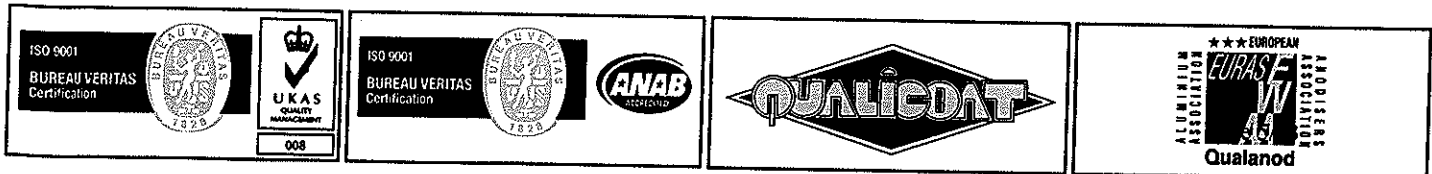
Name of the Director	Position	Sitting Fees (RO)
Mr Rashid Saif Al Sadi	Chairman	1,250
Mr Abdullah Bin Salim Al Harthy	Deputy Chairman	2,250
Mr Akshay J Kothari	Director	4,000
Sayyid Wasfi Jamshid Abdullah Al Said	Director	2,200
Mr. Abdul Hakeem Amir Salim Al Misalhi	Director	2,000
Mr.Mohammed Sadiq Jawad Suleiman	Director	1,800
Mr Raffy Manoug Kozadjian	Director	3,400
	TOTAL	16,900

Travelling expenses paid to Directors

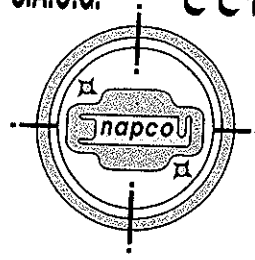
RO 3,408

- b. Remuneration paid to top 5 officials of the Company during the year ended 31 December 2013 (including salary and all other benefits to employees worked part of the year)

RO 219,389



P.O. Box : 15, Rusayl, P. Code : 124  
Sultanate of Oman  
C.R. : 1/22025/0  
E-mail : napco@omantel.net.om  
Website : www.napcooman.com  
Tel. : +968 24446450  
Fax : +968 24446453/24446449



ص.ب : ١٥ الرسيل، الرمز البريدي : ١٢٤  
سلطنة عمان  
س.ت : ١/٢٢٠٢٥/٠  
بريد الكتروني : napco@omantel.net.om  
ويب سايت : www.napcooman.com  
تليفون : +٩٦٨ ٢٤٤٤٦٤٥٠  
فاكس : +٩٦٨ ٢٤٤٤٦٤٤٩/٢٤٤٤٦٤٥٣

The details are as follows:

	RO
Gross salaries and bonus	
Employees' end of service benefits	196,606
Other allowances and perquisites	6,989
Travel expenses	4,099
	11,695
	219,389

- c. Employment Contracts: Expatriate employees and some Omani employees are employed on two (2) year contracts, extendable on mutually acceptable terms on expiry. Notice period is generally 2 to 3 months for all key positions or salary in lieu thereof and for other positions 1 month's notice or salary in lieu thereof. No severance terms are specified in the contracts.

#### 10. Details of non-compliance by the Company

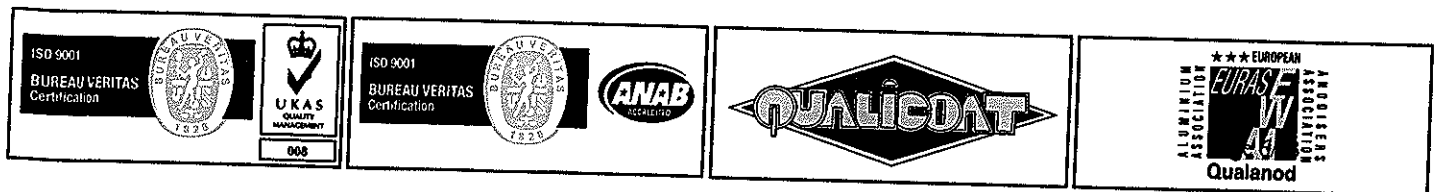
There are no instances of non-compliance by the Company by way of penalties, strictures imposed on the Company by Capital Market Authority/Muscat Securities Market or any statutory authority on any matter related to capital markets during the last three years.

#### 11. Means of communication with its shareholders and investors

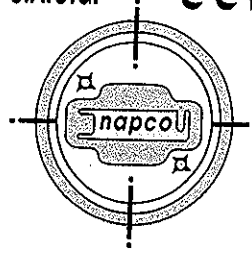
- Each quarter, the Company publishes its unaudited financial results in Arabic and an English daily newspaper. Vide this publication shareholders are also advised that any shareholder who wishes to obtain detailed accounts can contact the Company.

Such quarterly unaudited financial results (and any presentations by the Company to analysts) are also sent in electronic format to the Muscat Securities Market (MSM) to enable them to be published on the MSM's website (www.msm.gov.om)

- Within 1 month of the end of the Company's financial half-year, the Company's half-yearly unaudited financial results are disseminated to shareholders by way of publication in at least 2 Omani newspapers.
- After completion of the statutory audit, the Annual Report and Accounts are sent by post to all shareholders with the Notice of the Annual General Meeting of the Company. Financial statements are also published in English and an Arabic newspaper within one month after the AGM.



P.O. Box : 15, Rusayl, P. Code : 124  
Sultanate of Oman  
C.R. : 1/22025/0  
E-mail : napco@omantel.net.om  
Website : www.napcooman.com  
Tel. : +968 24446450  
Fax : +968 24446453/24446449



ص.ب : ١٥ الرسيل، الرمز البريدي : ١٢٤  
سلطنة عمان  
س.ت : ١/٢٢٠٢٥/٠ :  
بريد الكتروني : napco@omantel.net.om  
ويب سايت : www.napcooman.com  
تليفون : +٩٦٨ ٢٤٤٤٦٤٥٠ :  
فاكس : +٩٦٨ ٢٤٤٤٦٤٤٩/٢٤٤٤٦٤٥٣ :

- With effect from 2002, shareholders are also provided with the Management Discussion and Analysis (MD&A) Report as part of the Annual Report and Accounts.

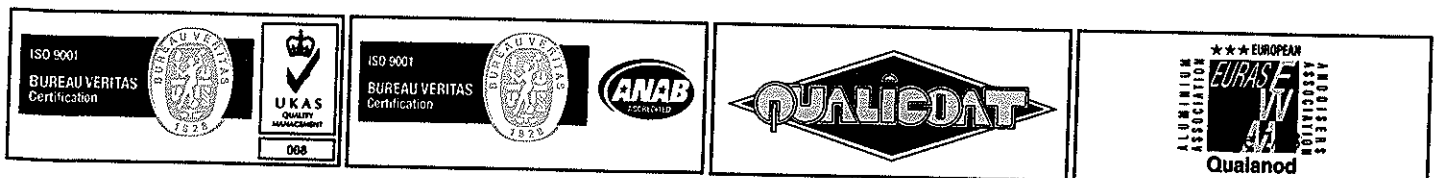
## 12. Market price data

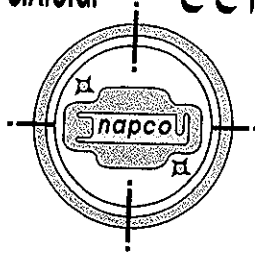
- a. Details of share price movement during the year ended 31 December 2013 are furnished below:

Period (Month, 2013)	High (RO)	Low (RO)	MSM average industry index
January	0.204	0.192	7534.874
February	0.241	0.197	7829.410
March	0.304	0.223	8278.120
April	0.378	0.292	8540.886
May	0.340	0.309	9162.022
June	0.344	0.300	9369.463
July	0.333	0.305	9429.047
August	0.357	0.310	9682.805
September	0.334	0.298	9565.857
October	0.354	0.320	9781.091
November	0.368	0.346	10114.269
December	0.416	0.364	10386.379

- b. Shareholders holding 5% and above shares as at 31 December 2013

Sr	Name of shareholder	No. of shares	Percentage
1	Al Gadeer Investment	4,200,000	12.51%
2	Oman UAE Investment	3,668,535	10.93%
3	HSBC/Ministry of Defense Pension fund	3,357,000	10.00%
4	NBO/ISF/OAB	2,500,000	7.44%





c. Distribution of shareholdings as at 31 December 2013

Distribution of shares	No of shareholders	No of shares	Percentage of total (%)
0-50,000	696	7,548,052	22.51
50,001 – 100,000	11	830,787	2.47
100,001 – 200,000	9	1,068,990	3.18
200,001 – 500,000	15	4,514,317	13.44
500,001 – 1,000,000	8	5,883,769	17.52
Above 1,000,000	4	13,725,535	40.88
<b>Total</b>	<b>743</b>	<b>33,571,450</b>	<b>100.00</b>

d. The Company does not have any outstanding Global Deposit Receipts (GDR)/ADRs/Warrants/ or any convertible instruments, conversion date which can likely to have impact on equity.

13. Professional profile of the Company's advisors

The shareholders of the company have appointed Deloitte as the auditors for the year 2013. Deloitte is one of the leading accounting firms in Oman. Deloitte Touche Tohmatsu Limited, a UK private company limited, a network of member firms around the world devoted to excellence in providing professional services and advice. Deloitte is focused on client service through a global strategy executed locally in over 150 countries. With access to the deep intellectual capital of approximately 200,000 people worldwide, Deloitte delivers services in four professional areas: audit, tax, consulting, and financial advisory services.

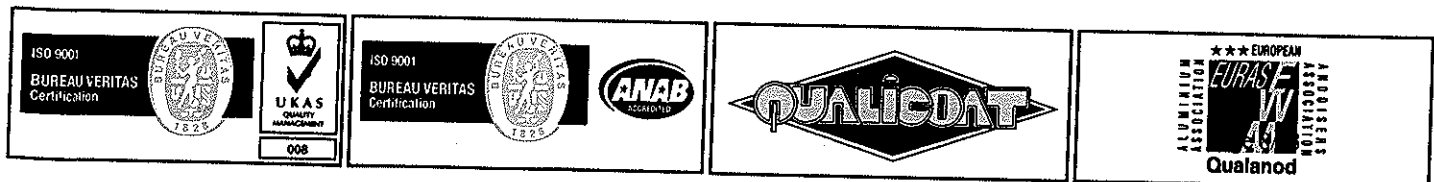
Deloitte & Touche in the Middle East is among the region's leading professional services firms, providing audit, tax, consulting, and financial advisory services through 26 offices in 15 countries with over 2,500 partners, directors and staff. The Oman Practice currently has three Partners and over 100 professionals.

During the year 2013, RO 8,000 was charged by external auditors against the services rendered by them to the organization.

Hamdan Al Durey and Pricewaterhouse Coopers, the Company's legal advisor and internal auditor respectively, are both reputable, professional firms.

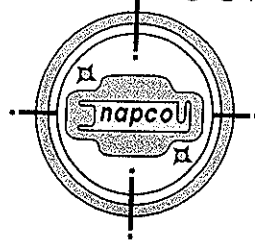
14. Acknowledgement by the Board of Directors:

The Board of Directors confirms that:





P.O. Box : 15, Rusayl, P. Code : 124  
Sultanate of Oman  
C.R. : 1/22025/0  
E-mail : napco@omantel.net.om  
Website : www.napcooman.com  
Tel. : +968 24446450  
Fax : +968 24446453/24446449



ص.ب : ١٥ الرسيل، الرمز البريدي : ١٢٤  
سلطنة عمان  
س.ت : ١/٢٢٠٢٥/٠  
بريد الكتروني : napco@omantel.net.om  
ويب سايت : www.napcooman.com  
تليفون : +٩٦٨ ٢٤٤٤٦٤٥٠  
فاكس : +٩٦٨ ٢٤٤٤٦٤٤٩/٢٤٤٤٦٤٥٣

The Company has all its systems and procedures formally documented in place. The Company has internal regulations separately compiled as per regulatory requirements. The Board of Directors have reviewed this manual and approved it. The internal regulation has all the necessary and prescribed procedures. The Board has reviewed these regulations. Further, Board has reviewed the efficiency and adequacy of internal control systems of the Company and confirms that the same are in accordance with the said manual.

The Board of Directors are responsible to ensure that the financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB), Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the requirements of the Commercial Companies Law of the Sultanate of Oman 1974 (As Amended) and the rules for disclosure requirement prescribed by the Capital Market Authority.

There are no material events affecting the continuation of NAPCO and its ability to continue its production operations during the next financial year.

CHAIRMAN

GENERAL MANAGER

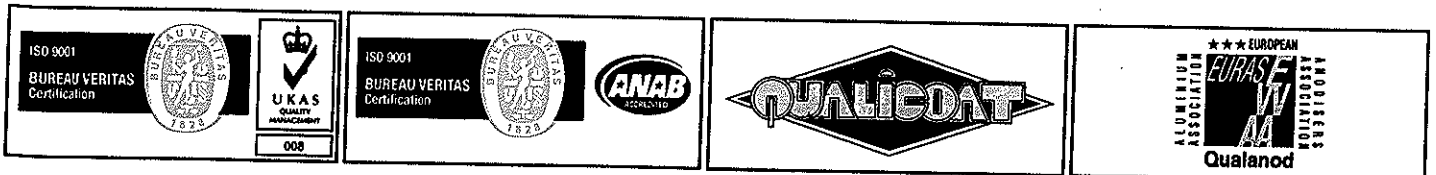


Table 1: (Board of Directors – Composition) as at 31 December 2013

Name	Position	Non-Executive	Independent	Member of Audit Committee	Nominee/Corporate Representative of	Member of other SAOG /SAOC Companies
Mr Rashid Saif Al Sadi	Chairman	✓	✓	X		1
Mr Abdullah Bin Salim Al Harthy	Deputy Chairman and Chairman of Audit Committee	✓	✓	✓	-	2
Mr Akshay J Kothari	Director / Chairman of EC	✓	✓	X	-	3
Sayyid Wasfi Jamshid Abdullah Al Said	Director / Member of EC	✓	✓	X	-	4
Mr. Abdul Hakeem Amir Salim Al Misalhi	Director / Member of AC	✓	✓	✓	Ministry of Defence Pension Fund	5
Mr.Mohammed Sadiq Jawad Suleiman	Director / Member of AC	✓	✓	✓	-	6
Mr Raffy Manoug Kozadjian	Director / Member of EC	✓	✓	X	Oman Emirates Investment Holdings CO, SAOG	7

**Note :**

✓- Yes,

X- No

- <sup>1</sup> Mr Rashid Al Sadi is Director & Audit Committee Chairman of Al Maha Petroleum Products Marketing Company SAOG, Director of The Wave SAOC, Director of Oman National Investments Corporation Holdings SAOG, Director of OIC SAOC, Deputy Chairman of TMK Gulf International Pipe Industry LLC, Director of Al Meera Market SAOC, Director of Al Meera Oman SAOC, Director of Sun Packaging LLC, Director of OCTAL Holdings SAOC, Chairman of Oman Hospitality Company SAOC.
- <sup>2</sup> Mr Abdullah Bin Salim Al Harthy is Director of Oman Power and Water Procurement Co.
- <sup>3</sup> Mr Akshay J. Kothari is not holding directorship other than National Aluminium Products Co. SAOG.
- <sup>4</sup> Sayyid Wasfi Jamshid Abdullah Al Said is Deputy Chairman of Gulf Energy SAOC.
- <sup>5</sup> Mr Abdul Hakeem Amir Salim Al Misalhi is not holding directorship other than National Aluminium Products Co. SAOG.
- <sup>6</sup> Mr Mohammed Sadiq Jawad Suleiman is Director & Member of Executive Committee of Oman Porcelain SAOC, Director & Member of Investment Committee of Al Meera Markets SAOC, Director of Al Meera Oman SAOC, Director of Omani Hospitality Company SAOC, Director of Opal Marketing LLC,
- <sup>7</sup> Mr Raffy Manoug Kozadjian is Director and Chairman of the Audit Committee of National Mineral Water Co. SAOG.

**Table 2:(showing members of the Audit Committee, dates of Audit Committee meetings during the year ended 31 December 2013 and attendance thereat)**

Sl No	Audit Committee Members	Position	(AC No.1 of 2013) held on 18-Feb-2013	(AC No.2 of 2013) held on 27-Apr-2013	(AC No.3 of 2013) held on 10-July-2013	(AC No.4 of 2013) held on 29-Oct-2013	(AC No.5 of 2013) held on 17-Dec-2013
1	Mr.Abdullah Bin Salim Al Harthy	Chairman	√	√	√	√	√
2	Mr.Mohammed Sadiq Jawad Suleiman	Director	√	√	√	√	A
3	Mr.Abdul Hakeem Amir Salim Al Misalhi	Director	√	√	√	√	√

√ = Present; A = Absent

**Table 3 : (showing members of the Executive Committee (EC), dates of EC meetings during the year ended 31 December 2013 and attendance thereat)**

Sl No	Executive Committee Members	Position	(EC No.1 of 2013) held on 13-Jan-2013	(EC No.2 of 2013) held on 11-Feb-2013	(EC No.3 of 2013) held on 17-Apr-2013	(EC No.4 of 2013) held on 28-May-2013	(EC No.5 of 2013) held on 25-June-2013	(EC No.6 of 2013) held on 01-Oct-2013	(EC No.7 of 2013) held on 23-Oct-2013	(EC No.8 of 2013) held on 30-Oct-2013	(EC No.9 of 2013) held on 05-Dec-2013	(EC No.10 of 2013) held on 15-Dec-2013	(EC No.11 of 2013) held on 23-Dec-2013	(EC No.12 of 2013) held on 26-Dec-2013
1	Mr. Akshay J Kothari	Chairman	√	√	√	√	√	√	√	√	√	√	√	√
2	Sayyid Wasfi Jamshid Abdullah Al Said	Director	√	√	√	√	√	√	√	A	√	A	A	A
3	Mr. Raffy Manoug Kozadjian	Director	√	√	√	√	√	√	√	√	√	√	√	√

√ = Present; A = Absent

**Table 4: (Attendance of members of the board at Board Meetings (BM) and at the AGM/EGM/OGM held during the year ending 31 December 2013)**

SI No	Board Members	(BM No.1 of 2013) held on 19-Feb-2013	(BM No.2 of 2013) held on 28-Apr-2013	(AGM OF 2012) held on 09.04.2013	(BM No.3 of 2013) held on 10-July-2013	(BM No.4 of 2013) held on 30-Oct-2013	(BM No.5 of 2013) held on 19-Dec-2013
1	Mr.Rashid Said Al Sadi	√	√	√	√	√	√
2	Mr.Abdullah Bin Salim Al Harthy	√	√	√	√	√	√
3	Mr. Akshay J Kothari	√	√	√	√	√	√
4	Sayyid Wasfi Jamshid Abdullah Al Said	A	√	A	√	√	A
5	Mr.Abdul Hakeem Amir Salim Al Misalhi	√	√	A	√	√	√
6	Mr.Mohammed Sadiq Jawad Sufeiman	√	√	A	√	√	√
7	Mr.Raffy Manoug Kozadjian	√	√	√	√	√	√

√ = Present; A = Absent