

# OER TOP

OMAN'S LARGEST  
CORPORATES  
2007

OER presents its annual ranking of  
the Sultanate's Top 20 Listed  
Companies of 2007

# The OER Top Twenty – Year 2007

Oman Economic Review presents its annual ranking of Oman's Top 20 leading listed companies for the year 2007

For the fifth consecutive year, 2007 continued to be positive for Oman's economy in general and for the Muscat Securities Market (MSM) in particular. The price of oil continued to increase during the year. Oman crude realised an average price of US\$67.80 per barrel in 2007 compared with an average price of US\$61.69 for 2006 and the budgeted price of US\$40 per barrel for 2007. The original total appropriations for 2007 of RO3,016 million were substantially increased by a further RO2,357 million to implement a number of development and basic infrastructure projects. Due to higher oil prices, the actual budget was projected to close with a budgetary surplus of RO1,720 million as against a projected deficit of RO400 million.

## Growth drivers

Due to the bursting of the 'credit bubble' in a year that was full of bad news for developed markets, emerging markets spent 2007 on another planet, with returns of 35 per cent to 40 per cent. The MSM continued to scale unprecedented heights during the year. The MSM ended the year as the best performing stock market in the GCC. This outstanding performance can be attributed to several factors: the performance of the economy, the growing confidence of investors in the market because of the outstanding efforts of the MSM and the Capital Market Authority to apply effective laws on disclosure, control, and corporate governance which is undoubtedly among the best in the region, and the continuous improvement in the profitability of listed companies. The only major IPO launched during the year was of Galfar Engineering & Contracting Company, which was

oversubscribed more than 14 times. Trading volumes amounted to RO2,626 million in 2007 compared to RO1,113 million in 2006, an increase of 136 per cent. The benchmark MSM 30 index ended the year at 9,035.48 points, a gain of 61.88 per cent for the year. The top performer was the banking and investment sector, which was up 71.5 per cent, followed by services and insurance sector, which gained 52 per cent, and the industry sector ended with an increase of 60.4 per cent. Foreign participation in the capital of the listed joint stock companies also increased during the year to 27.55 per cent compared to 23.3 per cent last year, an increase of about 18 per cent.

The government's continued emphasis on diversifying the economy away from dependence on oil gained further momentum during 2007. The implementation of the government's privatisation programme is progressing well. In the tourism sector, the government is expecting a growth of about 8 per cent during 2008. The implementation of a number of major tourism projects has already commenced. These projects include the Wave, Salam Yetti, Shaá in Dhofar, tourism resort in Zighi in Musandam, tourism developments in Sifa and Salalah and a number of other projects. Some of the mega projects in Sohar are also planned to go into production in 2008. The government also acted swiftly in the aftermath of the cyclone Gonu by allocating RO285 million to repair the infrastructure affected by the cyclone.

The performance of western world financial markets was greatly affected by the

## The top five by revenue – 2007

Rank	Company	Revenue (RO million)	Growth % from 2006
1	Oman Telecommunications Co	365	12.78
2	Galfar Engineering & Contract	269	61.08
3	Bank Muscat	266	39.99
4	Shell Oman Marketing	248	9.73
5	Oman Cables	218	73.4

## The top five by profit – 2007

Rank	Company	Profit (RO million)	Growth % from 2006
1	Omantel	113	39.50
2	Bank Muscat	84	39.42
3	National Bank of Oman	45	46.64
4	Raysut Cement Company	30	45.80
5	Oman International Bank	28	7.18

bursting of the 'credit bubble' and problems related to the sub-prime mortgage backed securities. About 140 economies grew at more than 4 per cent in 2007. The rising middle class in China and India is creating millions of consumers of goods and services. In fact, as suggested by one of Merrill Lynch's commentators, "We should probably stop thinking about 'emerging markets' and 'US markets' and 'European markets', and just analyse all of them as markets, period." The US markets showed single digit growth during the year. Around the world, China, India and Malaysia were the stars of the emerging markets. Gold continued to be a reliable hedge against the US dollar. The greenback continued to decline in 2007 against other currencies and gold continued to make all time highs.

During 2007, the revenues of Oman's 20 largest companies showed a handsome growth. Total revenues for the OER Top 20 went up by 32.75 per cent to RO2,606 million. Corporate performance of the year was also extremely positive. The profits for the year increased by 33 per cent to RO466 million from the figure of RO349 million last year. The total market cap of the OER Top 20 on December 31, 2007 was RO6,778 million, which was up by 70 per cent compared to 2006. On April 2, 2007, the market cap of the Top 20 has gone up to RO6,793 million. The OER Top 20 companies represent 66 per cent of the total market cap of the MSM of RO10,273 million at the end of 2007. The average P/E ratio of the OER Top 20 based on the profits of 2007 and the share price on April 2, 2008, is 14.58 times earnings.

## Who is in and who is out

There are four newcomers on the list this year. Galfar comes straight into the number 2 spot, Areej Vegetable is back to the number 16 slot after missing out last year, Al Anwar is at 19 and Oman Refreshment at number 20. These companies have made it to the OER Top 20 this year at the expense of Oman Aviation, which was delisted, Al Hassan Engineering, Dhofar Insurance and ONIC Holding. The ranking of Oman's 20 largest companies in order of revenue produces a list, which includes the four banks, eight companies from the services and the industrial sector each.

There has been only one change in the top five companies in Oman. Galfar comes into the number two slot, replacing Renaissance from last year. Omantel continues to retain the number one spot from last year, as does Bank Muscat at the number three spot, Shell Oman slips two places to the number four spot

and Oman Cables remains at the number five spot. Omantel continues to be the largest public company in Oman with a revenue growth of 12.78 per cent compared to last year.

The chairman of Omantel Eng. Sultan Bin Hamood Al Harthy, in his report to the shareholders explains that the robust growth of Oman's economy in 2007 in all sectors contributed to the overall growth of the telecom industry. Al Harthy states that inspite of increasing competition, the Omantel group has achieved a double digit growth of revenue of around 13 per cent. Al Harthy outlines that the total group net profit after tax rose by 39 per cent to RO112.03 million, adding

that the total subscriber base recorded a growth of 15 per cent. The total number of subscribers increased to 1.869 million, compared to 1.629 million last year.

**"The year 2008 augurs well for the customer in Oman due to the gradual opening of domestic borders and increasing levels of competition."**

Al Harthy cautions that during 2008 the sector liberalisation is likely to intensify. TRA has already requested applications for 'resale of mobile calls offered by the country's two mobile operators'. Internet and value-added services would be opened up for competition and Omantel will continue to face challenges of competition in the local market. He adds that the company has already initiated steps to prepare for this evolving competitive scenario. The group has recognised the potential of broadband services in the years to come and is also focusing more efforts towards international expansion.

## Profit splits

Similar to last year, three of the top five most profitable companies in Oman are banks. It is encouraging to note that all of the five companies are showing healthy growth in profits for the year. There is just one change: Rassut Cement, which was in fifth place last year, has moved up to the number four position, pushing OIB down from number four to five. Omantel continues to remain at the number one spot, BankMuscat at the number two spot and NBO at number three. BankMuscat is the second most profitable company in Oman as well as the third largest company in Oman based on turnover for 2007. BankMuscat has achieved this position by repeating its growth in profit for the year of about 39 per cent.

The Chairman Abdul Malik bin Abdullah Al Khalili states in his year-end report to the shareholders that 2007 was a memorable year for the Bank in many ways. The Bank not only celebrated its 25th anniversary but also decided to place 15

## The top five by growth of profit – 2007

Rank	Company	Growth % from 2006
1	Al Anwar Holdings	450.00
2	Al Jazeera Steel Products	212.14
3	Oman Holdings International	87.49
4	OMINVEST	68.14
5	Al Maha Petroleum	67.89

## The top five highest capitalised – 2007

Rank	Company	Shareholders Equity (RO million)
1	Bank Muscat	628
2	Omantel	341
3	National Bank of Oman	233
4	Oman International Bank	162
5	Oman Cement	120

per cent of its capital with Dubai Financial Group, which helped raise RO283.3 million of additional capital to substantially enhance its net worth.

Khalili adds that during 2007, the bank continued to prosper by enhancing products, services and solutions standards across its operations in the consumer, corporate, wholesale, brokerage, financial institutions, treasury and capital markets asset management, and private banking as well as international operations. During the year, all key rating agencies reviewed and upwardly revised the bank's long-term and short-term financial ratings. Standard & Poors upgraded the Bank's credit ratings to 'BBB+' from 'BBB' and affirmed the 'A-2' short-term counter-party credit rating of the Bank. Khalili goes on to say that BankMuscat commands a market share of 42.7 per cent in terms of total assets, 43.3 per cent in terms of total credit and 38 per cent in terms of total customer deposits, as on November 30, 2007. The Board has proposed a higher percentage of cash dividend of 50 per cent as an exception considering the Bank's 25th anniversary.

Khalili says that 2008 augurs well for the customer in Oman due to the gradual opening of domestic borders and increasing levels of competition from well-entrenched players in the domestic market. In many ways, one will see more and more players offering increasing and diverse range of value-added services. While this poses a major challenge to the domestic banking industry as a whole, he adds that BankMuscat is prepared for the future and continue to invest in technology, processes, people and infrastructure.

### **Breaking new ground**

Al Anwar Holdings has shown the highest growth in profits by an enormous 450 per cent and has jumped to the number one spot. All the top five companies showing highest growth of profit from last year are new on the list. Oman Cables, Al Hassan Engineering, Oman Aviation, Raysut Cement and National Bank of Oman have all dropped off this list.

The Chairman of Al Anwar, Masoud Humaid Al Harthy, in his report to the shareholders for the year ended March 31, 2007, has stated that the company has installed a new management team and reviewed all investments of the company with a view to divest investments that have matured and nurture strategic investments. This resulted in the group achieving its highest ever net profit of RO2.185 million

for the year ended March 31, 2007, an increase of 450 per cent. The Board has recommended a cash dividend of 5 per cent and a stock dividend of 15 per cent.

As last year, three of the top five companies that have the highest amount of equity employed are banks. Bank Muscat continues to remain number one in this category. All the other companies continue to remain in the same position as they were last year and there is no change in this table from 2006.

The Chairman of NBO Suhail Salim Bahwan in his report to the shareholders states that the bank's net profit of RO44.6 million exceeds last year's net profit of RO30.4 million by 46 per cent. Bahwan adds the profit from operations grew by 26 per cent from RO29 million to RO36 million, reflecting the robustness and positive outlook for the economy as well as the bank's clear emphasis on sustainable growth. He explains the bank has diversified its income as reflected in ratio of other operating income to total income, which increased from 33 per cent in 2006 to 40 per cent in 2007. Business efficiency remained an important focus and the improvement in cost to income ratio continues to improve.

Bahwan goes on to say there is clear evidence of continuing resilience and buoyancy in the domestic and regional economies. The year 2008 promises to be even more exciting as the country continues to reap the benefit of the high energy prices as well as sustained development. Bahwan states the bank is poised to embark on a period of rapid expansion and

growth to the benefit of its customers. In particular, the bank will be expanding its consumer banking franchise with new products and services, together with modernisation and aggressive expansion of its branch network and ATMs throughout Oman to provide better access and service to customers.

### **Market returns**

This year, only two of the top five companies that have the highest market capitalisation on the MSM are banks. BankMuscat has retained its first position and Omantel its number two spot. Raysut Cement, Galfar and Bank Dhofar are number three, four and five. NBO and OIB, which were number three and number five last year, are out.

The Chairman of Raysut Cement, Mohamed Bin Alawi bin Ali Muqaibal, in his an-

### **The top five by market capitalisation**

Rank	Company	Market Capitalisation (RO million)
1	Bank Muscat	2,140
2	Omantel	1,298
3	Raysut Cement	497
4	Galfar Engineering & Cont.	457
5	Bank Dhofar	428

### **The top five by return on equity – 2007**

Rank	Company	Profit as a % of Equity
1	Oman Cables Industry	54.22
2	Shell Oman Marketing	43.70
3	AES Barka	36.32
4	Oman Holdings International	33.56
5	Raysut Cement	33.12

nual report to the shareholders, states that domestic and regional cement industry witnessed high increase in demand during the year. Muqaibal says the economic development and boom in construction and mega construction projects, especially in real estate and tourism, has a direct impact on cement consumption. He adds the company continued breaking the previous best performance results and posted record results during the financial year. Muqaibal states the industrial, residential and other construction projects currently under implementation in Oman will continue driving local consumption to a high level. The company is expanding its operations in the neighbouring countries, especially in Yemen, where demand is expected to be strong in the short and long-term duration.

### Promising show

Interestingly, none of the top five companies showing the best return on equity employed come from the banking sector. Only one of the companies in the top five is new. Oman Cables retains its first place showing a massive 54 per cent return on equity employed. Shell Oman Marketing retains the number two position. Al Hassan Engineering, which was number three last year, is out. AES Barka has climbed one place to number three this year from the number four position last year, and Raysut Cement remains at number five.

OCI's Chairman Mustafa Mukhtar Ali Al Lawati, in his report to the shareholders, has stated that 2007 was a year of challenges and difficult tasks. The booming international environment offered OCI an opportunity to expand. Such massive growth had its share of unforeseen problems. The company continues to face unforeseen challenges with success, converting each challenge into an opportunity. Al Lawati adds that sales at RO217 million, compared to RO126 million in 2006, show a growth of 73 per cent. The net profit, amounted to RO15.134 million, compared to 2006 registering a growth of 58.7 per cent. The Board has recommended a cash dividend of 40 per cent. Al Lawati states that a fraction (35 per cent) of OCI-installed capacity can meet 100 per cent of Oman's annual needs in any year and OCI will continue to maintain this level, planning well in advance and with timely investments to enhance cable production for local and global market needs.

All the top five earnings per share growth companies are newcomers on the list. Oman Cables Industry, Al Hassan Engineering, Oman Aviation, Raysut Cement and NBO are all out.

The Chairman of Al Jazeera Steel, Mohamed Abdulla Moosa, in his annual report states that during most of 2007 hot-rolled coil prices remained strong. This was due primarily to firm demand worldwide, and secondly due to in-

creased cost of raw material, such as iron ore and coke, and thirdly due to a consolidation in the production of steel as a result of major mergers in the industry, such as Arcelor/Mittal and Tata/Corus. In addition, the changes in the export duty structure of China meant an increase in the prices of Chinese exports of steel products. All of the above points resulted in buoyancy in steel prices. Moosa goes on to say that the company was not able to increase sales tonnages due to the financial constraints faced in 2007, which caused difficulties in managing the working capital. Moosa states the new capital injection has improved substantially the company's standing. This capital injection not only corrected the financial covenants but also has positive leverage on the borrowing costs of the company.

Four of the five companies on this list are newcomers with Al Anwar taking the top position. Al Hassan Engineering, Shell Oman, Al Maha Petroleum and AES Barka have all been knocked out. Only Oman Cables remains from the last year's list and has moved up two places to the number three position.

Samir Fancy, Chairman of Renaissance, in his report to the shareholders states that 2007 was another record year for Renaissance. The company continued to deliver value to all stakeholders and to make strategic investments that will drive sustained, superior performance over the long term. For the sixth successive year, the 2007 financial results show the highest revenue and profits in the history of the company. The results also show strong growth in comparison to the previous record set in the last fiscal year with revenue up 39.4 per cent, operating profit up 26.68 per cent, EBITDA up 27.9 per cent, and net profit up 21.7 per cent.

Fancy adds that these results show a compounded annual growth of 44.2 per cent in revenue and 33.8 per cent in operating profit over the last five years period (2003–2007). The return on shareholder funds has increased to 17.2 per cent

### The best five by dividend yield – 2007

Rank	Company	Dividend Yield %
1	Shell Oman	6.88
2	Oman Telecommunications	5.80
3	Oman International Bank	5.18
4	Raysut Cement	5.01
5	Oman Holdings International	4.88

### The top five by earnings per share – 2007

Rank	Company	Earnings per share growth %
1	Al Anwar Holdings	275.00
2	Al Jazeera Steel	155.56
3	OMINVEST	103.51
4	Oman Holdings International	78.99
5	Al Maha Petroleum	67.65

### The top five by share price growth – 2007

Rank	Company	Share price growth %
1	Al Anwar Holdings	66.36
2	Renaissance Services	60.24
3	Oman Cables Industry	59.91
4	Bank Dhofar	45.68
5	Raysut Cement	42.36

compared to 16.4 per cent in the previous year. EPS has improved to 78 baizas per share against 66 baizas in 2006. For the current fiscal year the Board has recommended a cash dividend of 15 per cent and a stock dividend of 10 per cent.

Looking ahead, Fancy states, the company is committed to its strategy to strengthen and grow its primary oil & gas services focus. This shall be achieved through divestment of non-core businesses; capital investment in oil & gas services businesses, onshore and offshore; strategic acquisitions in the oil & gas services sector; and, widening and strengthening geographical presence, including formation of strategically important joint ventures to attract quality local content ownership to add value in key markets.

Three new companies have entered the ranking of the best five dividend yield companies. Oman Telecommunications, Raysut Cement and OHI are the new comers in the number two, four and five slots, respectively, replacing AES Barka, Oman Aviation and Oman Cement. Shell has taken the number one position and

OIB has jumped from number four spot last year to the number three spot.

Dr Andrew Wood, Chairman of Shell Oman Marketing, in his report to the shareholders states that overall the company remained the market leader amongst oil marketing companies operating in Oman. He adds the company achieved historically highest ever net profit of RO11.06 million, compared to previous year's net profit of RO8.92 million. Dr Wood explains the retail business remains the most important segment for the company. Total volume sold in retail again broke the one billion litres milestone. The commercial and aviation business achieved respectable result despite the withdrawal of Gulf Air from Oman. The market penetration in the lubricants market also registered record level of sales volume. The board has recommended a final dividend of 110 per cent for the year.

Overall the listing reflects the buoyancy and confidence of the corporate sector in the Sultanates economy. [OER](#)

# METHODOLOGY



The figures and the lead analysis for the listing was done by Mukhtar Hasan. Hasan is a Fellow of the Institute of Chartered Accountants in England and Wales and holds a Corporate Finance Qualification issued jointly by this Institute together with the Securities Investment Institute and the Chartered Accountants of Canada. Currently, he is on the board of several public companies, including Gulf Investment Services, Gulf Mushroom and Muscat Thread Mills in Oman.

## EXPLANATIONS

### Revenues

All companies on the list are derived from the published accounts submitted to the Muscat Securities Market (MSM). Therefore, closed Joint Stock Companies and private companies and establishments are excluded from this list. These companies are, in the first instance, ranked by Revenue. All the other rankings shown on the table do not consider any other companies that do not make the list on the basis of Revenue. In the case of banks, the Gross Interest Income as well as Other Operating Income together is considered as their Revenue for this purpose. In the case of Insurance companies, the Gross Premium Written as well as Investment Income together is considered as their Revenue for this purpose. All figures are for the year ended December 31, 2007, unless otherwise stated.

### Profits

Profits are shown after taxes and all charges including extra-ordinary charges.

Figures in brackets indicate a loss. All losses and negative growth are also ranked where possible.

### Assets

Assets shown are as per the balance sheet at the end of the year. It is the total of Fixed as well as the current assets.

### Shareholders' Equity

Shareholders' Equity is the paid up capital of the company, retained earnings, and statutory and all other reserves as well as share premium.

### Earnings per share

The earnings per share are as declared by the company in its published financial statements.

### Market Cap

Market Capitalisation figure has been arrived at by multiplying the total number of outstanding shares of the company by the price per share as of close of business on April 2, 2008.

### Dividend Yield

The dividend yield figure is calculated on the basis of dividend declared in the financial statements for 2007 against the share price at close of business on December 31, 2007.

### Price Earnings ratio

This ratio has been calculated by dividing the earnings per share for the year 2007 by the share price on April 2, 2008.

# THE OER TOP 20 OMANI COMPANIES FOR 2007

	Ranking		Company	Revenues			Profits				Profit as % of Revenues		Profit as % Assets		Profit as % Equity		
	2007	2006		2007 (RO MN)	2006 (RO MN)	Growth % from 2006	2007 (RO MN)	2006 (RO MN)	Rank	Growth % from 2006	Rank	%	Rank	%	Rank	%	Rank
>	1	1	Oman Telecommunications Co.	365	324	12.78	113	81	1	39.50	10	30.84	8	22.86	2	33.01	6
>	2	N/A	Galfar Engineering and Contracting	269	167	61.08	22	17	8	33.66	12	8.24	11	8.60	9	31.46	8
>	3	3	Bank Muscat	266	190	39.99	84	60	2	39.42	11	31.68	7	2.00	20	13.43	19
▼	4	2	Shell Oman Marketing Company	248	226	9.73	11	9	12	24.01	14	4.46	16	18.76	3	43.70	2
>	5	5	Oman Cables Industry	218	126	73.40	15	10	11	58.68	6	6.94	13	13.34	6	54.22	1
▼	6	4	Renaissance Services *1	199	143	39.16	17	14	9	21.69	15	8.71	10	6.29	11	16.57	17
▼	7	6	Al Maha Petroleum *2	175	124	41.13	7	4	14	67.89	5	3.92	17	14.71	5	30.32	9
▼	8	7	Oman Oil Marketing Company	153	122	25.41	6	4	16	41.45	9	3.71	18	15.18	4	31.96	7
>	9	9	National Bank of Oman *3	101	77	31.77	45	30	3	46.64	7	44.17	3	3.02	17	19.17	13
▲	10	13	Oman Holdings International *4	78	48	62.50	6	3	15	87.49	3	7.47	12	7.86	10	33.56	4
▲	11	14	Raysut Cement Company	65	48	35.42	30	21	4	45.80	8	46.34	1	26.65	1	33.12	5
▼	12	10	Oman International Bank *5	68	63	7.90	28	26	5	7.18	18	41.29	4	2.59	18	17.33	16
▼	13	11	Bank Dhofar	65	51	27.45	23	20	7	13.21	17	35.06	5	2.39	19	20.62	12
▲	14	18	OMINVEST *6	59	41	43.90	27	16	6	68.14	4	45.59	2	3.93	15	24.26	10
▼	15	12	Oman Cement Company	50	50	0.00	17	20	10	(15.47)	19	34.54	6	12.86	7	14.42	18
>	16	N/A	Areej Vegetable *7	53	38	39.47	1	1	20	20.32	16	2.28	20	4.20	14	23.35	11
▲	17	19	Al Jazeera Steel Products Company	45	40	12.50	2	1	19	212.14	2	3.62	19	3.03	16	5.56	20
▼	18	16	AES Barka	41	44	(6.82)	8	10	13	(19.61)	20	20.54	9	5.63	12	36.32	3
>	19	N/A	Al Anwar Holdings *8	37	12	208.33	2	0.39	17	450.00	1	5.86	14	5.52	13	19.03	14
>	20	N/A	Oman Refreshment Company	36	30	20.00	2	1	18	24.09	13	5.09	15	11.57	8	18.12	15

## NOTES

1. Renaissance Services has declared a stock dividend of 10 per cent, which has not been taken into account.
2. Al Maha Petroleum has declared a stock dividend of 15 per cent, which has not been taken into account for calculating its dividend yield.
3. National Bank of Oman has declared a stock dividend of 17.5 per cent, which has not been taken into account for calculating its dividend yield.
4. The figures for OHI are as on March 31, 2007, their financial year-end.
5. Oman International Bank has declared a stock dividend of 10 per cent, which has not been taken into account for calculating its dividend yield.

	Earnings Per Share				Dividend Yield			Dividend Per Share			Sector	Share Price				P/E Ratio	
	2007 (RO)	2006 (RO)	Growth %	Rank	2007 %	2006 %	Growth %	2007 (RO)	2006 (RO)	Rank		31 Dec 07 (RO)	31 Dec 06 (RO)	Growth %	Rank	2 Apr 08 (RO)	2 Apr 08
	0.149	0.108	37.96	10	5.80	5.71	1.59	0.100	0.070	2	Services	1.724	1.226	28.89	9	1.731	11.62
	0.103	0.156	(33.97)	20	2.74	N/A	N/A	0.040	N/A	10	Industry	1.458	N/A	N/A	N/A	1.826	17.73
	0.090	0.066	36.36	11	2.70	3.04	(11.24)	0.050	0.035	11	Banking	1.851	1.150	37.87	6	1.987	22.08
	0.111	0.089	24.27	12	6.88	6.43	7.08	0.110	0.090	1	Services	1.598	1.400	12.39	15	1.841	16.65
	0.169	0.106	59.43	6	1.50	0.93	60.36	0.040	0.010	15	Industry	2.669	1.070	59.91	3	3.424	20.26
	0.078	0.066	18.18	15	1.15	4.81	(76.15)	0.015	0.025	16	Services	1.308	0.520	60.24	2	1.294	16.59
	1.140	0.680	67.65	5	0.30	0.48	(36.74)	0.040	0.040	19	Services	13.200	8.350	36.74	7	14.717	12.91
	0.088	0.062	41.94	9	4.68	5.65	(17.32)	0.048	0.048	6	Services	1.016	0.840	17.32	13	1.405	15.97
	0.049	0.033	48.48	7	2.33	3.07	(24.07)	0.175	0.175	12	Banking	7.507	5.700	24.07	12	0.863	17.61
	0.605	0.338	78.99	4	4.88	5.07	(3.77)	0.200	0.150	5	Services	4.100	2.959	27.83	11	5.900	9.75
	0.151	0.103	46.60	8	5.01	4.35	15.29	0.100	0.050	4	Industry	1.995	1.150	42.36	5	2.487	16.47
	0.338	0.316	6.96	17	5.18	6.25	(17.06)	0.210	0.210	3	Banking	4.051	3.360	17.06	14	3.660	10.83
	0.043	0.038	13.16	16	3.72	4.11	(9.47)	0.025	0.015	9	Banking	0.672	0.365	45.68	4	0.806	18.74
	0.116	0.057	103.51	3	3.89	3.00	29.53	0.030	0.015	8	Services	0.772	0.500	35.23	8	0.835	7.20
	0.532	0.621	(14.33)	18	4.22	6.03	(30.03)	0.270	0.350	7	Industry	6.395	5.800	9.30	16	7.300	13.72
	0.525	0.437	20.14	14	1.78	7.13	(75.08)	0.080	0.300	13	Industry	4.500	4.205	6.56	17	2.969	5.66
	0.023	0.009	155.56	2	0.00	0.00	N/A	0.000	0.000	20	Industry	0.432	0.308	28.70	10	0.710	30.87
	0.263	0.327	(19.57)	19	1.70	0.47	262.67	0.017	0.015	14	Industry	1.000	3.200	(220.00)	19	2.380	9.05
	0.030	0.008	275.00	1	1.14	3.40	(66.36)	0.005	0.005	17	Services	0.437	0.147	66.36	1	0.519	17.30
	0.733	0.591	24.03	13	0.53	0.38	39.63	0.040	0.030	18	Industry	7.600	7.959	(4.72)	18	1.000	1.36

6. OMINVEST has declared a stock dividend of 20 per cent, which has not been taken into account for calculating its dividend yield.
7. Areej Vegetable has declared a stock dividend of 50 per cent, which has not been taken into account for calculating its dividend yield.
8. Al Anwar has declared a stock dividend of 15 per cent, which has not been

taken into account for calculating its dividend yield. The financial statements of Al Anwar are as on March 31, 2007, which is their financial year-end.

- a) All graphs are indicative and not to scale.
- b) Percentage growth may vary from revenue and profit figures in a few places as the numbers have been rounded off.



# The numero uno

## Omantel maintains its pole position

**D**espite enhanced competition, Omantel has stood its ground resolutely. The year 2007 was significant as it saw the company taking bold steps in anticipation of the changing dynamics of the market. From looking beyond Oman to working towards a more unified telecom structure, the year marked a number of firsts for the company.

### Milestones

1. Omantel signed an agreement with BankMuscat and National Bank of Oman for the provision of fully managed state-of-the-art advanced and secure communication solutions, based on the MPLS (multi protocol label switching) technology.
2. The Ministry of Information has awarded Omantel a special contract to provide customised solution to support TV transmission requirements.
3. Omantel launched its Easy Learning Service, Post-paid WiFi and expanded wireless fixed phone services in over 200 villages across the Sultanate, and commenced implementation of an aggressive broadband rollout from November 2007.
4. Oman Mobile, its subsidiary company, has launched corporate private network and Blackberry services in the Sultanate.

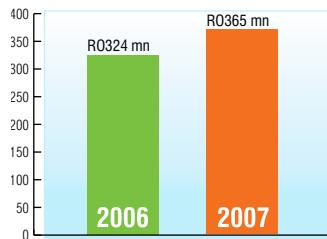
### Looking ahead

Omantel has acquired a 65 per cent stake in Worldcall Telecom of Pakistan at a cost of US\$193 million. It is working now working out the operational details. In another significant move, the company will start working on the ministerial committee recommendations to merge both Omantel and Oman Mobile. The move will prune costs and enhance returns on investments.

### Numbers at a glance

#### Revenue

Growth - 12.78%



#### Profits

Growth - 39.50%



OER Top 20 rank 2006 - 1 2007 - 1



**Dr Mohammed Ali Al-Wahaibi, CEO**

The market is getting increasingly sophisticated. With more information dissemination, customers now want solutions-based service rather than a connection-based service, and telecom service providers need to take note of these changed realities.



# A stellar debut

## Galfar storms the charts with a grand entry

The year 2007 was a watershed year in the 35-year-old history of the company, as it transformed from an LLC (limited liability company) to an SAOG company. The change saw the company impacting the ranking of a number of companies on the list by joining the list as the runners up.

### Milestones

1. The Galfar IPO (initial public offering) was oversubscribed 14.5 times, raising US\$2.26 billion in its wake, making it the biggest-ever sale on Oman's capital market.
2. In 2007, the company got an ISO 14001 certification and OHSAS 18001 standards certification.
3. During the course of the year, the company clocked 97 million km and worked 77 manhours across all its units. The company's lost-time injury for the year was 0.56 against a set limit of 0.7, a significant achievement indeed.
4. With close to 23,000 employees on its payrolls at the end of 2007, Galfar was the biggest private sector employer in the Sultanate.

### Looking ahead

The company has added orders worth RO166 million in the first two months of 2008 to its last year's order book of RO536 million. With a number of projects in the market and a lack of quality players, Galfar is confident of getting a fair share of the pie. The company will also be working on increasing the EPC content of its portfolio, and its road and bridge building capabilities to compete with bigger international firms and spreading to other markets.

### Numbers at a glance

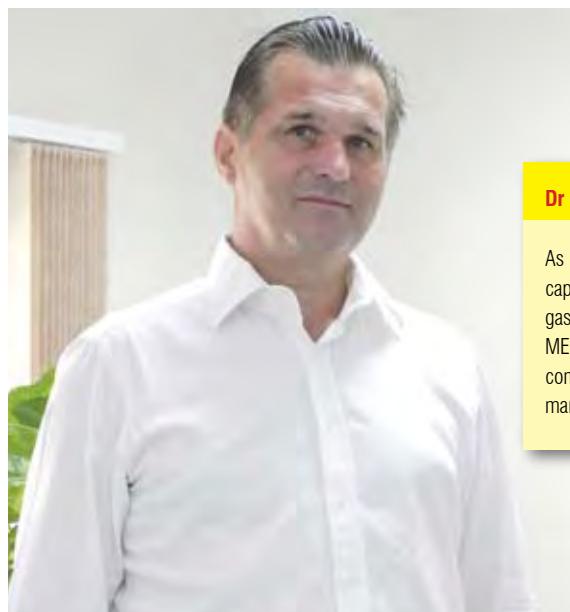
#### Revenue



#### Profits



OER Top 20 rank 2006 - NA 2007 - 2



**Dr Hans Erlings, CEO**

As our EPC (engineering, procurement and contracting) capabilities grow, we want to go international in the oil and gas space. We are thus looking at entering markets in the MENA region and the Indian subcontinent. The company is confident of doing well in these markets, as we know these markets well.



# Jingling register

## BankMuscat rings in its 25th anniversary in style

The banks standing on the OER Top 20 chart reflects its strength as the largest financial services provider in Oman. BankMuscat retains a strong presence in corporate banking, retail banking, investment banking, treasury, private banking and asset management. The year 2007 saw the bank consolidating its position with a 42 per cent growth in assets.



**Abdulrazak Ali Issa, Chief Executive**

BankMuscat has always striven to build on its achievements so as to continue to enhance stakeholder value. This will definitely continue to be our focus in 2008 and the years ahead.

### Milestones

1. BankMuscat placed 15 per cent of its capital with Dubai Financial Group.
2. The private placement deal, the largest cross border deal in the banking sector in the region, helped the bank raise RO238.3 million, substantially improving its net worth.
3. The bank has the largest network of branches, comprising 113 branches, 270 ATMs and 60 cash deposit machines at the end of 2007.
4. It launched its operations in Saudi Arabia in April 2007, with its branch in Riyadh offering a range of products and services under the 'BankMuscat Khayrat' umbrella brand name.
5. BankMuscat acquired a 43 per cent stake in Mangal Keshav group, a respected security company in India.

### Looking ahead

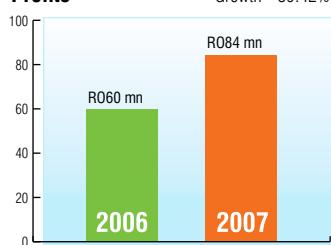
Growth oriented economies have shown that healthy competition leads to the creation of substantial customer value. The year 2008 augurs well for the bank's customers in Oman. As Oman opens up and the level of competition in the domestic market increases, the banking industry will have to gear up to meet the increasing empowerment of discerning customers. Keeping this in mind, BankMuscat continues to invest in technology, processes, people and infrastructure.

### Numbers at a glance

#### Revenue



#### Profits



OER Top 20 rank 2006 - 3 2007 - 3



شركة شل العمانية للتسويق ش.م.ع  
Shell Oman Marketing Company SAOG



# Growth trajectory

## Shell is bullish about its new growth drivers

**S**hell Oman Marketing, with a 50 per cent market share, remains the market leader by a stretch amongst oil marketing companies in the Sultanate. Though the company's retail business remained the main growth driver, it made impressive strides in lubricants and the aviation fuel business.

### Milestones

1. Shell Oman Marketing opened four new retail sites in 2007 while two new sites are nearing completion.
2. Retail volumes grew through the year, breaking the one billion litre-mark yet again.
3. The average throughput of bulk fuels (ATP) per site grew by 8 per cent in 2007 to 9.3 million litres per annum.
4. In the aviation business, the company was able to retain clients like Air-India, Air-India Express and Thai Airways. It also retained its presence at both the major airports in the country in addition to other customer-owned airfields.
5. Its lubricant sales touched a new high in the local market. The de-bottling of its lubricant plant, coupled with regular maintenance, allowed it to register a 14 per cent growth in production volume in 2007.

### Looking ahead

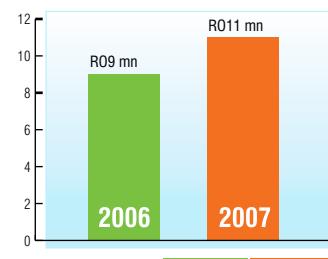
The anticipated growth of the economy and the demographics of the Omani population will lead to a higher consumption of goods and services. These are expected to create a greater demand for oil products. The development of new road networks and residential areas will open up opportunities for the addition of new retail sites and Shell is working on facing new competition to get its share of these new businesses.

### Numbers at a glance

**Revenue** Growth - 9.73%



**Profits** Growth - 24.01%



OER Top 20 rank 2006 - 2 2007 - 4

Faisal Al-Hashar, Managing Director

I expect 2008 to be as strong a year, if not more, than the year gone by. Overall, it is going to be a year of great opportunities and great challenges, and we look forward to taking these on as a company.





# Spreading its wings

## Oman Cables is gearing up to take on the best

The booming international environment is giving Oman Cables Industry (OCI) an opportunity to expand its presence domestically and globally, specially in the GCC region. The company has invested in best practices and people since its inception in 1984 and this is helping it reap the whirlwind now.



**Hussain bin Salman Al-Lawati,  
Vice Chairman & MD**

The economic activity in the region is on the upswing, investment in power generation is also growing and many mega projects are being executed. This will translate into higher demand for electrical power and hence conductors and cables. But, as Oman's market growth remains slower than the region, OCI's dependence on exports is likely to increase.

### Milestones

- OCI supplied a large quantity of cables in Muscat and its adjoining areas for the repair of infrastructure damage arising from cyclone Gonu.
- The company's vertical integration strategy, started in 2005 with investments in a PVC plant, continued. In November 2007, the company concluded the long-pending agreement for setting up an aluminium rod and conductor manufacturing project with Oman Oil Company. The project, located adjacent to Sohar aluminium smelter, is expected to start operations by the second quarter of 2009.
- The company started implementing yet another substantial expansion project to enhance capacity and promote backward integration.

### Looking ahead

The demand for electric power in the markets in which OCI operates is growing but competition remains fierce. OCI is working on a continuous capacity expansion project and such increased capacity, necessitates that the company explores international markets.

### Numbers at a glance

#### Revenue

Growth - 73.40%



#### Profits

Growth - 58.68%



OER Top 20 rank 2006 - 5 2007 - 5



# Setting standards

## Its vision and dynamism has paid off in a big way

The year 2007 was the sixth year in a row in which Renaissance Services recorded its highest revenues and profits. Its revenue and operating profit have shown a CAGR of 44.2 per cent and 33.8 per cent respectively from 2003-2007. This reflects the strengths of the company; the vision to set aspirational targets and the resourcefulness to deliver consistently.

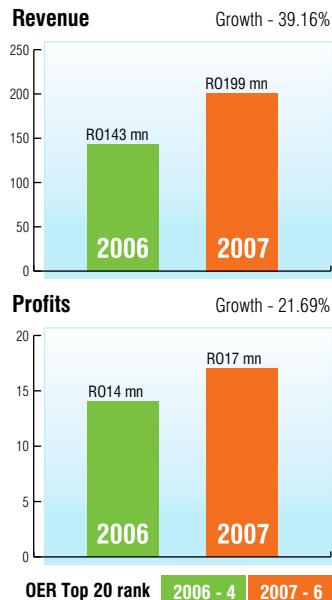
### Milestones

1. Adayr wins US\$35 million Abu Dhabi contract
2. Forms Saudi joint venture with Gentas
3. The company wins a US\$210 million contract from BP in Azerbaijan
4. Inks US\$37 million finance facility with BankMuscat and Bank Dhofar.
5. Signs US\$50 million syndicated Islamic lease finance facility
6. Builds Nemo, the first vessel from NicoCraft
7. Wins new AHTS vessels worth US\$23 million
8. Wins US\$350 million contract for Agip KCO in Kazakhstan
9. Enters Angola with Contract Services Group
10. Wins US\$24 million oil storage terminal contract from FAL energy
11. Plan US\$508 million investments in three years
12. Renews US\$48 million contracts with BP in Caspian

### Looking ahead

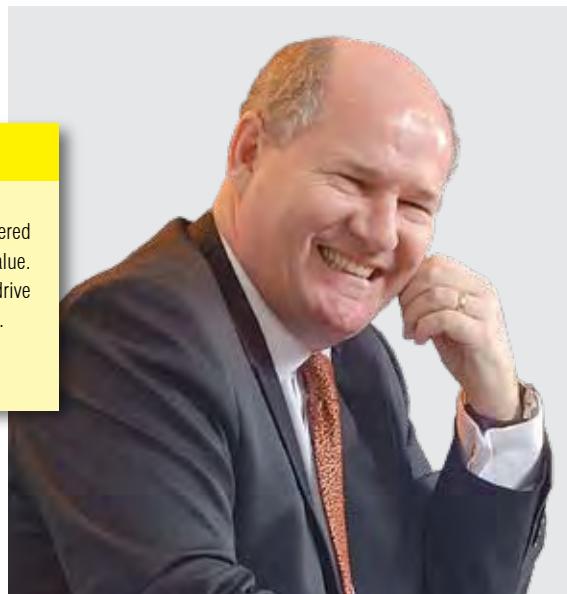
The investment strategy of the company include plans to increase the size of its offshore support vessel fleet and to decrease its age profile. Investments will also go into infrastructure upgradation in its engineering, oil and gas fabrication and ship repair business. The PAC (permanent accommodation for contractors) business will be grown both in size and geographical spread. The divestment focus is on finding good partners for its media and training business. On the operating side the focus is on continuous improvements in HSE, commitment to local content (people), and social responsibility issues.

### Numbers at a glance



**Stephen R Thomas, CEO**

We have delivered another record year. We have delivered growth in the business and growth in shareholder value. We have made further strategic investments to drive sustained, superior performance over the years ahead.





# Retailing success

## An extensive network sets Al Maha apart

**A**l Maha has an extensive retail network throughout the country that caters to the fuel needs of even the remotest areas in Oman. Its stress on customer service depends on quality human resources which is made possible through continuous training programmes across sales, marketing, finance and information technology.

### Milestones

1. The company took cognisance of a favourable external environment in 2007 and the opportunities that it created to leverage them to its best possible advantage. From strengthening its retail presence to creating value added services, Al Maha was truly ahead of the curve.
2. Retail sales grew by 34 per cent on year in 2007, contributing to good revenue performance.
3. The increase in retail sales volume was aided by the construction of seven new filling stations. This increased the total number of filling stations to 145 at the end of 2007.
4. Al Maha fuel cards have also contributed their share to the increase in retail sales.
5. Bulk sales saw an increase of 87 per cent in 2007, primarily due to an increase in sales volume as a result of increased construction activities.

### Looking ahead

The economic growth trends provide an optimistic platform for the future development and expansion plans of the company. Al Maha is working on increasing its presence by expanding its retail network – nine filling stations are under construction and will be commissioned in 2008. The company expects demand from the public and private sectors to continue apace, helping it to increase its marketshare.

### Numbers at a glance

**Revenue** Growth - 41.13%



**Profits** Growth - 67.89%



OER Top 20 rank 2006 - 6 | 2007 - 7

**Said Salim Marei Al Shanfary, General Manager**

Sales in the retail sector is a function of the development of the country and with a number of commercial and industrial projects underway, sales will continue to grow in the years ahead. This will help oil retail companies in the Sultanate.



# Riding the wave

## Oman Oil Marketing Company clocks a record year



**Omar Ahmed Salim Qatan, CEO**

"We re-engineered the structure of our company and created a new culture. It was not an easy task but it sent a message across the company that there are opportunities for growth for everyone who is ready to perform."

### Milestones

1. Best financial performance in the company's history
2. The best loss-time injury free record in 15 years.
3. Highest Omanisation rate of 85 per cent.
4. Completion of the company's business re-engineering process.
5. Successful promotion and export of Omanoil lubricants.
6. Best collection of debts for the year.
7. Employment of Omani's at senior-level positions

### Looking ahead

The company has built a strong foundation for the future and has also identified the expansion of its retail network as the main thrust area for 2008. The launch of Oman Oil's branded lubricants in overseas markets is also expected to drive growth.

### Numbers at a glance

#### Revenue



#### Profits



OER Top 20 rank 2006 - 7 2007 - 8



# In cruise control

## NBO has strengthened its presence across segments

Favourable operating conditions and a benign credit environment helped NBO strengthen its asset quality and profitability in 2007. The bank's growth strategy is to be on the forefront of new product development and offerings. The bank has consistently invested in its distribution channels to make them more accessible and user friendly.

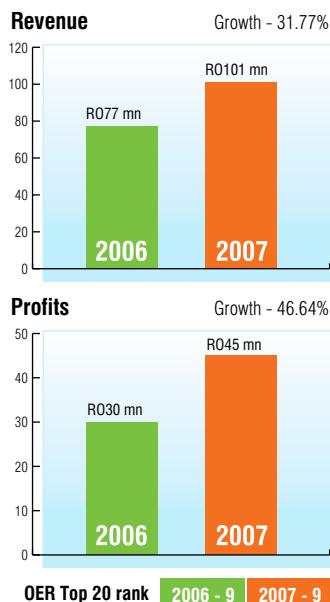
### Milestones

1. Diversification of revenue streams continued to improve, with the ratio of other operating income to total income improving from 33 per cent in 2006 to 40 per cent in 2007.
2. The bank experienced a positive cost of credit in 2007 through collection of non-performing loans, previously provisioned. Recoveries, and releases provisions that totalled RO21.84 million against new provisions of RO7.86 million.
3. The bank was able to recover RO4.1 million from BCCI Holdings Luxembourg after a long running litigation process with its liquidators.
4. The bank was successful in further diversifying its sources of funding by procuring a US\$325 million five-year syndicated loan facility from international banks, which was closed at a competitive pricing prior to the general increase in market rates experienced in the latter half of the year.
5. The bank was conferred with the "Best in Corporate Social Responsibility in Oman for 2007", by the World Finance Magazine, UK.

### Looking ahead

With the bank's erstwhile credit problems having been resolved, NBO is working on a period of rapid expansion and growth in conjunction with its partner, Commercial Bank of Qatar. The bank will expand its consumer banking franchise with new products and services. Plans are afoot to launch corporate only branches in Ruwi and other select centres.

### Numbers at a glance



**Murray Sims, CEO**

The bank has established a clear strategy for growth in 2008 and beyond. The bank has a clearly defined strategy with respect to financial performance, customers and products, processes and service improvements, and development of its employees.





# Two to tango

An association with reputed principals gives OHI its edge

OHI has nurtured and developed partnerships over the years enabling it to offer value-added services and products to its customers. In addition, a diversified list of businesses has helped it to leverage synergies rather than diluting its focus.



**Behram Divecha, CEO**

Every economy goes through various phases of growth like a preparation stage, take-off stage and a cruising stage. Oman, with a well-educated younger generation is now in a cruising stage. The government's proactive approach is also creating a number of business opportunities.

## Milestones

- The group entered into a partnership with ETA Star to jointly develop a property in Muscat.
- OHI's telecommunication arm executed several important projects in the areas of outside plant work, involving fibre optic and copper cables, satellite telemetry E-Top solution, network performance management system, etc., for clients like Omantel, Oman Mobile, Nawras, PDO and others.
- Its construction company doubled its volumes over the year. It developed major projects like the Sohar Industrial Port Container Terminal, the Thumrait package 1 and 2, Sohar IWPP and Sohar Aluminium Smelter power plant.
- Its travel arm enlarged its footprint in the holiday business while the fleet size of its vehicle leasing company also grew.

## Looking ahead

The group will look forward at further investment opportunities, with a view to achieving growth beyond what is possible through organic means. Diversification by maintaining synergies will also be practiced to mitigate cyclical business risks.

## Numbers at a glance

### Revenue

Growth - 62.50%



### Profits

Growth - 87.49%



OER Top 20 rank 2006 - 13 | 2007 - 10

## RAYSUT CEMENT

**Building up growth**



If anticipating the next big thing and being prepared for it is the cardinal for success, then Raysut Cement is its best exponent. The company has undertaken two major expansion projects since 2004 and with infrastructure and industrial projects worth US\$25 billion in the pipeline, it is sitting pretty. The firming up of cement prices and with domestic demand increasing by a healthy 19 per cent, the company reaped a virtual windfall in 2007.

### Numbers at a glance



OER Top 20 rank 2006 - 14 2007 - 11

### Milestones

1. The company completed a four-year expansion programme from 2004-07, which increased production capacity from one million tonnes per annum to three million tonnes.
2. Raysut increased the capacity of its on-shore receiving terminals in the port of Mukalla and Aden in Yemen to 27,000 tonnes to cater to emerging markets.
3. A timely increase in the number of specialised cement carriers through long-term charters helped the company offset the increase in freight costs in 2007.
4. The introduction of new technology helped the company bring about substantial savings by cutting on thermal and electrical energy consumption.

### Looking ahead

The company is working on enhancing its operations through organic growth, both domestically and in emerging markets in the region, either on its own or through partnerships and joint ventures. It will increase the capacity of its terminal at Sultan Qaboos port from 12,500 tonnes to 15,000 tonnes during 2008. A land-based terminal at Sohar Port, with a capacity of 20,000 tonnes for delivering bulk cement and bags, is also in the pipeline. With the demand for cement during financial year 2008 expected to increase by 16-19 per cent, the company is poised to continue its stellar run in 2008.

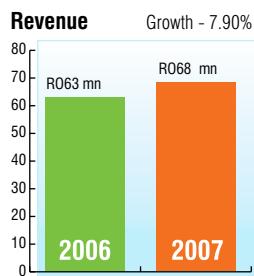
## OMAN INTERNATIONAL BANK

**In consolidation mode**



The year 2007 saw Oman International Bank (OIB) strengthening its position. The bank had a 12.1 per cent marketshare in deposits, 9.6 per cent in loans and 10.7 per cent in assets as on December 31, 2007, according to the Central Bank of Oman's statistics.

### Numbers at a glance



OER Top 20 rank 2006 - 10 2007 - 12

### Milestones

1. The bank improved its asset quality, with its loan impairment for the year decreasing by 18.3 per cent to RO2.77 mn.
2. It focused on increasing project finance loans in line with its strategy of growing its low risk assets.
3. OIB's retail banking unit launched innovative products and services, like 'Al Hadhod' an SMS banking product that provides services to customers on their mobile phones.
4. The corporate banking unit aligned its strategy with the strategic plan of the government by emphasising sectors of national importance like infrastructure, tourism and oil and gas.

### Looking ahead

The bank has carried out feasibility studies to open a number of new branches and progress has been made in terms of identifying the areas. Regulatory approvals have been taken for opening four new branches in Oman. The board has approved the purchase of 300 new ATMs. These measures are sure to strengthen the bank's retail network.

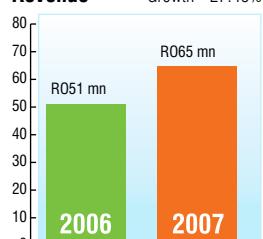
## BANK DHOFAR

### Upping the tempo

**B**ank Dhofar had a good year, with its performance improving on almost all financial parameters like total assets, net loans and advances, shareholders' equity, profits and customer deposits. The bank's aggressive positioning in the market has infused the institution with new energy and dynamism.

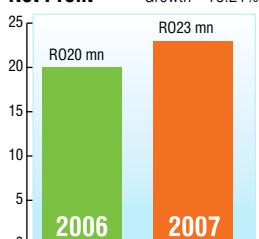
#### Numbers at a glance

##### Revenue



Growth - 27.45%

##### Net Profit



Growth - 13.21%

OER Top 20 rank 2006 - 11 2007 - 13



#### Milestones

1. The bank secured a new long-term borrowing for US\$100 million for five years and one month, and a new medium term borrowing of US\$75 million for three years. This will strengthen the bank's asset base and net worth. The facility was jointly underwritten by ABN Amro bank and Emirates Bank International.
2. Moody's Investor service assigned an A3/P-2 local currency rating, A3/P-2 foreign currency deposit rating and a D+ bank Financial Strength Rating (BFSR) to Bank Dhofar. This is the first time that the rating agency graded the bank.
3. Bank Dhofar has introduced Oman's first and only chip credit card. The facility offers Bank Dhofar's chip card users complete security and greatly enhances the procedures of fraud detection at terminals that are chip enabled.
4. The bank was awarded the second place in the corporate governance award that was organised by the Hawkmah Institute for Corporate Governance and the Union of Arab Banks in association with MasterCard worldwide.

#### Looking ahead

The board of directors had appointed Booz Allen Hamilton, a consultancy firm, to formulate a five-year (2008-2012) strategic plan. Its report was approved by the board in January 2008.

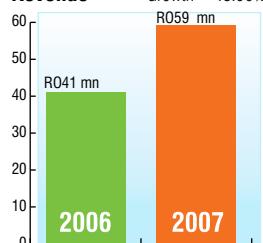
## OMINVEST

### A promising showing

**O**minvest, with investments in finance, real estate and the market, is strategically placed to make the most of the emerging opportunities in the markets. The year 2007 saw its subsidiaries, associated companies and its market portfolio giving good returns.

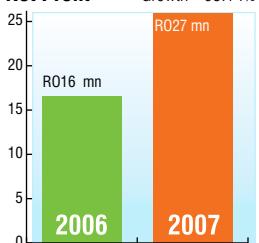
#### Numbers at a glance

##### Revenue



Growth - 43.90%

##### Net Profit



Growth - 68.14%

OER Top 20 rank 2006 - 18 2007 - 14



#### Milestones

1. The company is developing an integrated tourism resort in the Dhofar governorate and discussions are underway with the concerned authorities regarding allocation of land.
2. Ominvest's banking subsidiary, Oman Arab Bank, reported a net profit of RO19.48 million compared to RO15.11 million in 2006, a growth of 28.90 per cent.
3. Oman Arab Bank's board has recommended the increase of its paid up capital from RO48 million to RO60 million through the issuance of rights shares for RO7 million and a stock dividend of 10.42 (RO5 million).
4. The parent company recorded a profit of RO10 million in 2007, an 85 per cent rise over the previous year. This was the result of a substantial rise in the investment income of the company.

#### Looking ahead

Ominvest expects its banking subsidiary to prosper in the conducive economic environment created by the government's efforts and the high price of oil and gas. The company expects returns from its local investments to be a bit more sedate compared to the stellar return witnessed in 2007, with returns from its overseas portfolio seen somewhat depressed as a fallout of the sub prime crisis, though it expects a recovery in the latter half 2008.

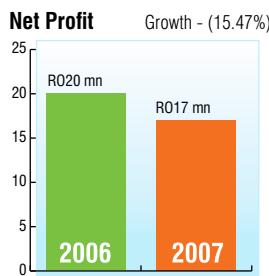
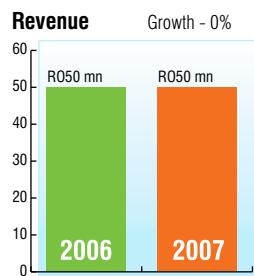
# OMAN CEMENT COMPANY

Gearing up



The year 2007 was a year of transition for Oman Cement, a year when the company put in place a number of initiatives that will shore up its performance in the years ahead. From expanding capacity to improving its product mix to exploring new market opportunities, the company's management was on the ball in every respect.

## Numbers at a glance



OER Top 20 rank 2006 - 12 2007 - 15

## Milestones

1. The company installed a new cement mill with a capacity of 3000 tonnes per day. This takes up its production capacity to 1.26 million tonnes per annum.
2. A contract for the upgradation and modernisation of its packing plant was signed with Beumer of Germany in April 2007.
3. The company developed new markets like Yemen, Sudan, Pakistan, Syria, Iraq, India, Turkmenistan and GCC countries for its oil well cement.
4. Work on installing a new clinker line with a capacity of 4,000 tonnes a day has begun, with an agreement being signed with China National Building Material Equipment Corporation. The project will be completed by the end of 2009.
5. A new quarry for high-grade limestone with an estimated reserve of 50 million tonnes is being developed.

## Looking ahead

In an effort to improve product offering, Oman Cement has finalised plans to introduce portland pozzolona cement, pozzimix cement and oil well cement class-B in 2008. The company expects a number of its initiatives to start paying off in 2008 and is confident of posting good numbers, barring any unforeseen circumstances.

# AREEJ VEGETABLE OILS & DERIVATIVES

Innovation pays



Areej Vegetable Oils is another company that has returned to the charts after having dropped out last year. Faced with challenges like a 50-140 per cent rise in commodity prices like corn oil and palm oil, which are its major inputs, the company has innovated to minimise their impact. From changing the blending composition of its products to entering new markets like Yemen and Iraq, Areej is pushing the envelope to convert adversity into opportunity.

## Numbers at a glance



OER Top 20 rank 2006 - NA 2007 - 16

## Milestones

1. The company had re-engineered its facilities and added balancing equipment to enhance production capacity in 2006. This became available for the full year in 2007, allowing the company to improve its sales volume by expanding coverage of current and new segments, and niche markets.
2. The company is in the process of scaling up capacity to meet the anticipated sales growth in the next few years.
3. The company's turnover increased by 39 per cent in 2007 to RO52.6 million. This was largely the result of an increase in international raw vegetable oil prices. The latter resulted in a 43 per cent increase in sales.
4. The company was awarded His Majesty's Shield for the Best Factories of 2007.
5. The company secured new markets in the region.
6. Areej Vegetables also implemented an SAP ERP system during the year.

## Looking ahead

Though the company operates in a market where prices are highly volatile, it has taken steps to actively monitor and manage such fluctuations, mitigate the price risk and also manage key supply chain relationships. The management expects to sustain the company's stellar performance in 2008, barring exceptional circumstances.

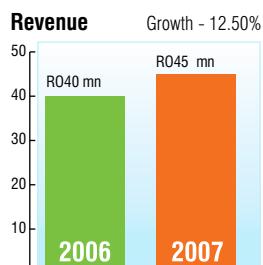
# AL JAZEERA STEEL PRODUCTS

**Breaking new ground**



A combination of agility and foresight has enabled Al Jazeera Steel Products to overcome threats that the steel industry is facing worldwide. These include challenges like price volatility, escalation in raw material costs and a demand-supply mismatch. The company has been able to successfully tap new markets and increase its sales turnover, and move ahead on a firmer footing.

## Numbers at a glance



OER Top 20 rank 2006 - 19 | 2007 - 17

## Milestones

1. Global Buyout Fund, a private equity fund with a US\$1.5-billion portfolio, took a 51 per cent in Al Jazeera.
2. The capital infusion improved the financial covenants of the company and enabled it to reduce its cost of borrowing.
3. Al Jazeera did a sales turnover of RO45 million, a new sales record.
4. The company added new customers in the GCC markets while strengthening its presence in the US and European markets. It started business in Africa and is hopeful of increasing its footprint in the region.
5. It got an API license (a market certification) that will enable the company to supply tubes to the oil and gas industry, improving its revenues.

## Looking ahead

The company's new merchant bar mill is expected to start trial runs in a couple of months and commercial production by the second quarter of 2008. The plant will have a production capacity of 300,000 tonnes per annum, taking Al Jazeera Steel's production to 600,000 tonnes per annum. This will strengthen Al Jazeera Steel's purchasing power and give it a logistical advantage vis-à-vis its competitors.

# AES Barka

**A well-oiled machine**



A utility company, AES Barka is involved in a variety of functions like developing, financing, designing, constructing, operating, maintaining, insuring and owning a power generating station and a water desalination plant. In addition, it also operates other associated gas inter-connection facilities and related infrastructure. In 2007, AES Barka exported 2169GWh of energy (an average hourly export of 248 MW).

## Numbers at a glance



OER Top 20 rank 2006 - 16 | 2007 - 18

## Milestones

1. AES Barka overhauled two power units following the completion of a four-year maintenance cycle. The exercise proved the company's credentials as a utility that is proactive in fulfilling its maintenance commitments.
2. The company adopted the AES Programme for Performance Excellence or APEX, a strategic initiative to improve performance and problem solving skills of its employees.
3. The company set new safety and environmental standards by achieving a stellar milestone of five years without any lost time. This track record enabled the company to renew its ISO 14001 and OHSAS 18001 certifications.
4. Despite concentrating on maintenance work, the company honoured commitments to all its stakeholders by reliably, efficiently and safely producing power and water, in line with its established traditions.

## Looking ahead

Having carried out the requisite maintenance work, the company is now looking at setting new benchmarks. To ascend to a higher level of excellence, the company is fully geared up to adopt a behaviour based approach towards safety and building a brand that is high on integrity, safety and efficiency.

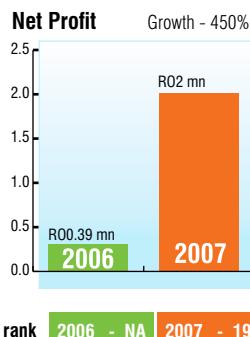
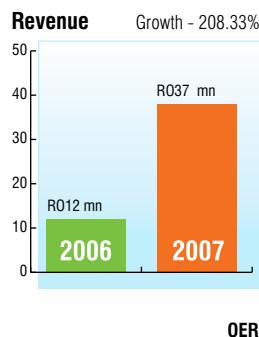
# AL ANWAR HOLDINGS

## Changing course midstream



**A**l Anwar has changed its business model from being a holding company to one, which manages investments. Thus, the company is moving towards becoming a private equity player, with interests in several manufacturing units. It has also shifted its focus from the industrial sector towards the financial services sector. Its changed approach has already started bringing in rich dividends, enabling it to enter the ranks of Oman's Top 20 companies.

### Numbers at a glance



### Milestones

1. The company decided to become a leading private investment company in the region, with a primary focus on financial services.
2. The board took a decision to increase its investments by 100 per cent in five years to RO20 million, 60 per cent of which would be in the financial services sector, including insurance.
3. The group achieved its highest-ever net profit of RO2.18 million for 2006-07 as against RO39 million the previous year.

### Looking ahead

The company wants to do something drastically new in the Sultanate in the coming years. It has been emboldened by its experience in 2006, when it had budgeted a return of 15 per cent but returns totalled turned a healthy 24 per cent. With a number of investment companies on the lookout for deals, Al Anwar is planning to enter into partnerships with other companies to spread its investment basket and capitalise on emerging opportunities.

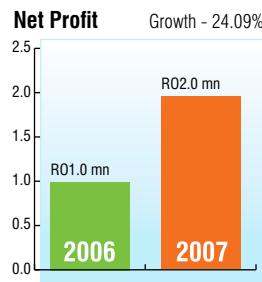
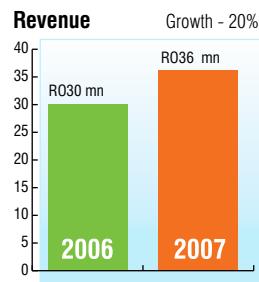
# OMAN REFRESHMENT COMPANY

## Unequivocal leadership



**W**hile a 92 per cent marketshare (for Pepsi products in Oman) is sure to lull most companies into complacency, Oman Refreshment Company (ORC) is not one that is sitting on its laurels. ORC holds the franchise to bottle and distribute Pepsi's carbonated soft drinks and Aquafina in Oman. It also produces a line of fruit juices under the brandname Top. The company has broken into the ranks of OER's Top 20 companies with a strong showing in 2007.

### Numbers at a glance



### Milestones

1. ORC completed the installation of a new CAN line, doubling its existing capacity.
2. Production increased by 11 per cent, from 14.5 million cases in 2006 to 16.1 million in 2007.
3. A new Aquafina water line with a capacity of 18,000 bottles per hour and a new juice line with 7,500 packs per hour were added during the year.
4. The company acquired the distribution rights for Frito Lay snacks from Pepsi and has set up a distribution network for the purpose.
5. It has put up a new 4,000 sq. m warehouse at its factory in Ghala.

### Looking ahead

The year 2007 was a year of transformation for ORC. A transformation that has enabled the company to execute its business more efficiently and streamline its processes. The introduction of Aquafina water, new can and juice lines, and the snacks business augurs well for the company. A strong year ending has set the momentum for good days ahead.