



Minutes of the investors meetings by the top management of Galfar Engineering & Contracting Company dated 5th November 2008 at MSM

"The company is stronger than ever" quoted Dr. Hans Erlings, CEO of Galfar. He stated that the growth of the company will be in line with the strong growth of the Omani economy.

Starting with a general overview of the company, the CEO mentioned that the decreasing margins in the last 3 quarters were due to an extra increase in the cost that the company had to bear. Overall most of the companies across the globe are facing the same situation but the cost fluctuations matters in some places. As in Galfar's case, the company has to bear an extra 3% additional cost on materials. Looking forward as the commodity prices coming down there will be a positive impact on the bottom line.

The CEO stated that most of the contracts are secured with reliable clients with majority of them comprises of government contracts or directly related to the government.

Regarding the rumor spread in the last few days, Dr. Hans said; "I strongly deny the rumors spread by EFG-Hermes." He insisted that there are no legal disputes regarding the miss-management of their projects with PDO.

The company is maintaining a very healthy order book, most of the projects being government contracts. During the last quarter itself the company was awarded with contracts worth RO168mn. The current portfolio of the company stands at RO810mn and is expected to reach RO 1bn by the end of FY2008. The CEO also quoted a strong outlook for the coming four years, maintaining the present growth rates.

About Muscat Expressway, Dr. Hans mentioned that the company is facing some difficulties in maintaining profitability due to delays and changes in the project. The company is in discussion with the government regarding the increase in the cost of raw materials.

Answering to query about the statement of the Minister of Oil & Gas with regards to Al Duqum Project and oil projects in Oman the CEO stated that Galfar was not informed about any cancellation or delays in any of its projects.

Concerning the liquidity issues and financing of projects, the CEO stated that Galfar is not facing any liquidity problems and the banks are still committed to finance the projects.

Regarding the competition from the new comers, the CEO illustrated that the 35 years presence of the company in the Omani market and with diversified business sectors (oil & gas, roads & bridges, and civil & utilities) reinforced by a massive workforce will give the company a competitive edge.

Asked about expansions, the CEO mentioned that the company is dedicated to its growth plans. Recently, it has entered into the Indian market and is looking to tab GCC markets in Civil, Oil and Gas sectors.

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