



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 2015.

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.

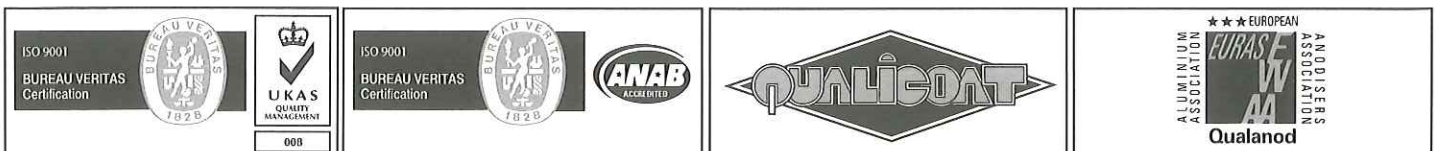
2. Compliance with the Code of Corporate Governance (the "Code")

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 2015.

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.





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 Chief Executive Officer 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 13, 2014 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.

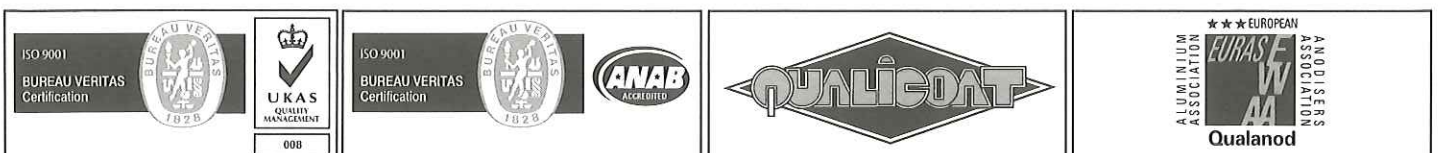
Minimum information to be placed before the Board

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 Robert Holtkamp – Chief Executive Officer** - Responsible for overall management and operations of the Company
- **Mr R Jayasankar – Chief Financial Officer** – responsible for the financial decision of the company and also Secretary to the Board.
- **Mr. Hamid Al Rashid – Project Development Manager** – Responsible for Project Developments.
- **Mr. Slavko Kovacev – Chief Operations Officer-** 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 Mechur Jayachandran – Head of Sales - Responsible for Sales and Service.**

5. Board Secretary and Compliance Officer

Mr R Jayasankar, the company's Chief Financial Officer 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 Mohsin Ali Al Lawaty is the Compliance Officer. The Compliance Officer ensures compliance to the requirements stipulated under various laws and regulations.

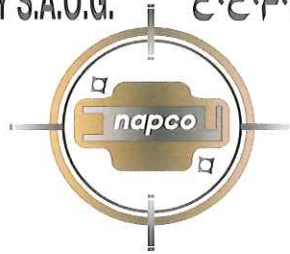
6. Audit Committee

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 seven 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.



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 2015 during the ordinary general meeting held on 17.03.2015.

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.

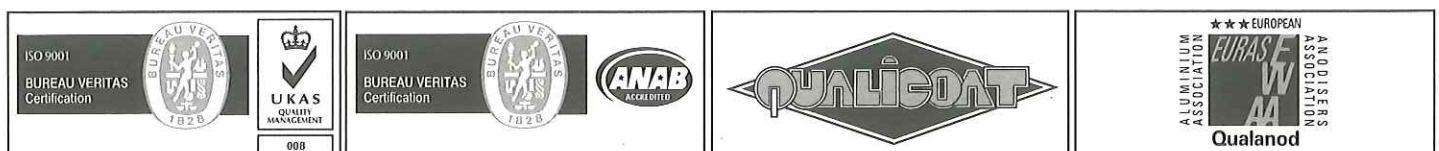
The Audit Committee has reviewed, on behalf of the Board, the effectiveness of internal controls by meeting the internal auditor, reviewing the internal audit reports and recommendations and meeting the external auditor, reviewing the audit findings report and the management letter.

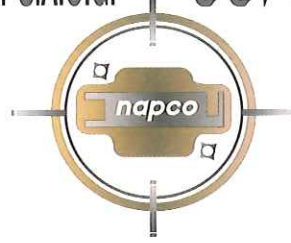
The internal auditors review the accounting controls, both manual and automated, designed to safeguard resources and ensures compliance with laws and regulations; review all accounting and certain operational areas for their utilisation of resources and compliance with established policies, procedures 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 2015 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 2015

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 5 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 2015 is given below:

Name of the Director	Position	Sitting Fees (RO)
Sayyid Wasfi Jamshid Abdullah Al Said	Director / Chairman	2,300
Mr Raffy Manoug Kozadjian	Director /Deputy Chairman	7,150
Mr Abdul Hakeem Amir Salim Al Misalhi	Director	7,000
Mr Rashad Ali Abdullah Al Musafir	Director	4,950
Mr Fawzi Hamed Salim Al Harrassy	Director	6,500
Mr Sultan Salem Hamed Allah Aldebei	Director	5,100
Mr Mohammed Ribhi Al Husseini	Director	3,100
	Total	36,100

b. Remuneration paid to top 5 officials of the Company during the year ended 31 December 2015 (including salary and all other benefits to employees worked part of the year)

RO 317,928

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The details are as follows:

	RO
Gross salaries and bonus	282,440
Employees' end of service benefits	14,126
Other allowances and perquisites	2,100
Travel expenses	19,262
	317,928

- 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

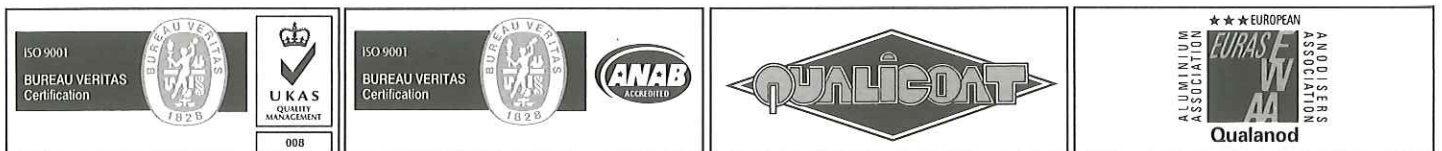
There are no instances of non-compliance by the Company by way of penalties, strictures imposed on the Company by Capital Market Authority/Muscat Securities Market or any statutory authority on any matter related to capital markets during the last three years.

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.





- 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

Details of share price movement during the year ended 31 December 2015 are furnished below:

Period (Month, 2015)	High (RO)	Low (RO)	MSM average industry index
January	0.340	0.296	8,496.607
February	0.370	0.316	8,669.808
March	0.328	0.306	8,448.696
April	0.326	0.314	8,279.560
May	0.314	0.294	8,318.923
June	0.284	0.270	8,364.107
July	0.282	0.270	8,362.578
August	0.265	0.225	7,933.981
September	0.241	0.216	7,431.665
October	0.233	0.195	7,349.030
November	0.236	0.210	7,166.017
December	0.238	0.217	6,792.770

a. Shareholders holding 5% and above shares as at 31 December 2015

Sr	Name of shareholder	No. of shares	Percentage
1	Oman & Emirates Investment Holding Company SAOG	3,400,700	10.13%
2	HSBC/Ministry of Defense Pension fund	3,357,000	10.00%
3	Al Gadeer Investment	2,352,686	7.01%
4	Al Twasal Financial Services & Investment	2,160,000	6.43%

b. Distribution of shareholdings as at 31 December 2015

Distribution of shares	No of shareholders	No of shares	Percentage of total (%)
0-50,000	588	3,799,876	11.32
50,001 – 100,000	24	1,857,984	5.53
100,001 – 200,000	13	1,738,061	5.18
200,001 – 500,000	15	4,631,814	13.80
500,001 – 1,000,000	7	4,797,881	14.29
Above 1,000,000	8	16,745,834	49.88
Total	655	33,571,450	100.00

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- c. 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 2015.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

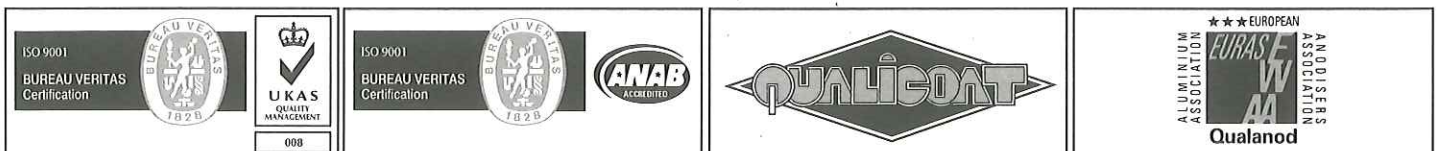
Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte’s more than 220,000 professionals are committed to making an impact that matters.

About Deloitte & Touche (M.E.)

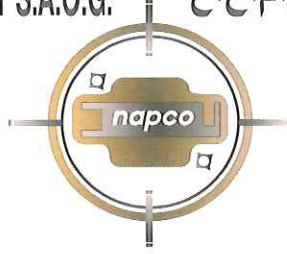
Deloitte & Touche (M.E.) is a member firm of Deloitte Touche Tohmatsu Limited (DTTL) and is a leading professional services firm established in the Middle East region with uninterrupted presence since 1926.

Deloitte provides audit, tax, consulting, and financial advisory services through 26 offices in 15 countries with more than 3,300 partners, directors and staff. It is a Tier 1 Tax advisor in the GCC region since 2010 (according to the International Tax Review World Tax Rankings). It has also received numerous awards in the last few years which include best employer in the Middle East, best consulting firm, the Middle East Training & Development Excellence Award by the Institute of Chartered Accountants in England and Wales (ICAEW), as well as the best CSR integrated organization.

During the year 2015, RO 8,250 was charged by external auditors against the services rendered by them to the organization.



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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:

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.


DEPUTY CHAIRMAN


CHIEF EXECUTIVE OFFICER

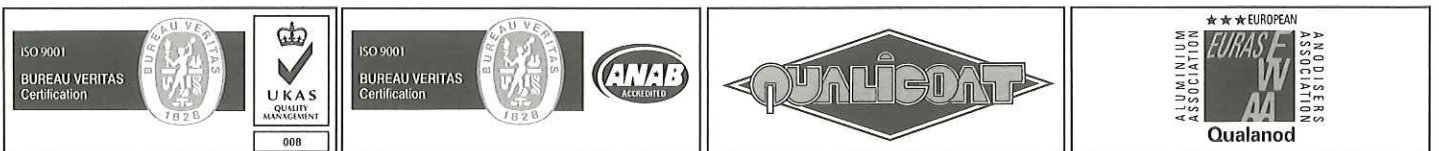


Table 1: (Board of Directors – Composition) as at 31 December 2015

Name	Position	Non-Executive	Independent	Member of Audit Committee	Nominee/Corporate Representative of	Member of other SAOG /SAOC Companies
Sayyid Wasfi Jamshid Abdullah Al Said	Director / Chairman of the Board	√	√	X	-	a
Mr Raffy Manoug Kozadjian	Director / Deputy Chairman / Chairman of the EC	√	√	X	Oman & Emirates Investment Holdings CO. SAOG	b
Mr Rashad Ali Abdullah Al Musafir	Director / Chairman of the AC	√	√	√	-	c
Mr. Abdul Hakeem Amir Salim Al Misalhi	Director / Member of EC	√	√	X	Ministry of Defence Pension Fund	d
Mr Fawzi Hamed Salim Al Harrassy	Director / Member of EC	√	√	X	-	e
Mr Sultan Salem Hamed Allah Aldebei	Director / Member of AC	√	√	√	-	f
Mr Mohammad Ribhi Izzat Al Husseini	Director / Member of AC	√	√	√	-	g

Note: √ - Yes; X-No

^a Deputy Chairman in Gulf Energy LLC, Board Member in National Bank of Oman (NBO) GCC Fund, Board Member in Muscat Hills Hotels International.

^b Director in Oman Hotels & Tourism Co. SAOG; Director in National Mineral Water Co. SAOG.

^c Board Director in Al Irtiqaa International Center LLC.

^d N/A.

^e Board member, Shareholder and Executive Director in Teejan Trading and Contracting LLC; Shareholder in Teejan Equipments LLC; Shareholder in International Efforts LLC; Shareholder and MD in National Efforts LLC; Shareholder and MD in Exceed IT Services LLC; Shareholder and MD in Exceed Training Institute LLC; Shareholder in Teejan Podponics LLC; Shareholder and Executive Director in Teejan Trading & Contracting Abudhabi; Shareholder and Director in Teejan Digital and Archiving Management LLC.

^f Director and Member of Audit Committee in Alnajed Agriculture Development Company SAOG; Director and Member of Executive Committee in Omani Euro Food Industry Company SAOG; Director and Member of Audit Committee in The Financial Corporation SAOG; Director and Member of Investment Committee / Audit Committee in Majan Fund.

^g Director in Al Batinah Power Company SAOG.

Table 2:(showing members of the Audit Committee, dates of Audit Committee meetings during the year ended 31 December 2015 and attendance thereat)

Sl No	Audit Committee Members	Position	(AC No.1 of 2015) held on 23-Feb-2015	(AC No.2 of 2015) held on 19-Apr -2015	(AC No.3 of 2015) held on 29-Jun-2015	(AC No.4 of 2015) held on 13-July-2015	(AC No.5 of 2015) held on 17-Sep-2015	(AC No.6 of 2015) held on 25-Oct-2015	(AC No.7 of 2015) held on 20-Dec-2015
1	Mr.Rashad Ali Abdullah Al Musafir	Chairman	√	√	√	√	√	√	√
2	Mr.Sultan Salem Hamed Allah Aldebei	Director	√	√	√	√	√	√	√
3	Mr.Mohammed Ribhi Al Hussein	Director	√	√	A	A	√	√	A

√ = Present; A = Absent

Table 3 : (showing members of the Executive Committee (EC), dates of EC meetings during the year ended 31 December 2015 and attendance thereat)

Sl No	Executive Committee Members	Position	(EC No.1 of 2015) held on 13-Jan-2015	(EC No.2 of 2015) held on 25-Jan-2015	(EC No.3 of 2015) held on 17-Feb-2015	(EC No.4 of 2015) held on 31-Mar-2015	(EC No.5 of 2015) held on 14-Apr-2015	(EC No.6 of 2015) held on 12-May-2015	(EC No.7 of 2015) held on 30-Jun-2015	(EC No.8 of 2015) held on 04-Aug-2015	(EC No.9 of 2015) held on 17-Sep-2015	(EC No.10 of 2015) held on 06-Oct-2015	(EC No.11 of 2015) held on 10-Nov-2015	(EC No.12 of 2015) held on 30-Nov-2015
1	Mr.Raffy Manoug Kozadjian	Director/ Chairman	√	√	√	√	√	√	√	√	√	√	√	√
2	Mr.Abdul Hakeem Amir Salim Al Misalhi	Director	√	√	√	√	√	√	√	√	√	√	√	√
3	Mr.Fawzi Hamed Salim Al Harrasy	Director	√	√	√	√	A	√	√	√	√	√	√	√

√ = 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 2015)

Sl No	Board Members	(BM No.1 of 2015) held on 08-Jan-2015	AGM of 2015) held on 17-Mar-2015	(BM No.2 of 2015) held on 23-Feb-2015	(BM No.3 of 2015) held on 19-Apr-2015	(BM No.4 of 2015) held on 13-Jul-2015	(BM No.5 of 2015) held on 25-Oct-2015
1	Sayyid Wasfi Jamshid Abdullah Al Said	√	√	√	√	√	√
2	Mr.Raffy Manoug Kozadjian	√	√	√	√	√	√
3	Mr.Rashad Ali Abdullah Al Musafir	A	√	√	√	√	√
4	Mr.Abdul Hakeem Amir Salim Al Misalhi	√	A	√	√	√	√
5	Mr.Fawzi Hamed Salim Al Harrassy	√	A	√	√	√	√
6	Mr.Sultan Salem Hamed Allah Aldebei	√	√	√	√	√	√
7	Mr.Mohammed Ribhi Al Hussein	√	√	√	√	A	√

√ = Present; A = Absent