

REPORT ON CORPORATE GOVERNANCE

1. Governance Philosophy

The Board of Directors of Oman Fiber Optic Co. SAOG (OFO) is firmly committed to maintaining high standards of Corporate Governance which aims at transparency and accountability at all levels. The provisions of the Code of Corporate Governance for MSM listed Companies issued by the Capital Market Authority (CMA) have been followed by the Company as detailed below.

2. Board of Directors

a. Role and Function

The Directors collectively exercise independent and objective judgment in directing the strategies and policies of the Company as well as ensuring the effectiveness of the internal controls.

b. Appointment of Directors

The Articles of Association of the Company provide for five Directors. The present Board was elected by the Shareholders of the Company at the Annual General Meeting held on 24 March 2009 for a period of three years. During the year, one of the Directors, Mr. Meshari Al Bader resigned from the Board. Eng. Samy Al Ghassany is appointed as a temporary director until the shareholders appoint another Director to fill up the vacant position.

c. Composition of the Board

Currently, the Board comprised 5 directors with varied background and experience. The composition the Board of directors is in accordance with the article 3 of the Code of Corporate Governance for MSM listed companies. All the Directors including the Chairman are non executive and independent. None of the Directors is a member of the Board of more than four Public Joint Stock Companies whose principal place of business is in the Sultanate of Oman or is a Chairman of more than two such companies. The complete list of directors is as under:

d. Process of Nomination of the Directors

All the Directors were elected to the Board as per the provisions of the Commercial Companies Law of 1974 and the guidelines issued by CMA.

Director's Name	Designate	Representing	Category	No. of Directorships in other SAOG companies
Dr. Amer Al Rawas	Chairman	Oman Telecommunication Co. SAOG	Non Executive and Independent	1
Mr. Rajiv Dhar	Director	Omar Zawawi Establishment LLC	Non Executive and Independent	2
Mr. Mohammed Al Sinaidy	Director	-	Non Executive and Independent	-
Mr. Hamoud Al Alawi	Director	Oman & Emirates Investment Holding Co. SAOG	Non Executive and Independent	2
Engr. Samy Al Ghassany*	Director	-	Non Executive and Independent	-

* Appointed as temporary director on 23rd January 2011

The Chief Financial Officer Mr. G.S.Bhavani Prasad is the Secretary to the Board of Directors.

Attendance of AGM and Board meetings held during the year

During 2010, eight Board Meetings were held on dates tabulated below. The attendance of each Director at the AGM and the Board Meetings (BM) are also tabulated herein.

✓ - Attended the meeting; ✕ - Absent; * - Not member

Director	AGM 20/03/2010	BM No.1/2010 Held on 11/02/2010	BM No.2/2010 Held on 26/04/2010	BM No.3/2010 Held on 24/05/2010	BM No.4/2010 Held on 30/05/2010	BM No.5/2010 Held on 25/07/2010	BM No.6/2010 Held on 04/09/2010	BM No.7/2010 Held on 11/10/2010	BM No.8/2010 Held on 24/10/2010
Dr. Amer Al Rawas	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Meshari Al Bader	✕	✕	✓	✕	✕	✕	*	*	*
Mr. Rajiv Dhar	✓	✓	✓	✕	✓	✓	✓	✓	✓
Mr. Hamoud Al Alawi	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Mohammed Al Sinaidy	✓	✓	✓	✓	✓	✓	✓	✓	✓

3. Committees

Audit Committee:

The Board of Directors of the Company has formed the Audit Committee with the following Board members:

SR. NO.	NAME	POSITION	REMARKS
1)	Mr. Rajiv Dhar	Chairman	Financial Expert
2)	Mr. Hamoud Al Alawi	Member	
3)	Mr. Mohammed Al Sinaidy	Member	

The functions of the Committee cover matters specified under the Code of Corporate Governance which include:-

- Overseeing the financial reporting process and disclosure of financial information in general and with particular reference to review of annual and quarterly financial statements before submission to the Board.
- Reviewing any change in accounting policy and practices and any departure from International Financial Reporting Standards (IFRS).
- Reviewing the adequacy of the internal control system through the reports of the internal and external auditors.
- Reviewing risk management policies of the Company and ensuring its adequacy.
- Reviewing proposed specific transactions with related parties for making suitable recommendation to the Board.
- Overseeing the internal audit function in general with particular reference to reviewing the scope of the internal audit plan every year.
- Considering the name of the external auditors, determining their fees and terms of engagement and recommending their appointment.
- Reviewing with legal advisor, auditors etc., legal matters that shall have a significant impact on the company's financial statements.

The Committee also holds discussions with the external and internal auditors independent of the management, wherever necessary, apart from serving as a channel of communication between the auditors and the Board.

Audit Committee Meetings and attendance during the year:

Director	Meeting 1/2010 Held on 10/02/2010	Meeting 2/2010 Held on 25/04/2010	Meeting 3/2010 Held on 25/07/2010	Meeting 4/2010 Held on 03/10/2010	Meeting 5/2010 Held on 24/10/2010
Mr. Rajiv Dhar	✓	✓	✓	✓	✓
Mr. Hamoud Al Alawi	✓	✓	✓	✓	✓
Mr. Mohammed Al Sinaidy	✓	✓	✓	✓	✓

✓- Attended the meeting; ✕- Absent;

4. Remuneration Matters

Directors Remuneration:

During the year 2010, the Directors were paid a total sum of Rials 18,100 towards sitting fees for attending 8 Board Meetings and 5 Audit Committee Meetings.

A sum of Rials 655 was paid to directors as Travel and transport expenses during the year 2010.

The company has not paid any fixed or performance linked incentives to any of its directors during the year 2010.

Board has recommended Directors Remuneration totalling to Rials 71,713 to be distributed among the directors for the year 2010.

5. Company Management

Brief profile of the management personnel of Oman Fiber Optic Co. S.A.O.G is as below:

- Mohammed Harith Al Barashdy – Chief Executive Officer
Graduate from U.K. with about 20 years of management experience with organisations of international repute. Responsible for overall management of the company.
- G.S.Bhavani Prasad – Chief Financial Officer
Chartered Accountant with about 18 years of professional experience. Responsible for Finance function of the Company.
- Gunaseelan R. – AGM – OSP & Telecom Services
Graduate with about 19 years of experience in Projects. Responsible for Telecom Installation Services Division of the company.
- Harihara Neelakantan – Senior Manager – Operations
Graduate Engineer having more than 25 years experience of telecom cables in manufacturing, quality assurance, maintenance and marketing functions. Responsible for operations of the plant.
- Anjum Arshi – Manager - Cables
Graduate Engineer with about 17 years of manufacturing operations experience in fiber optic cable industries. Responsible for cable manufacturing functions of the company.
- Sami Habib Al- Balushi – Administration Manager
Graduate with about 22 years of management experience. Responsible for administration and security of the company for more than 14 years.

6. Operating Management Remuneration

Total remuneration paid to the top 5 officers of the company for the year 2010 amounted to Rials 330,216 including Rials 114,031 towards bonus payment related to the performance of 2009. Apart from the above, the company incurred Rials 27,852 towards official travel expenses of these 5 officers.

Employment contracts are for tenure of 2 years with a severance notice period of 3 months for these officers.

Company follows a policy of periodic revision in the salaries of employees with a performance based bonus scheme to all the employees.

7. Details of non-compliance by the company:

No penalty or strictures were imposed on the company by MSM/CMA or any statutory authority on any matter related to capital markets, during the last three years.

8. Means of communication with the shareholders and investors:

The quarterly and half yearly results of the Company are published in local newspapers in Arabic and English as per the guidelines of Capital Market Authority and Muscat Securities Market. These financials were also posted on the web site of Muscat Securities Market.

The audited financial results and other reports of the Company for the year ended 31 December 2010 will be discussed at the shareholders meeting scheduled to be held on 9 March 2011.

After completion of the statutory audit, the Annual Report and Accounts are sent by post to all the shareholders along with the notice to the Annual General Meeting. The Annual Report contains a separate Management Discussion and Analysis report.

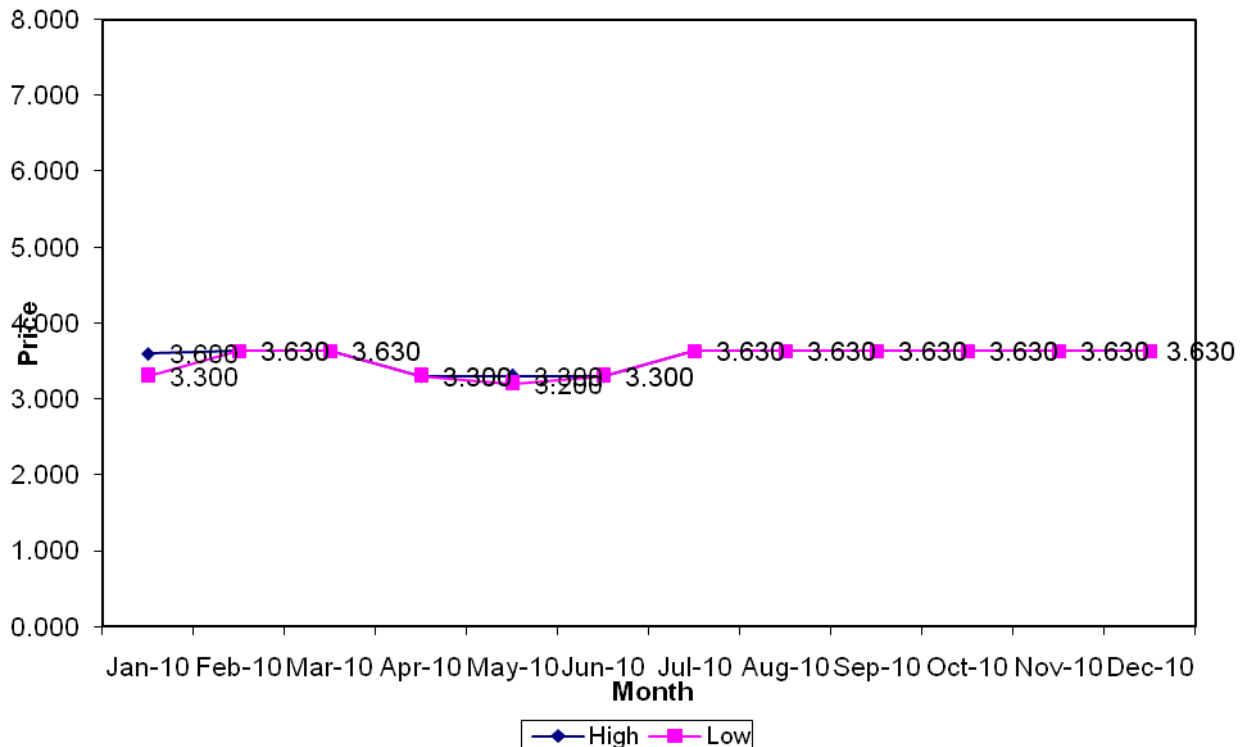
9. Market price data

Face Value of Share: Rial 1.000

Prices listed at Muscat Securities Market

Month	High (RO/Equity Share)	Low (RO/Equity Share)
January 2010	3.600	3.300
February 2010	3.630	3.630
March 2010	3.630	3.630
April 2010	3.300	3.300
May 2010	3.300	3.200
June 2010	3.300	3.300
July 2010	3.630	3.630
August 2010	3.630	3.630
September 2010	3.630	3.630
October 2010	Not traded	Not traded
November 2010	3.630	3.630
December 2010	Not traded	Not traded

OFO Shareprice movement



10. Distribution of Shareholding

The distribution of major shareholding is as follows:

Share Holders	No of shares held	%
Oman Telecommunications Company SAOG	1,494,824	40.96
Oman and Emirates Investment Holding Company SAOG	762,931	20.91
H.E Dr. Omar Abdulmunim Yousuf Al Zawawi	783,412	21.47
Zawawi Trading Company LLC	201,035	5.51

The Company does not have any ADR/GDR/Warrants or any other Convertible Instruments as on December 31, 2010 and hence likely impact on equity is Nil.

11. Internal Control:

Company has engaged the services of a reputed firm of Chartered Accountants – Abu Timam, Grant Thornton to review the Internal Control processes in place. Audit committee has met with the auditors in the absence of management and the reports have been reviewed by the Board and confirm that no major weakness in Internal Control was brought to their attention.

12. Professional Profile of the Statutory Auditor:

The Oman branch of Moore Stephens commenced practise in 1988. Over the years, the practice has developed considerably and now services a number of clients, including major listed companies, Groups, government organisations and Ministries providing either audit, tax or management consultancy services. The local staff strength is around 35, most of whom are qualified Chartered Accountants, internal auditors and information systems auditors.

Since Moore Stephens London was founded 100 years ago, the Moore Stephens International Limited network has grown to be one of the largest international accounting and consulting groups worldwide. Moore Stephens International is regarded as one of the world's major accounting and consulting networks consisting of 351 independent firms with 630 offices and 21,864 people across 98 countries

The Statutory Audit fee and for certification of Corporate Governance report for the year 2010 was Rials 5,250, fee for reviewing the quarterly financials was Rials 1,350 and fee for Filing of Tax Return was Rials 300.

13. Acknowledgement from Board of Directors:

Board of Directors acknowledge that:

They are responsible to ensure that the financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standard Board, interpretations issued by the International Financial Reporting Interpretations Committee and the requirements of the Commercial Companies Law of the Sultanate of Oman 1974 (as amended) and the rules for disclosure requirements prescribed by the Capital Market Authority.

They have reviewed efficiency and adequacy of internal control systems and the company complies with the internal rules and regulations.

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

Chairman

Director

Chief Executive Officer

Chief Financial Officer