

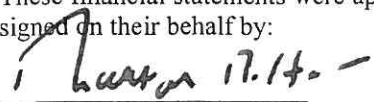
MUSCAT THREAD MILLS SAOG

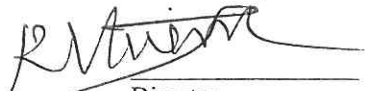
Statement of financial position

as at 31 December

| | Notes | 2011 RO | 2010 RO |
|--|-------|------------------|------------------|
| Assets: | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 891,420 | 985,619 |
| Current assets | | | |
| Inventories | 6 | 426,634 | 564,937 |
| Trade and other receivables | 7 | 892,380 | 895,804 |
| Amount due from related parties | 22 | 327 | 1,190 |
| Cash in hand and at bank | 8 | 61,154 | 10,400 |
| Total current assets | | 1,380,495 | 1,472,331 |
| Total assets | | 2,271,915 | 2,457,950 |
| Equity and liabilities: | | | |
| Capital and reserves | | | |
| Share capital | 9 | 885,500 | 805,000 |
| Legal reserve | 10 | 110,224 | 83,932 |
| Retained earnings | | 119,809 | 148,829 |
| Proposed cash dividend | | 132,825 | 80,500 |
| Proposed stock dividend | | 132,825 | 80,500 |
| Total equity | | 1,381,183 | 1,198,761 |
| Liabilities: | | | |
| Non-current liabilities | | | |
| Term loan | 12 | 23,344 | 155,083 |
| Deferred Government grant | 12 | - | 8,257 |
| Deferred tax liability | 15 | 3,702 | 18,865 |
| End of service benefits | 20 | 67,927 | 55,196 |
| Total non-current liabilities | | 94,973 | 237,401 |
| Current liabilities | | | |
| Current portion of term loan | 12 | 134,143 | 260,384 |
| Current portion of deferred Government grant | 12 | 8,257 | 15,832 |
| Short term bank borrowings | 13 | 319,389 | 413,634 |
| Trade and other payables | 14 | 333,970 | 331,938 |
| Total current liabilities | | 795,759 | 1,021,788 |
| Total liabilities | | 890,732 | 1,259,189 |
| Total equity and liabilities | | 2,271,915 | 2,457,950 |
| Net assets per share | 16 | 0.156 | 0.149 |

These financial statements were approved and authorized for issue by the Board of Directors on FEB 28, 2012 and signed on their behalf by:


Chairman


Director

The notes on pages 6 to 23 form an integral part of these financial statements.

The report of the Auditors is set forth on page 1.

MUSCAT THREAD MILLS SAOG

Statement of comprehensive income

for the year ended 31 December

| | <i>Notes</i> | 2011 RO | 2010 RO |
|---|--------------|-----------------------|-----------------------|
| Revenue | | 3,906,934 | 3,519,204 |
| Cost of sales | 17 | (3,103,497) | (2,814,609) |
| Gross profit | | <u>803,437</u> | <u>704,595</u> |
| Other income | | 267 | 20,429 |
| Distribution expenses | 18 | (94,981) | (80,213) |
| Administrative and general expenses | 19 | (265,456) | (317,690) |
| Impairment allowance for slow moving inventories | 6 | (70,882) | (9,000) |
| Impairment allowance for doubtful trade receivables | 7 | (9,746) | (24,000) |
| Profit from operations | | <u>362,639</u> | <u>294,121</u> |
| Finance expenses | 23 | (68,119) | (72,589) |
| Profit for the year before income tax | | <u>294,520</u> | <u>221,532</u> |
| Income tax expense | 15 | (31,598) | (23,101) |
| Total comprehensive income for the year | | <u><u>262,922</u></u> | <u><u>198,431</u></u> |
| Basic earnings per share | 21 | <u><u>0.0297</u></u> | <u><u>0.0224</u></u> |

The notes on pages 6 to 23 form an integral part of these financial statements.

The report of the Independent Auditors is set forth on page 1.