

VOLTAMP ENERGY SAOG
Unaudited Results for the nine months period ended
30th September 2009



DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the un-audited results of Voltamp Energy SAOG for the third quarter ended 30th September, 2009.

REVIEW OF OPERATIONS:

The summary of the performance of the Company (including Subsidiaries) is as follows:

Particulars	Nine months period ended 30 th September 2009	Nine months period ended 30 th September 2008	Change %
	RO	RO	
Revenue	9,742,873	10,439,784	-6.67
Profit before tax	1,671,488	2,137,629	-21.81
Profit after tax	1,443,107	1,847,898	-21.90
Minority Interest (Note 1)	(182,902)	(177,975)	
Profit for Shareholders of Voltamp Energy SAOG after adjusting for Minority Interest	1,626,009	2,025,873	-19.74

Note. 1: Minority Interest is for Voltamp Manufacturing Company, Qatar (VMCQ) attributable to minority shareholders who hold 49% in VMCQ.

During the period total revenue has decreased by 6.67% whereas net profit has come down by 19.74% as compared with the same period last year. This is due to the prevailing global market situation which resulted in:

- 1) Lower unit realization due to increased competition.
- 2) Lower Income from investments.

FUTURE OUTLOOK

The current global economic situation is likely to continue for the remaining part of the year. Several measures already implemented by the Management are expected to yield positive results in the 4th quarter.

The Company shares the general industry views that the market situation will improve, at least in Oman and the GCC. The medium and long term prospects remain positive.

THANKS & APPRECIATION

On behalf of the Board, I would like to convey our extreme thanks and appreciation to His Majesty Sultan Qaboos Bin Said and His Majesty's Government for incentives and support for all round sustainable development in the Sultanate.

I would also like to record my sincere appreciation to Capital Market Authority.

I also thank our Customers and Bankers for their continued support to the Company and its Group.

I would also like to convey my sincere thanks to the shareholders of the Company for the confidence they have reposed in the Company and in its Board.

Finally, I would like to thank all the Staff and the Management of the Company for their sincere and continued efforts.

**For & on behalf of the Board of Directors of
Voltamp Energy SAOG**

**Qais bin Mohamed Al Yousef
Chairman.**

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CONSOLIDATED STATEMENT	UNAUDITED INCOME	Period ended 30th September 2009 RO	Period ended 30th September 2008 RO
Income			
Revenue		9,742,873	10,439,784
Cost of sales		(7,284,806)	(7,129,353)
Gross profit		2,458,067	3,310,431
Fair value (loss) gain on investment		(9,298)	23,906
Other income		119,977	129,803
		2,568,746	3,464,140
Selling, administrative and general expenses		(1,062,110)	(1,237,150)
Profit from operations		1,506,636	2,226,990
Interest Income		247,694	27,180
Finance cost		(82,842)	(116,541)
Profit for the period before taxation		1,671,488	2,137,629
Taxation		(228,381)	(289,731)
Net profit for the period		1,443,107	1,847,898
Attributable to :			
Equity holders of the Parent Company		1,626,009	2,025,873
Minority interest		(182,902)	(177,975)
		1,443,107	1,847,898
Earnings per share		0.043	0.054

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CONSOLIDATED UNAUDITED BALANCE SHEET	As on 30 th September 2009 RO	As on 31 st December 2008 RO
Assets		
Non-current assets		
Property, plant and equipment	1,960,286	1,963,329
Investments	193,967	201,249
Technology transfer fee	141,140	141,140
Deferred tax asset	28,882	28,882
Total non-current assets	<u>2,324,275</u>	<u>2,334,600</u>
Current assets		
Inventories	2,356,905	3,391,974
Trade and other receivables	5,086,079	5,513,892
Due from related parties	-	1,485
Cash in hand and at banks	8,198,454	6,848,121
Total current assets	<u>15,641,438</u>	<u>15,755,472</u>
Total assets	<u>17,965,713</u>	<u>18,090,072</u>
Equity and liabilities		
Equity		
Share capital	5,000,000	5,000,000
Share Premium Account	6,286,345	6,286,345
Legal reserve	1,108,430	874,898
Retained earnings	1,873,654	2,231,177
Total equity attributable to equity holders of the Parent Company	<u>14,268,429</u>	<u>14,392,420</u>
Minority Interest	<u>395,983</u>	<u>371,321</u>
Total Equity including Minority Interest	<u>14,664,412</u>	<u>14,763,741</u>
Liabilities		
Non Current Liabilities		
Long term loan	827,501	785,476
Total Non current liabilities	<u>827,501</u>	<u>785,476</u>
Current liabilities		
Trade and other payables	1,757,544	1,823,148
Bank borrowings	446,748	327,531
Amount due to related parties	8,400	6,397
Current portion of long term loan	32,728	32,728
Taxation	228,380	351,051
Total current liabilities	<u>2,473,800</u>	<u>2,540,855</u>
Total liabilities	<u>3,301,301</u>	<u>3,326,331</u>
Equity and liabilities	<u>17,965,713</u>	<u>18,090,072</u>
Net Assets	<u>14,268,429</u>	<u>14,392,420</u>
Net assets per share	<u>0.285</u>	<u>0.288</u>

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Consolidated cash flow statement

For the period ended 30 September 2009

	30 th September 2009	30 th September 2008
	RO	RO
Cash flows from operating activities		
Cash receipts from customers	10,566,007	9,010,552
Cash paid to suppliers and employees	(7,217,264)	(8,848,188)
Cash generated from operations	3,348,743	162,364
Interest paid	(82,842)	(116,541)
Taxation paid	(345,623)	(332,059)
Dividend Paid	(1,750,000)	--
Net cash flows (used in) from operating activities	1,170,278	(286,236)
Cash flows from investing activities		
Purchase of property, plant and equipment	(196,033)	(1,424,263)
Proceeds from sale of property, plant and equipment	---	2,365
Investments	7,282	420,002
Net cash flows used in investing activities	(188,751)	(1,001,896)
Cash flows from financing activities		
Issue of ordinary shares	---	1,500,000
Share Premium	---	6,600,000
Share issue expenses	---	(313,655)
Term loan received	168,368	810,259
Repayment of term loans	---	(145,833)
Minority interest	207,564	570,801
Net cash flow from (used in) financing activities	375,932	9,021,572
Increase in cash and cash equivalents during the period	1,357,459	7,733,440
Cash and cash equivalents at the beginning of the period	6,840,995	(1,162,524)
Cash and cash equivalents at the end of the period	8,198,454	6,570,916
Cash and cash equivalents comprise:		
Cash in hand and at banks*	8,198,454	6,622,193
Short term borrowings	--	51,277
	8,198,454	6,570,916

*Includes Fixed deposits with banks in the amount of RO 8,027,938 (30 September 08: RO 4,000,000) with original maturity greater than three months.

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UNAUDITED STATEMENT OF CHANGES IN EQUITY (PARENT COMPANY)

	Share capital	Share Premium	Legal Reserve	Dividend payable / (paid)	General Reserve	Retained Earnings	Total	Minority interest	Total
	RO	RO	RO	RO	RO	RO	RO	RO	RO
1 January 2009	5,000,000	6,286,345	874,898	-	-	2,231,177	14,392,420	371,321	14,763,741
Net profit for the period	-	-	-	-	-	1,626,009	1,626,009	(182,902)	1,443,107
Issue of ordinary shares	-	-	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	--	-	-	-
Dividend Paid	-	-	-	-	-	(1,750,000)	(1,750,000)	-	(1,750,000)
Minority Interest	-	-	-	-	-	-	-	207,564	207,564
Transfer to legal reserve	-	-	233,532	-	-	(233,532)	-	-	-
30 Sep 2009	5,000,000	6,286,345	1,108,430	--	-	1,873,654	14,268,429	395,983	14,664,412
1 January 2008	3,500,000	-	848,395	-	-	13,876	4,362,271	-	4,362,271
Net profit for the year	-	-	-	-	-	2,243,804	2,243,804	(199,480)	2,044,324
Issue of ordinary shares	1,500,000	6,600,000	-	-	-	-	8,100,000	-	8,100,000
Share issue expenses	-	(313,655)	-	-	-	-	(313,655)	-	(313,655)
Minority Interest	-	-	-	-	-	-	-	570,801	570,801
Transfer to legal reserve	-	-	26,503	-	-	(26,503)	-	-	-
31 December 2008	5,000,000	6,286,345	874,898	-	-	2,231,177	14,392,420	371,321	14,763,741

Notes forming part of the financial statements

1 Legal status and principal activities

Voltamp Energy SAOG (formerly known as “Voltamp Manufacturing Company LLC”) (“the Parent Company”) is registered in the Sultanate of Oman as a Joint stock Company. The Company, originally registered as a limited liability company was converted to a joint stock company with effect from 6 August 2008. The company’s shares were listed on Muscat Securities Market on 17 June 2008. Voltamp Transformers Oman LLC (“the Subsidiary”), registered in the Sultanate of Oman, is a wholly-owned subsidiary of the Company. Voltamp Manufacturing Company WLL (VMCQ), registered in Qatar, is 51% owned subsidiary of the Company. Voltamp Power LLC (“the Subsidiary”) is a wholly owned subsidiary of the Company.

The principal activities of the Company and its Subsidiaries (“the Group”) are manufacture, sale and distribution of transformers, Low Voltage Switchgears and panels.

2 Basis of preparation

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), the disclosure requirements of the Capital Market Authority and the Commercial Companies Law of 1974, as amended.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for:

- forward commodity contracts are measured at fair value
- investments at fair value through profit or loss which are measured at fair value.

c) Functional currency

These consolidated financial statements are presented in Rial Omani, which is the Group’s functional currency.

d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In particular, estimates that involve uncertainties and judgments which have a significant effect on the financial statements include provisions for impairment of receivables, inventories and useful lives of property, plant and equipment.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date the control ceases.

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Intragroup balances and transactions, and any unrealised gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

b) Foreign currencies

Transactions in foreign currencies are translated to Rials Omani at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Rials Omani at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. The foreign currency gain or loss on monetary items is the difference between amortised costs in Rials Omani at the beginning of the period, adjusted for effective interest and payments during the period and the amortised costs in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on the retranslation are recognised in the income statement.

c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Costs include expenditures that are directly attributable to the acquisition of the asset. The cost includes any other cost that directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located,

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of an item if it is probable that future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of the property, plant and equipment. Assets under construction are not depreciated. The estimated useful lives for the current and comparative periods are as follows:

	Years
Leasehold buildings	20
Plant and equipment	4 – 10
Motor vehicles	3 – 4
Furniture, fixtures and office equipment	4 – 8

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Notes

(forming part of the consolidated financial statements)

d) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work in progress, cost includes raw material cost only.

e) Impairment

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risks characteristics.

All impairment losses are recognized in income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in income statement.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exist then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specified to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

f) Employee benefits

Payment is made to Omani Government Social Security Scheme under Royal Decree number 72/91 for Omani employees. Provision is made for amounts payable under the Oman Labour Law applicable to non-Omani employees for accumulated periods of service at the balance sheet date.

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g) Provisions

A provision is recognized if, as a result of past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

h) Revenue

Revenue from sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

i) Leases

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

j) Income tax

Income tax on the results of the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income of the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect to previous years.

Deferred tax is calculated using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k) Earnings per share

The Group presents basic earning per share (EPS) data for its ordinary share. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the number of ordinary shares outstanding during the period.

l) Provision for warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

m) Dividends

Dividends are recognized as a liability in the period in which they are declared.

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n) Investments

Investments are designated at fair value through profit or loss, if the Group manages such investments and makes purchases and sales decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. These are initially recognized at cost and subsequently measured at fair value. All related realized and unrealized gains and losses, and dividend received are included in the income statement.

o) Trade and other payables

Trade and other payables are stated at amortised cost.

p) Financing income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Dividend income is recognised in profit or loss on the date that the Parent Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

q) Financial Instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, receivables from related parties, cash and cash equivalents, loans and borrowings, and trade and other payables. Cash and cash equivalents comprise cash balances and call deposits and term deposits with original maturity not greater than three months.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, and foreign exchange gains and losses on available-for-sale monetary items, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Notes

(forming part of the consolidated financial statements)

Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as deduction from equity, net of any tax effects.

(ii) Derivative financial instruments

The Group holds derivatives financial instruments to hedge its foreign commodity risk exposures. Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in cost of raw materials.

r) Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segmental reporting is based on the business segment.

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4 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined on the following basis:

(i) *Property, plant and equipment*

The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

(ii) *Inventory*

The fair value of inventory is determined based on its estimated selling price in the ordinary course of the business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventory.

(iii) *Trade and other receivables*

The fair value of trade and other receivables is estimated as the present value of the future cash flow, discounted at the market rate of interest at the reporting date.

(iv) *Forward commodity contracts*

The fair value of the forward commodity contracts is based on the listed market price.

5 Property, plant and equipment

Details of property, plant and equipment are set out in Schedule I .

6 Inventories and work in progress

	30	31
	September	December
	2009	2008
	RO	RO
Raw materials	2,070,467	2,556,297
Work in progress	365,578	583,180
Finished goods	100,914	412,551
	2,536,959	3,552,028
Provision for slow moving stock	(180,054)	(160,054)
	2,356,905	3,391,974

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7 Trade and other receivables

	30	31
	September	December
	2009	2008
Trade receivables	4,487,115	4,944,390
Less: provision for impairment	(39,445)	(33,445)
	4,447,670	4,910,945
Advances, deposits and prepayments	638,403	602,947
	5,086,073	5,513,892
Movement in provision for impairment		
1 January	33,445	28,580
Add: Provided during the period	6,000	6,885
Less: Written off during the period	-	-
Less: Recovery during the period	-	(2,020)
30 Sept 2009	39,445	33,445

8 Cash in hand and at banks

	30	31
	September	December
	2009	2008
	RO	RO
Cash in hand	6,975	5,174
Cash at bank :		
Current account	45,913	107,997
Deposit account	8,027,938	6,531,826
Call deposit (including copper trading account)	117,628	203,124
	8,198,454	6,848,121

The fixed deposits are denominated in local currency and are at effective interest rate of 3.65% to 6.50% per annum.

9 Selling, administrative and general expenses

	30	30
	September	September
	2009	2008
Employee costs	646,664	792,131
Depreciation	100,297	51,282
Communication costs	15,745	15,941
Traveling expenses	14,905	76,683
Legal and professional charges	37,219	82,998
Vehicle running expenses	19,172	12,784
Provision for impairment on trade receivables	6,000	12,000
Advertisement and promotion expenses	8,507	6,268
Repairs and maintenance expenses	5,254	9,099
Insurance expenses	13,037	7,808
Printing and stationery expenses	6,407	6,876
Other expenses	188,903	163,280
	1,062,110	1,237,150

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10 Cost of sales

	30 September 2009	30 September 2008
Cost of raw materials	6,418,252	6,443,323
Employee costs	545,772	479,209
Depreciation	98,779	49,351
Other manufacturing expenses	222,003	157,470
	7,284,806	7,129,353

11(a) Share capital

At 30 September 2009, the Parent Company's authorized, subscribed and paid-up share capital comprises 50,000,000 (2008: 50,000,000 ordinary shares) of RO 0.100 each.

Members of the Parent Company who own 10% or more of the shares, whether in their name or through a nominee account, are as follows:

	Holding %		Number of shares held	
	30 September 2009	2008	30 September 2009	2008
Al Anwar Holdings SAOG	28.71	28.71	14,355,000	14,355,000
SABCO LLC	10.65	10.65	5,322,500	5,322,500

11(b) Share premium

During the year 2008, the Parent Company issued 15,000,000 ordinary shares of RO 0.542 each which includes RO 0.440 as share premium and RO 0.002 as issue expenses. The total share premium collected was RO 6,600,000 against which the net amount collected towards issue expenses amounted to RO 313,655; the net amount of RO 6,286,345 is carried in equity as share premium.

12 Legal reserve

Article 106 of the Commercial Company's Law of 1974 requires that 10% of a company's net profit be transferred to a non-distributable legal reserve until the amount of legal reserve becomes equal to one third of the company's issued share capital. The legal reserve in these consolidated financial statements also include the transfer to legal reserve in the subsidiaries.

13 Bank borrowings

	30 September 2009 RO	31 December 2008 RO
Bank overdraft	--	7,126
Short term loan*	446,748	320,405
	446,748	327,531
<i>Term loan*</i>	860,229	818,204
Repayment due with in 12 months included in current liability	(32,728)	(32,728)
	827,501	785,476

*This is on account of borrowing by subsidiary company Voltamp Manufacturing Company, Qatar (VMCQ)

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The Parent Company has borrowing facilities in the amount of RO 1.35 million. The borrowing facilities carry interest rate ranging between 6.5% and 7% per annum.

The Subsidiary has borrowing facility in the amount of RO 8.14 million which are secured against property, plant and equipment of the Subsidiary and corporate guarantee of the Parent Company. The borrowing facility carries interest rate ranging from 5% to 8% per annum.

14 Trade and other payables

	30 September 2009	31 December 2008
Trade payables	1,113,167	1,005,720
Other payables – fair value loss on forward commodity contracts (note 23)	--	24,492
Accrued expenses	644,377	699,153
Advances from the customers	---	93,783
	<u>1,757,544</u>	<u>1,823,148</u>

15 Income tax

The tax rate applicable to the Group's taxable profit is 12% (2008: 12%) on taxable profit in excess of RO 30,000. The determination of taxable income for the period takes into account adjustments for tax purposes, which include items relating to both income and expense and which are based on the current understanding of the existing tax laws, regulations and practices.

	30 September 2009 RO	31 December 2008 RO
Current tax	228,380	351,051
Deferred tax	--	(13,410)
Prior year tax	--	-
	<u>228,380</u>	<u>337,641</u>

In the case of the Parent Company, the assessments for the tax years ended 2004 to 2008 has not been finalized with the Secretariat General for Taxation at the Ministry of Finance. In the case of the Subsidiary, the income tax assessments up to the year 2002 have been finalized. The income tax assessment for the years 2003 to 2008 has not been finalized. The Management considers that additional tax liability, if any, in respect of open tax years would not be material to the financial position of the Group as at 30 September 2009.

16 Employee costs

Employee costs (see notes 9 and 10) are as follows:

	30 September 2009	30 Sept 2008
Wages and salaries	941,818	890,265
Other benefits	213,994	332,651
Contribution to defined retirement plan	13,159	13,460
Increase in liability for unfunded defined benefit retirement plan	23,465	34,964
	<u>1,192,436</u>	<u>1,271,340</u>

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17 Related party transactions

During the period the Group has entered into transactions with entities over which certain Directors are able to exercise significant influence. The Group also entered into transactions with the ultimate Holding Company and its associates. In the ordinary course of business, such related parties provide goods and render services to the Group. The Group also provides goods and renders services to such related parties. These transactions are entered into at mutually agreed terms. The details are as follows:

	30 September 2009 RO	31 December 2008 RO
Purchases	52,333	45,079
Revenue	--	1,150
Other income	--	--
Director's sitting fee and remuneration	<u>60,000</u>	<u>91,700</u>

During the period, the Company has entered into sales transactions with Stream Industrial and Engineering WLL, Qatar ("SIE"). Sales made to SIE during the period were in the amount of RO 1,005,214 and receivables from SIE as on 30 September 2009 amounted to RO 1,532,788 (included under Trade and other receivables). SIE is a wholly owned subsidiary of Al-Salam International Investment Company LLC who holds 34% shares in Voltamp Manufacturing Company WLL, Qatar ("VMCQ"). VMCQ is a 51% owned subsidiary of the Company's Holding Company – Voltamp Energy SAOG.

18 Basic earnings per share

Basic earning per share is calculated by dividing the net profit of the Group for the period by the number of shares outstanding during at the period as follows:

	30 September 2009	30 September 2008
Net profit for the period (RO)	<u>1,626,009</u>	<u>2,025,873</u>
Number of shares outstanding during the period (Nos.)	<u>50,000,000</u>	<u>50,000,000</u>
Basic earnings per share (RO) (Annualized)	<u>0.043</u>	<u>0.054</u>

19 Net assets per share

Net assets per share are calculated by dividing the net assets at the balance sheet date by the number of shares outstanding as follows:

	30 September 2009	31 December 2008
Net assets attributable to the equity holders of the Company (RO)	<u>14,268,429</u>	<u>14,392,420</u>
Number of shares in issue at the year end (Nos.)	<u>50,000,000</u>	<u>50,000,000</u>
Net assets per share (RO)	<u>0.285</u>	<u>0.288</u>

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20 Investments

	30 September 2009 RO	31 December 2008 RO
<i>At fair value through profit or loss</i>		
Portfolio investment	--	189,082
Other quoted Investment	193,967	12,167
	<u>193,967</u>	<u>201,249</u>

21 Technology transfer fee

The Company's Subsidiary Voltamp Power LLC has entered into an agreement, dated 31 March 2008 ("Effective date"), for the transfer of Power Transformer technology and related services with the Tatung Company, Taiwan ("the Agreement"). This Agreement shall become effective on Effective date and shall continue in effect for 7 years there from. Further extension of Agreement shall be discussed and mutually agreed by both parties before expiration of this Agreement. The technology transfer fee is payable as follows:

- Initial fee for technical information
(within 60 days from Effective date of the Agreement) USD 339,000 (RO 130,685)
- Fee for supply of technical information
 - Within 30 days from completion of first stage USD 423,750 (RO 163,356)
 - Within 30 days from completion of second stage USD 339,000 (RO 130,685)
 - Within 30 days from completion of third stage or
36 months from Effective date of this Agreement, which ever is earlier USD 169,500 (RO 65,342)
- Fee for completion of training services
(Within 30 days from completion of third stage or
36 months from Effective date of this Agreement, which ever is earlier) USD 254,250 (RO 98,013)
- Fee for completion of test of the first contract products USD 169,500 (RO 65,342)
- Royalty is payable at an amount equal to 3% of "Net Selling Price" of all the contract products, sold, leased or internally transferred during the term of this Agreement shall be paid by the Company.
- Additionally, withholding tax is payable at the rate of 10% on all payments made. (80% is borne by the Company's Subsidiary, Voltamp Power LLC and remaining 20% is collected from Tatung Company, Taiwan).
- All amount payable under this Agreement shall, when overdue, bear the interest at the rate of 8% per annum until paid.

22 Other income

	30 September 2009 RO	30 September 2008 RO
Scrap sale	38,297	48,640
Foreign currency exchange gain	1,988	20,082
Miscellaneous income	79,692	61,081
	<u>119,977</u>	<u>129,803</u>

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23 Contingencies and Commitments

As at 30 September, 2009, outstanding guarantees and letter of credits with banks relating to contractual performance in the ordinary course of business amounted to RO 2,131,196 (31 December 2008: RO 2,028,124). At 30 September 2009, the Group, had capital commitments amounting to RO 577,341(31 December 2008:RO 573,341)

Forward commodity contracts

Forward commodity contracts were entered into to manage exposure to fluctuations in Copper price. The settlement dates on open contracts were within one year from the balance sheet date. As at 30 September,2009,the aggregate equivalent local currency amount was RO Nil (31 December 2008: 136,311) having a fair value of RO Nil (31 December 2008: RO 111,819).

24 Dividend

During the nine months period ended on September 2009, cash dividend of RO 1,750,000 was declared and paid, relating to the year 2008.

25 Financial instruments and financial risk management

Financial instruments carried on the balance sheet comprise cash and bank balances, amount due from related parties, investments, trade and other receivables, bank borrowings, trade and other payables and amount due to related parties.

The Group has exposure to the following risks from its use of financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the receivables from customers. The Group has a credit policy and management monitors exposure to credit risk on an ongoing basis, assesses recoverability, and makes provision for balances whose recoverability is in doubt. The maximum exposure to credit risk on trade and other receivables, amount due from related parties and investments is limited to their carrying values at the reporting date.

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Carrying amount	
	30	31
	September	December
	2009	2008
	RO	RO
Domestic	2,827,318	2,713,580
GCC Countries	1,620,352	2,197,365
Total	<u>4,447,670</u>	<u>4,910,945</u>

The Group's most significant customers account for RO 1,532,788 of the trade receivables carrying amount at 30 September 2009 (31 December 2008: RO 2,553,154)

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Impairment losses

The aging of trade receivables at the reporting date was:

	Gross 30 September 2009	Impairment 30 September 2009	Gross 31 December 2008	Impairment 31 December 2008
Not past due	3,744,694	-	3,988,600	-
Past due 1-90 days	701,106	-	903,659	-
Past due 91-365 days	41,315	39,445	52,131	33,445
	4,487,115	39,445	4,944,390	33,445

25 Financial instruments and financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group uses local banks operating in the Sultanate of Oman to ensure that it has sufficient cash on demand to meet expected operational expenses and sufficient credit facilities to manage its liquidity risk.

The Group has total credit facilities in the amount of totaling of RO 9.45 million .Short term loans and overdraft ranging are, on average, utilized for period of 15 to 30 days to bridge the gap between collections of receivables and settlement of product purchase bills during the middle of every month. The subsidiary's term loan is to be repaid within 7 years.

The maturities of Group's undiscounted financial liabilities at reporting date is as below:

30 September 2009	Carrying amount RO	Contractual cash flows RO	less than 6 months RO	6 months to 1 year RO	1 year to 2 years RO
<i>Non-derivative financial liabilities</i>					
Long term loan	860,229	(860,229)	-	(32,728)	(794,773)
Bank borrowings	446,748	(446,748)	(160,175)	(286,573)	-
Trade and other payables	1,757,544	(1,757,544)	(1,757,544)	-	-
Due to related parties	8,400	(8,400)	(8,400)	-	-
<i>Derivative financial liabilities</i>					
Forward commodity contracts					
- outflow	--	--	--	-	-
- inflow	-	--	--	-	-
	3,072,921	(3072,921)	(1,926,119)	(319,301)	(794,773)

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31 December 2008	Carrying amount RO	Contractual cash flows RO	less than 6 months RO	6 months to 1 year RO	1 year to 2 years RO
<i>Non-derivative financial liabilities</i>					
Long term loan	818,204	(818,204)	--	(32,728)	(785,476)
Bank borrowings	327,531	(327,531)	(160,175)	(167,356)	-
Trade and other payables	1,798,656	(1,798,656)	(1,798,656)	-	-
Due to related parties	6,397	(6,397)	(6,397)	-	-
<i>Derivative financial liabilities</i>					
Forward commodity contracts					
- outflow	24,492	(136,311)	(136,311)	-	-
- inflow	-	111,819	111,819	-	-
	<u>2,975,280</u>	<u>(2,975,280)</u>	<u>(1,989,720)</u>	<u>(200,084)</u>	<u>(785,476)</u>

25 Financial instruments and financial risk management *(continued)*

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, equity prices and commodity price risk (Copper) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. In respect of commodity price risk the Group manages its exposure by entering into forward contracts to mitigate such risks.

Currency risk

The Group is exposed to currency risk on sales, purchases, receivables and payables that are denominated in a currency other than the functional currency of the Group. The Group's sales transactions and receivables are denominated in US Dollars (USD) and GCC currencies on which the Group is not exposed to the currency risk as the Rial Omani (RO) and GCC currencies are effectively pegged to the USD. The purchases and payables are primarily denominated in Euro.

As at 30 September, 2009 the trade payables in the amount of RO 7,422 are denominated in Euro (31 December 2008: RO 148,518).

Interest rate risk

The Group manages its exposure to interest rate risk on bank deposit and short term borrowings by ensuring that they are on fixed rate basis.

Fair value estimation

The fair value of portfolio investment is determined by reference to Stock Exchange quoted market prices at the close of business on the balance sheet date. The fair value of forward commodity contracts is determined using forward commodity market rates at the balance sheet date.

The carrying amounts of the other financial assets and liabilities approximately equal to their fair values.

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Capital management

The Group's policy is to maintain an optimum capital base to maintain investor, creditor and market confidence to sustain future growth of business as well as return on capital.

26 Segmental information

Class of business

The Group operates primarily in one business segment of manufacture, sale and distribution of transformers. All the relevant information relating to the primary segment is disclosed in the balance sheet, income statement and notes to the financial statements.

Geographical segment

The Group sells all of its products in the Middle East countries, including Oman.

27 Comparatives

Certain comparative information has been reclassified to conform to the presentation adopted in these financial statements.

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Schedule I

	Lease hold Land	Factory building	Plant and equipment	Capital work in progress	Motor vehicles	Furniture, fixture and office equipment	Total
	RO	RO	RO	RO	RO	RO	RO
<i>Cost</i>							
1 January 2009	69,331	1,301,717	1,409,484	115,482	117,000	336,447	3,349,461
Additions	13,874	55,474	77,321	4,954	12,275	32,135	196,033
Disposals	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
30 September 2009	83,205	1,357,191	1,486,805	120,436	129,275	368,582	3,545,494
<i>Depreciation</i>							
1 January 2009	45,763	268,953	785,478	-	46,022	239,916	1,386,132
Charge for the year	1,682	52,633	98,779	-	20,731	25,251	199,076
Disposals	-	-	-	-	-	-	-
30 September 2009	47,445	321,586	884,257	-	66,753	265,167	1,585,208
<i>Net book values</i>							
30 September 2009	35,760	1,035,605	602,548	120,436	62,522	103,415	1,960,286
<i>31 December 2008</i>	<i>23,568</i>	<i>1,032,764</i>	<i>624,006</i>	<i>115,482</i>	<i>70,978</i>	<i>96,531</i>	<i>1,963,329</i>